Final Report
Contract No. csd-2510
July 24, 1970

PROJECT EVALUATION AND THE PROJECT APPRAISAL REPORTING SYSTEM

VOLUME ONE

SUMMARY

Submitted to the

AGENCY FOR INTERNATIONAL DEVELOPMENT

By

FRY CONSULTANTS INCORPORATED

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ANY ROAD WILL GET YOU THERE."

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PREFACE

This final report is submitted to the Agency for International Development by Fry Consultants Inc., in accordance with the requirements of Contract No. A.I.D./csd-2510. This report describes the study methodology, findings, and recommendations resulting from a year-long study of the evaluation of non-capital projects.

This, the first volume of the report, summarizes both the study and the recommendations.

The second volume of the report, submitted under separate cover, presents the detailed findings and recommendations.

The third and final volume of this report contains an "implementation package" intended to be submitted to the USAID Missions to assist them in implementing a Mission-useful evaluation process.

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I. SUMMARY OF OBJECTIVES AND APPROACH

CHAPTER I.

SUMMARY OF OBJECTIVES AND APPROACH

A. STUDY OBJECTIVES

1. General

The object of this study was to improve evaluation of non-capital projects sponsored by the Agency for International Development. It was expected that the primary mechanisms for introducing needed improvements would be modifications in the Project Appraisal Report (PAR) and the related aspects of the Project Paper (PROP) and Project Implementation Plan (PIP). In fact, one of the immediate causes for authorizing the study was USAID resistance to the newly introduced Project Appraisal Report. There was some comment that the PAR was difficult to fill out (consuming too much on-site management time), was of questionable value to AID/W, and was redundant with existing USAID management practice.

On the basis of preliminary reviews of USAID comments and discussions with AID/W personnel, the study objectives were refined and presented in a detailed work plan submitted to the Agency on September 2, 1969. In order to provide a sharper focus to the study, we defined our two principal objectives as being to develop:

- A PAR system that supports effective project evaluation
- Methods of using that system to enhance project analysis and monitoring.

The PAR system must support as well as report on the project evaluation process. It was considered quite possible that the optimum PAR system would consist of two elements: one supporting an evaluation process carried on within the Mission, and the other reporting on that process.

It is important to note that the study emphasis was on the PAR system rather than the report -- on the interrelated set of activities and events required to initiate and sustain a Mission-useful project evaluation process, not on what document gets sent to AID/W.

2. Specific Study Outputs

Two types of outputs were required of the study:

(1) Specific, action-oriented recommendations and plans for implementing an effective PAR system;

(2) Recommendations for improving USAID technical assistance management by concentrating on critical factors and tradeoffs relevant to classes of, as well as individual, projects.

Action plans and procedures for implementing the recommended improvements are included in this report to meet the requirements of the first item. Recommendations of the second type are addressed for the most part to the design and management of technical assistance projects rather than to improvements in content -- addressing serious management deficiencies that were observed.

B. STUDY APPROACH

The study approach emphasized on-site reviews of technical assistance projects at representative USAID Missions, in order to:

(1) Identify the project-evaluation process providing maximum benefit to the Mission;

(2) Observe the process by which Missions generated PARs;

(3) Identify ways of improving the PAR system so that filling out PARs is a useful by-product of a Mission-useful process;

(4) Review PARs and projects to find out whether the reports accurately describe reality (and identify mechanisms for ensuring the requisite degree of accuracy);

(5) Analyze PAR data, using computer techniques where appropriate, to gain insight into the PAR preparation process and suggest areas of research for improving technical assistance.

Study techniques included in-depth interviews of both AID/W and USAID personnel about projects, PAR preparation, and evaluation. Basic data were gathered for all respondents, although the interviews were relatively unstructured (to allow each individual freedom to discuss the topics that he considered important). Mission evaluation processes and uses of the PAR were characterized by recreating such processes through discussions and by actual observation of PAR preparation and project reviews. Views of host personnel were solicited where feasible.

Mission evaluation processes were rated in terms of (1) whether the important issues were raised and considered constructively, and (2) whether appropriate replanning actions were taken or at least identified. The relationship of the PAR to this process was then considered in terms of (a) how the process would have differed had there been no PAR requirement, (b) how the PAR requirement could be modified to better suit Mission needs, and (c) whether the report to AID/W accurately reflected the important issues.

As many as five different views were formulated for each project studied: (1) an AID/W view based solely upon the PAR; (2) an AID/W view based upon the full range of informal and formal communications; (3) the view of on-site USAID management; (4) the view of responsible host personnel; (5) the view of our Fry observer.

