Performance Monitoring and Evaluation
TIPS

USAID Center for Development Information and Evaluation

ESTABLISHING PERFORMANCE TARGETS

Reengineering supports USAID's commitment to focus on results. Performance targets lie at the heart of this commitment. They define, in concrete terms, what will be accomplished by when as a result of USAID's program.

This Tips discusses what targets are, why they are important, and what information sources and approaches may be used for setting targets.

What are Performance Targets?

Performance targets represent commitments that USAID operating units make about the level and timing of results to be achieved by a program.

Operating units should establish a performance target for each performance indicator it selects for its strategic objectives and intermediate results. Whereas the indicator defines how performance will be measured along a scale or dimension, the target identifies the specific, planned level of result to be achieved within an explicit timeframe. For example, for the indicator "value of credit provided to small enterprises by private financial institutions", the target might be "$500 million provided by 1999."

Final and Interim Targets: A *final* target is the planned value of a performance indicator at the end of the planning period. For strategic objectives, final targets are often set at five to eight years away. Final targets for intermediate results are usually three to five years away. In addition, some *interim* targets should be set for years in between the baseline and final target year (e.g. for years in which change is expected and data collection is possible).

Quantitative and Qualitative Targets: Targets, may be either quantitative or qualitative, depending on the nature of their indicators. While targets for quantitative indicators will be numerical, targets for qualitative indicators will be descriptive.

In most cases, performance targets are *quantitative* -- they identify how much of a change is expected from year to year. For some indicators, performance targets will depict an increase of some sort. Declines or decreases can also represent improvement, however, as is the case for certain health indicators, such as reducing the number of deaths from a particular childhood disease.

USAID operating units sometimes select indicators that focus on changes which are not easy to describe in quantitative terms. Improvements in the management practices of an organization USAID is assisting is a common example. For such cases, descriptive or *qualitative* targets may be established. An example is a list of new functions the organization should be able to perform and a set of standards for each of these functions.

Often, with a little ingenuity, qualitative information can be transformed into quantitative scales against which targets can be set, as the example in box 1 illustrates.

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Different Dimensions: As with performance indicators, targets may address different dimensions of results.

BOX 1. Transforming Ideas About Quality into Measures for Which Targets Can Be Set

To measure an intermediate result that emphasizes improvements in quality of maternal and child health services, USAID/Yemen devised a scale that transforms qualitative information about services into a rating system against which targets can be set:

 0 points = Service not offered
 1 point = Offers routine antenatal care
 1 point = Offers recognition and appropriate
            management of high risk pregnancies
 1 point = Offers routine deliveries
 1 point = Offers appropriate management of
            complicated deliveries
 1 point = Offers post partum care
 1 point = Offers neonatal care

Score: Total actual service delivery points
          Total possible service delivery points

Illustrative Target: Increase average score to 5/6 by the year 2000.

Targets -- which are simply the planned values of indicators -- may express quantity (how much), quality (how good), or efficiency (least cost) values to be achieved within a specific timeframe.

Several possible ways of expressing targets answer questions about *quantity* of change expected :

• *Absolute level of achievement* - e.g., 7,000 jobs created by 1998

• *Change in level of achievement* - e.g., yields per hectare increased by 5 percent from 1996 to 2002

• *Change in relation to the scale of the problem - e.g.,* proportion of households with reliable potable water increased to 70 percent by 2000

• *Creation or provision of something new* - e.g., a law that allows non-government organizations

to operate freely and without taxation passed by the end of 1997.

Other targets may be concerned with *quality*, or how good the results of programs are expected to be. Such targets relate to indicators of product or service quality -- customer satisfaction levels, responsiveness rates, dropout rates, complaints, error rates, failure rates, etc. Examples of targets might include: average customer satisfaction scores (based on a 5 point scale) increased to 4 by 1997; or customer dropout rates reduced to 5 percent by 1998.

Targets relating to *efficiency* or producing outcomes at least cost, typically relate to unit cost measures. Examples of such targets might include: cost of providing a couple-year-of-protection reduced to $10 by 1998; per student cost of a training program reduced by 20 percent between 1996 and 1998.

Disaggregating Targets for People-Level Indicators: When a program's progress is to be measured in terms of its effects on people, targets can help USAID operating units to establish expectations about a program's intended impact on men and women, rural

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BOX 2. Disaggregating Targets for People-Level Indicators

As part of its effort to expand and diversify opportunities in agriculture, USAID/Bolivia is reporting against gender-specific targets for permanent jobs created by firms and individuals receiving USAID- supported services.

Year	Planned	Actual
1991 (Baseline)		1,369
1992	2,390 M 3,593 F	7,566 M 10,854 F
1993	10,000 M 15,000 F	11,908 M 16,818 F
1994	11,200 M 16,800 F	
1995	12,800 M 19,200 F	

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and urban residents, young and old, etc. *Disaggregating* targets for people-level indicators clarifies the specific customer groups for which benefits are intended. (See box 2).

Specific Timeframe: All performance targets have a *timeliness* dimension - they establish expectations about when specific planned results will be achieved.

Why are Targets Important?

Reengineering requires all operating units in their strategic plans to establish performance targets for all performance indicators used to measure progress towards each strategic objective and intermediate result. Beyond this formal requirement, performance targets are important for several reasons. Targets bring the purpose for undertaking a program into sharp focus. They help to justify a program by describing in concrete terms what USAID's investment will produce.

Targets orient stakeholders to the tasks to be accomplished and motivate individuals involved in a program to do their best to ensure the targets are met. Targets also help to establish a clear management contract between a USAID operating unit and the managers to whom that unit reports. Once a program is underway, they serve as the guideposts for judging whether progress is being made on schedule and at the levels originally envisioned.

