Performance Monitoring and Evaluation
TIPS

USAID Center for Development Information and Evaluation

PREPARING A PERFORMANCE MONITORING PLAN

USAID's reengineering guidance requires operating units to prepare a Performance Monitoring Plan for the systematic and timely collection of performance data.

This Tips offers advice for preparing such a plan.

What Is a Performance Monitoring Plan?

A performance monitoring plan (PMP) is a tool USAID operating units use to plan and manage the collection of performance data. Sometimes the plan also includes plans for data analysis, reporting, and use.

Reengineering guidance requires operating units to prepare PMPs once their strategic plans are approved. At a minimum, PMPs should include:

- a detailed definition of each performance indicator
- the source, method, frequency and schedule of data collection, and
- the office, team, or individual responsible for ensuring data are available on schedule

As part of the PMP process, it is also advisable (but not mandated) for operating units to plan for:

- how the performance data will be analyzed, and
- how it will be reported, reviewed, and used to inform decisions

While PMPs are required, they are for the operating unit's own use. Review by central or regional bureaus is not mandated, although some bureaus encourage sharing PMPs. PMPs should be updated as needed to ensure plans, schedules, and assignments remain current.

Why Are PMPs Important?

A performance monitoring plan is a critical tool for planning, managing, and documenting data collection. It contributes to the effectiveness of the performance monitoring system by assuring that *comparable* data will be collected on a *regular and timely* basis. These are essential to the operation of a credible and useful performance-based management approach.

PMPs promote the collection of *comparable* data by sufficiently documenting indicator definitions, sources, and methods of data collection. This enables operating units to collect comparable data over time even when key personnel change.

PMPs support *timely* collection of data by documenting the frequency and schedule of data collection as well as by assigning responsibilities. Operating units should also consider developing plans for data analysis, reporting, and review efforts as part of the PMP process. It makes sense to

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Use a Participatory Approach

The Agency's reengineering directives require that operating units involve USAID's partners, customers, and stakeholders in planning approaches to monitoring performance. Experience indicates the value of collaborating with relevant host government officials, implementing agency staff, contractors and grantees, other donors, and customer groups, when preparing PMPs. They typically have the most familiarity with the quality, availability,

think through data collection, analysis, reporting, and review as an integrated process. This will help keep the performance monitoring system on track and ensure performance data informs decision-making. While there are strong arguments for including such integrated plans in the PMP document, this is not mandated in the reengineering guidance. Some operating units may wish to prepare these plans separately.

Elements of a PMP

The following elements should be considered for inclusion in a performance monitoring plan. Elements 1- 5 are required in the reengineering guidance, whereas 6 -9 are suggested as useful practices.

I. Plans for Data Collection (Required)

In its strategic plan, an operating unit will have identified a few preliminary performance indicators for each of its strategic objectives, strategic support objectives, and special objectives (referred to below simply as SOs), and USAID-supported intermediate results (IRs). In most cases, preliminary baselines and targets will also have been provided in the strategic plan. The PMP builds on this initial information, verifying or modifying the performance indicators, baselines and targets, and documenting decisions.

PMPs are required to include information outlined below (elements 1-5) on each performance indicator that has been identified in the Strategic Plan for SOs and IRs.

Plans should also address how critical assumptions and results supported by partners (such as the host government, other donors, NGOs) will be monitored, although the same standards and requirements for developing indicators and collecting data do not apply. Furthermore, it is useful to include in the PMP lower-level indicators of inputs, outputs, and processes at the activity level, and how they will be monitored and linked to IRs and SOs.

1. Performance Indicators and Their Definitions

Each performance indicator needs a detailed definition. Be precise about all technical elements of the indicator statement. As an illustration, consider the indicator, *number of small enterprises receiving loans from the private banking system*. How are small enterprises defined -- all enterprises with 20 or fewer employees, or 50 or 100? What types of institutions are considered part of the private banking sector -- credit unions, government-private sector joint-venture financial institutions?

Include in the definition the unit of measurement. For example, an indicator on the value of exports might be otherwise well defined, but it is also important to know whether the value will be measured in current or constant terms and in U.S. dollars or local currency.

The definition should be detailed enough to ensure that different people at different times, given the task of collecting data for a given indicator, would collect identical types of data.

2. Data Source

Identify the data source for each performance indicator. The source is the entity from which the data are obtained, usually the organization that conducts the data collection effort. Data sources may include government departments, international organizations, other donors, NGOs, private firms, USAID offices, contractors, or activity implementing agencies.

Be as specific about the source as possible, so the same source can be used routinely. Switching data sources for the same indicator over time can lead to inconsistencies and misinterpretations and should be avoided. For example, switching from estimates of infant mortality rates based on national sample surveys to estimates based on hospital registration statistics can lead to false impressions of change.

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Plans may refer to needs and means for strengthening the capacity of a particular data source to collect needed data on a regular basis, or for building special data collection efforts into USAID activities.

3. Method of Data Collection

Specify the method or approach to data collection for each indicator. Note whether it is primary data collection or is based on existing secondary data.