C. SCOPE OF THE STUDY

1. Geographic Coverage and USAID Participation

A total of 16 countries were visited during the course of this study. Initial data-gathering efforts, including on-site reviews of representative projects, were undertaken at six Missions in the NESA and EA Regions. (The Missions visited are identified in Table 1-1.) Upon conclusion of the initial NESA and EA visits, findings were summarized and presented at the NESA and Africa Evaluation Conferences, held in Turkey and Uganda, respectively. It is important to note that findings based on EA and NESA vists were presented at the Africa Evaluation Conference (prior to Africa

Table 1-1
MISSIONS VISITED

REGION	PURPOSE	MISSION
Near East South Asia	Data Gathering	Afghanistan India Nepal
	Evaluation Conference and test relevance of regional findings	Turkey
East Asia	Data Gathering	Korea Laos Thailand
	Evaluation Conference and test relevance of regional findings	Philippines
Latin America	Data Gathering and Verification of Key Concepts	Brazil Equador Guatemala Paraguay
	Evaluation Conference and Trial of New PAR System	Brazil
Africa	Field Test New PAR and Recommended Use	Kenya Liberia Tanzania
	Evaluation Conference and Test Applicability of EA/NESA Findings	Uganda

on-site reviews). The fact that Africa personnel generally concurred with our findings was an important indicator that those findings were not strongly dependent on Regional characteristics.

After completing the NESA and Africa Evalution Conferences, study findings were assessed to develop plausible recommendations for improving evaluation and management of technical assistance projects. These recommendations and key concepts were tested and refined through visits to four Latin America Missions, and attendance at the EA Evaluation Conference (held in the Philippines).

Our data-gathering and field-test efforts in Latin America enabled us to develop a revised PAR system for field test in (three) selected Africa Missions. The results of that field test were positive, allowing us to make a fairly complete presentation of our recommendations at the Latin America Evaluation Conference (held in Brazil).

As is illustrated in Figure 1-1, the sequence of data-gathering and field-test events involved a great deal of interchange with USAIDs from each Region (excluding Vietnam). It is also important to note that initial findings and recommendations were based upon data obtained through on-site reviews at EA and NESA Missions, but were applicable to both Latin America and Africa Missions. This ability to extrapolate our findings, coupled with the visibility given our findings and recommendations at the Evaluation Conferences, adequately demonstrated that the recommended improvements are applicable to all Missions in the Regions visited.*

* The "mini-Missions" are a possible exception since we visited none. The proposed evaluation conference in San Salvador would be a good opportunity to expose these recommendations to small Missions.

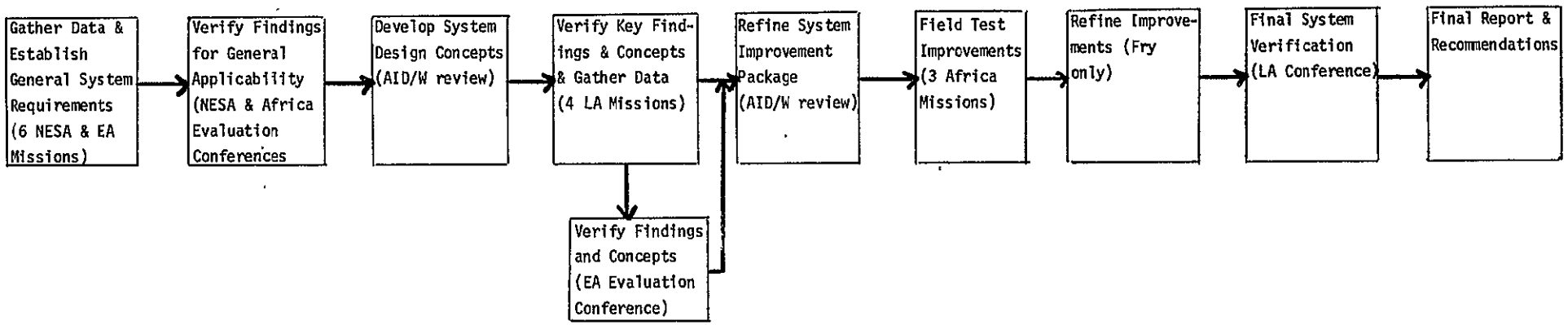

Figure 1-1. Scheduling of the Data Gathering and Field Test Efforts Allowed USAIDs from All Regions to comment both on the Initial PAR Process and on Study Findings and Recommendations.

2. Selection of Projects to be Studied

The study approach involved selecting a representative universe of technical assistance projects for in-depth review. It appeared that the most important variable in project selection would be the Mission -- in terms of its size, regional and country characteristics, management "style," and relative emphasis given technical assistance. Therefore, three representative Missions were selected from each Region -- based on their having representative technical assistance projects and budgets. (Specific selection criteria were to visit all Missions having technical assistance budgets in excess of $10-million, one from each Region in the $3- to $10-million range, and one from each Region in the $1- to $3-million range. The reasoning behind this approach, and for subsequent deviations from it, are described in Volume Two of this report.)