A natural tension exists between the need for setting realistic targets and the value, from a motivational perspective, of setting targets high enough to ensure that staff and stakeholders will stretch to meet them. When motivated, people can often achieve more than they imagine. At the same time, realistic targets build confidence about an operating unit's ability to plan and perform. When an operating unit sets targets that are too high, it constantly falls short of the expectations it sets for itself and others. Like the boy who called "wolf" once too often, the unit's credibility suffers.

Information Useful for Establishing Targets

Any information that helps to ground a target setting exercise and ensure its realism is helpful, especially information that improves a USAID operating unit's understanding of:

- *What is the performance baseline?* It is difficult if not impossible to establish a reasonable performance target without some idea of the starting point. The performance baseline is the value of the performance indicator at the beginning of the planning period --ideally, just prior to the implementation of the USAID

program activities. Operating units may rely on secondary data sources for baselines, if

> **BOX 3. Collecting Baselines**
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> Where baseline information is inadequate, many USAID operating units initiate a data collection effort as soon as they decide what their strategic objectives and intermediate results are and the performance indicators they will use to judge progress. The first set of data collected on these indicators becomes, in effect, the formal baseline against which targets are set and future progress is assessed. For people-level indicators, baselines should disaggregate data by gender and other relevant customer groups to facilitate disaggregated target setting.

available, or may have to conduct primary data collection to establish baseline values. (See Box 3).

- *What trends occurred before the program started?* Perhaps even more important than establishing a single baseline value is understanding the underlying historical trend in the indicator value over time. What pattern of change has been evident in the past five to ten years on the performance indicator? Is there a trend, upward or downward, that can be drawn from existing reports, records or statistics?

- *What are customer expectations of progress?* While targets should be set on an objective basis of what can be accomplished given certain conditions and resources, it is useful to get input from customers regarding what they want, need, and expect from USAID activities. What are expectations of progress? Customer surveying may involve formal interviews, rapid appraisals, or informal conversations with relevant customer groups or their representatives. Not only ultimate customers should be surveyed; intermediate customers (e.g. implementing agency staff) can be especially useful in developing realistic targets.

- *What are expert judgements?* Another source of

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valuable information for target setting is surveying expert opinion about what is possible or feasible with respect to a particular indicator and country setting. Experts should be knowledgeable about the program area as well as about local conditions. Experts will be fa-

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BOX 4. Benchmarking

One increasingly popular way of setting targets is to look at what is being done by someone else -- another business or another agency -- that has a reputation for high performance in the particular business or program area. Some examples are simple. How long should a light bulb last? As long as a General Electric light bulb lasts. Similarly, USAID operating units may seek such benchmarks in a particular program area by examining the best experiences of others -- e.g., other USAID operating units, other development agencies or partners -- that have achieved a high level of performance. Targets may be set to reflect this "best in the business" experience, provided of course that consideration is given to the comparability of country conditions, resource availabilities, and other factors likely to influence the performance levels which can be achieved.

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miliar with what is and what is not possible from a technical and practical standpoint -- an important input for any target setting exercise.

- *What do research findings reveal?* Similarly, reviewing development literature, especially research and evaluation findings, may help in choosing realistic targets. In some program areas, such as population and health, extensive research findings on development trends are already widely available. What is possible to achieve may be well known. In other areas, such as democracy, research on performance indicators and trends may be scarce.

- *What is being accomplished elsewhere with similar programs?* Checking progress other USAID operating units or other development agencies and partners have achieved with similar programs and using this information to set ambitious but achievable targets is known as *benchmarking*. (See Box 4).

To the extent that different types and sources of information exist, combining several of them is a way to optimize target setting.

Another key to target setting is *collaboration* with others who are knowledgeable about the local situation (or similar settings) and about reasonable expectations for accomplishments. Other USAID operating units, other development agencies, host country counterparts, partners, customers and experts can all be invaluable in helping determine the progress that might be expected.

Some Approaches for Setting Targets

There is no single best approach to use when setting targets. Much depends on the information available or readily gathered. Alternative approaches include:

I. *Project a future trend, then add the "value added" by USAID activities.* Probably the most rigorous and credible approach, this involves estimating the future trend without USAID's program, and then adding whatever gains can be expected as a result of USAID's efforts. This is no simple task; projecting the future can be very tricky. The task is made somewhat easier if historical data are available that can be used to establish a trend line.

II. *Establish a final performance target for the end of the planning period, then plan progress from the baseline level.* This approach involves deciding on the program's performance target for the final year, and then defining a path of progress for the years in between. Final targets may be based on benchmarking techniques or on judgements of experts, program staff,

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customers or partners about expectations of what can be reasonably achieved within the planning period. When setting interim targets, remember that progress is not necessarily a "straight line." All targets, both final and interim, should be based on a careful analysis of what is realistic to achieve, given the stage of program implementation, resource availabilities, country conditions, technical constraints, etc. (See Box 5).

III.   *Set annual performance targets.* This approach is similar to the preceding, except it is based on judgements about what can be achieved each year, instead of starting with a final performance level and working backwards.

BOX 5. Progress Is Not Always a Straight Line

While it is easy to establish annual targets by picking an acceptable final performance level and dividing expected progress evenly in the years between, such straight line thinking about progress is often inconsistent with the way development programs really work. More often than not, no real progress -- in terms of measurable impacts or results -- is evident during the start-up period. Then, in the first stage of implementation, which may take the form of a pilot test, some, but not much progress is made, while the program team adjusts its approaches. During the final two or three years of the program, all of this early work comes to fruition. Progress leaps upward, and then rides a steady path to the end of the planning period. If plotted on a graph, this would look like a "stairsteps", not a straight line.