For primary data collection, consider:

- the unit of analysis (individuals, families, communities, clinics, wells)
- data disaggregation needs (by gender, age, ethnic groups, location)
- sampling techniques for selecting cases (random sampling, purposive sampling); and
- techniques or instruments for acquiring data on these selected cases (structured questionnaires, direct observation forms, scales to weigh infants)

For indicators based on secondary data, give the method of calculating the specific indicator data point and the sources of data.

Note issues of data quality and reliability. For example, using secondary data from existing sources cuts costs and efforts, but its quality may not be as reliable.

Provide sufficient detail on the data collection or calculation method to enable it to be replicated.

4. Frequency and Schedule of Data Collection

Performance monitoring systems must gather comparable data periodically to measure progress. But depending on the performance indicator, it may make sense to collect data on a quarterly, annual, or less frequent basis. For example, because of the expense and because changes are slow, fertility rate data from sample surveys may only be collected every few years whereas data on contraceptive distributions and sales from clinics' record systems may be gathered quarterly. PMPs can also usefully provide the schedules (dates) for data collection efforts.

When planning the frequency and scheduling of data collection, an important factor to consider is management's needs for timely information for decision-making.

5. Responsibilities for Acquiring Data

For each performance indicator, the responsibility the operating unit for the timely acquisition of data from their source should be clearly assigned to a particular office, team, or individual.

II. Plans for Data Analysis, Reporting, Review, and Use

An effective performance monitoring system needs to plan not only for the collection of data, but also for data analysis, reporting, review, and use. It may not be possible to include everything in one document at one time, but units should take the time early on for careful planning of all these aspects in an integrated fashion.

6. Data Analysis Plans

To the extent possible, plan in advance how performance data for individual indicators or groups of related indicators will be analyzed. Identify data analysis techniques and data presentation formats to be used. Consider if and how the following aspects of data analysis will be undertaken:

Comparing disaggregated data. For indicators with disaggregated data, plan how it will be compared, displayed, and analyzed.

Comparing current performance against multiple criteria. For each indicator, plan how actual performance data will be compared with a) past performance, b) planned or targeted performance or c) other relevant benchmarks.

Analyzing relationships among performance indicators. Plan how internal analyses of the performance data will examine interrelationships. For example

- How will a set of indicators (if there are more than one) for a particular SO or IR be analyzed to reveal progress? What if only some of the indicators reveal progress?
- How will cause-effect relationships among SOs and IRs within a results framework be analyzed?
- How will USAID activities be linked to achieving IRs and SOs?

Analyzing cost-effectiveness. When practical and feasible, plan for using performance data to compare systematically alternative program approaches in terms of costs as well as results. The Government Performance and Results Act (GPRA) encourages this.

7. Plans for Complementary Evaluations

Reengineering stresses that evaluations should be conducted only if there is a clear management need. It may not always be possible or desirable to predict years in advance when or why they will be needed.

Nevertheless, operating units may find it useful to plan on a regular basis what evaluation efforts are needed to complement information from the performance monitoring system. The operating unit's internal performance reviews, to be held periodically during the year, may be a good time for such evaluation planning. For example, if the reviews reveal that certain performance targets are not being met, and if the reasons why are unclear, then planning evaluations to investigate why would be in order.

8. Plans for Communicating and Using Performance Information

Planning how performance information will be reported, reviewed, and used is critical for effective managing for results. For example, plan, schedule, and assign responsibilities for internal and external reviews, briefings, and reports. Clarify what, how and when management decisions will consider performance information. Specifically, plan for the following:

Operating unit performance reviews. Reengineering guidance requires operating units to conduct internal reviews of performance information at regular intervals during the year to assess progress toward achieving SOs and IRs. In addition, activity-level reviews should be planned regularly by SO teams to assess if activities' inputs, outputs, and processes are supporting achievement of IRs and SOs.

USAID/Washington reviews and the R4 Report. Reengineering requires operating units to prepare and submit to USAID/Washington an annual *Results Review and Resource Request* (R4) report, which is the basis for a joint review with USAID/W of performance and resource requirements. Help plan R4 preparation by scheduling tasks and making assignments.

External reviews, reports, and briefings. Plan for reporting and disseminating performance information to key external audiences, such as host government counterparts, collaborating NGOs, other partners, donors, customer groups, and stakeholders. Communication techniques may include reports, oral briefings, videotapes, memos, newspaper articles.

Influencing management decisions. The ultimate aim of performance monitoring systems is to promote performance-based decision-making. To the extent possible, plan in advance what management decision-making processes should be influenced by performance information. For example, budget discussions, programming decisions, evaluation designs/scopes of work, office retreats, management contracts, and personnel appraisals often benefit from the consideration of performance information.

9. Budget

Estimate roughly the costs to the operating unit of collecting, analyzing, and reporting performance data for a specific indicator (or set of related indicators). Identify the source of funds.

If adequate data are already available from secondary sources, costs may be minimal. If primary data must be collected at the operating unit's expense, costs can vary depending on scope, method, and frequency of data collection. Sample surveys may cost more than $100,000, whereas rapid appraisal methods can be conducted for much less. However, often these low-cost methods do not provide quantitative data that are sufficiently reliable or representative.

Reengineering guidance gives a range of 3 to 10 percent of the total budget for an SO as a reasonable level to spend on performance monitoring and evaluation.