Having selected the Missions to be visited, Mission projects were listed in order of funding and three projects were randomly selected from that list. Additional projects, selected on the basis of combined Fry, AID/W, and Mission judgments, then were selected to ensure that coverage was representative. The number and type of projects reviewed in the course of this study are summarized in Table 1-2.

As may be noted from Table 1-2, there is relatively less on-site coverage in Africa than for the other Regions. This is because our approach to Africa was Mission rather than project-oriented, as we tested system improvements in the Africa Missions.

TABLE 1-2

NUMBER AND TYPE OF PROJECTS REVIEWED

Activities	Region				Total Reviewed	% of Sample	% of TA $ In FY'69*
	NESA	EA	LA	AFR			
Agriculture	7	4	5	2	18	28.5	13.1
Industry	1	1	1	1	4	6.3	9.1
Transportation		2			2	3.1	14.3
Labor		1			1	1.5	2.0
Health	4	1	1		6	9.5	16.0
Education	5	4	4	2	15	23.8	16.2
Public Administration/ Public Safety		2	3	1	6	9.5	11.0
Social Welfare		5	3		8	12.6	6.7
Private Enterprise	2	1			3	4.7	11.7
Totals	19	21	17	6	63	99.5%	100.1%

Note: Findings relative to the PAR as a report and a process are based on a sample of only 43 projects for which PARs were available at AID/W. Findings relative to the PAR process and general findings embrace the full sample of 63 projects.

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* Percentages were computed using dollar amounts reported on p. 28 of the June 30, 1969 Operation Report under the heading: FY 1969 Project Commitments by Field of Activity. Commitments listed under "General and Miscellaneous" and "Technical Support" were excluded from the computations.

3. Number and Type of Personnel Interviewed

The number and type of USAID personnel interviewed during the study are summarized in Table 1-3. The figures noted here are for in-depth interviews and specifically do not include the relatively casual interviews undertaken during the evaluation conferences or group meetings at the Missions.

In addition to the interviews noted in Table 1-3, approximately 70 host personnel were interviewed during the course of the study.

We did not keep accurate records of the number of AID/W personnel interviewed, but reasonable (minimum) approximations are included in Table 1-4.

TABLE 1-3 USAID IN-DEPTH INTERVIEWS

A. By Level of Responsibility

LEVEL	NESA	EA	LA	AFR	TOTAL
Sub Project	14	11	6	2	33
Project	25	15	12	4	56
Division	18	21	14	4	57
Program Office	9	11	10	5	35
Staff/Admin	5	4	4	6	19
TOTAL	71	62	46	21	200

B. By Type of Personnel

TYPE	NESA	EA	LA	AFR	TOTAL
Direct Hire	45	50	38	17	150
PASA	6	4	3	1	14
Contractor	20	8	5	3	36
TOTAL	71	62	46	21	200

TABLE 1-4

AID/W INTERVIEWS

REGIONAL BUREAUS		49
Development Planning	17	
Technical	16	
Area/Desk	12	
Staff/Administrative	4	
STAFF BUREAUS AND OFFICES		27
AID/W CONSULTANTS		7
TOTAL		83

II. SUMMARY OF FINDINGS

CHAPTER II:

SUMMARY OF FINDINGS

The major findings of this study are discussed under four topic headings:

1. Mission response to the PAR: the PAR as an initiator of an evaluation process;

2. The PAR as a report;

3. Some underlying issues: design and management of technical assistance projects;

4. Cost vs. benefit for the PAR System.

A. MISSION RESPONSE TO THE PAR: THE PAR AS AN INITIATOR OF AN EVALUATION PROCESS

Our operating assumption was that, for each Mission visited, there was a Mission-useful evaluation process that predated the PAR requirement and with which PAR preparation was to at least some extent redundant. This assumption anticipated the Mission response of "we evaluate continuously and don't need the PAR" and made the study team particularly sensitive to identifying those aspects of evaluation that the Mission considered most useful. (Assuming that such a preexisting evaluation process was in place, it would be reasonable to modify the PAR to conform to Mission practice, making it a low-cost by-product rather than a redundant report.)

Contrary to our operating assumption, our finding was that prior to imposition of the PAR requirement there was no systematic evaluation process in place at any Mission we visited. The statement that "we evaluate continuously" generally referred to the fact that the Missions were concerned about their projects and would involve themselves in their monitoring and management. In particular, the issue of project significance was very rarely raised in an actionable framework -- that is, raised in such a way as to imply appropriate replanning activities or actions.

Evaluation is not well understood by project-level managers. Although the manual orders describe evaluation, and the manual orders are read by a reasonable number of Mission personnel, the ability to retain and actually apply the concepts of evaluation is quite limited. As a general rule, only the Program Evaluation Officer understands the evaluation concepts. His definition and in many cases his approaches to implementing the evaluation process are well thought out and consistent with the manual order requirements. However, he is not usually able to spread those concepts throughout the Mission and actually get Mission-useful evaluations started.

The basic problem faced by the Program Evaluation Officer is defining his own role in the evaluation process. In a number of Missions the Program Evaluation Officer started out as an evaluator - he actually analyzed projects and made recommendations. In no case was this satisfactory. That is, where an evaluation officer performed the evaluation, it did not typically lead to effective replanning action (largely because the results of the evaluation were not readily acceptable to project and sector management).

The more successful Program Evaluation Officers, with success being measured in terms of ultimate beneficial change to the projects, played three key roles that we recommend for the Program Evaluation Officer:

(1) to manage the evaluation process so it brings benefit to Mission management, and particularly to project management;

(2) to educate the participants in that process not only in evaluation techniques, but in the fundamentals of project design;

(3) to serve as a reporter and recorder, enhancing veritcal communications within the Mission.

In two instances where the above roles have been played, project evaluation is becoming an accepted and useful part of Mission management practice. It is also clear, however, that these are difficult roles to play and that evaluation officers need help in both methodology and implementation techniques.

The key issue faced by most Missions today is not whether or not they should evaluate, but how they can get started. For the most part, Mission management was enthusiastic about establishing the Mission-useful evaluation process that our study team propounded. They are by no means equally enthusiastic about sending reports to AID/W, and even less enthusiastic about the PAR form itself.

The PAR concept was of great benefit to the Missions and generally brought value exceeding its cost of preparation. However, the PAR form has not been well received. First, it is complicated. Second, it appears more complicated

than it is because of a lack of training and familiarity, and because the questions are not asked in a way that makes the logic of evaluation clear. Third, the invitation to clarify responses to individual checklist items often results in redundant narrative. This redundancy is heightened by the fact that the intended uses of PAR data are not clear. Project Managers anticipate AID/W "worst-case" uses of such data and provide additional verbiage to protect against potential misunderstandings and misapplications. (There was only limited recognition of the value of PAR data to the Mission itself.)

From the standpoint of what is truly important to the evaluation process -- that is, whether or not our projects are truly having development impact -- the PAR is particularly deficient in not helping to clarify the relationship between project outputs and the higher goals.

The output report and forecast (Table 1-B-1 of the PAR), which should be a key if not the key element of the evaluation, was often irrelevant to the rest of the PAR. The higher goals, for which a tabulation is provided, are rarely defined to show or imply a logical connection between project outputs and higher goals. This was more frustrating to the preparers of PARs than it was to its readers. It is a benefit of the PAR that its preparation initiated useful dialogue about the lack of connections between outputs and goals. It is a severe failing of the evaluation system, and of project design, that such dialogue was in no case, in the 63 projects we studied, fully resolved -- nor was there convincing evidence that resolutions would be forthcoming.

Faced with the need to evaluate, Mission management has already made use of the evaluation process and started to solve some of the time-urgent problems that were raised. Specifically, problems of effectiveness -- treating improved design and implementation -- were identified and resolved. However, the question of how and why projects are important to development has not been answered, and unless such "significance" dialogues are successfully concluded, we can anticipate no lasting improvement.

It is perhaps appropriate to discuss the mechanism by which good technical assistance projects can be turned into potentially irrelevant but self-sustaining make-work. It can (and should) be assumed that on its inception a technical assistance project is well formulated and well designed. However, it must be noted that initiating project documentation both in the past (and even in the current PROP system) generally fails to establish objectively verifiable results expected from projects.* Thus, when the inevitable unforeseen problems arise project management takes corrective action appropriate to overcoming short-term problems. (For example, a project aimed at improving rural health might face sufficient administrative problems that some of the project resources are diverted to developing administrative competence within the Ministry of Health.) Unfortunately, there rarely is a documentary record of the reasons for such diversions.

When the next Project Manager or Chief of Party arrives, he may find the team working toward temporary rather than long-term objectives of the project. However, lacking a record of why this diversion was undertaken

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* Our study team was told on many occasions that it would be foolish to set unambiguous targets, as that would mean that the project could be considered a failure if it did not meet them.

he may confuse the two and continue to aim project activities at secondary objectives. (In our example, he might decide that an underlying issue affecting administrative competence in the Ministry of Health is the scarcity of medical administrators. Thus, acting entirely in good faith, he may mount a major effort to provide a reservoir of medical administrators, perhaps eliminating mobile medical teams to free the necessary resources.)

The example we have chosen deliberately makes it unclear whether or not the current project activities are still related to the original purpose. However, there are AID projects for which a series of successive deviations from original plans have resulted in a project emphasis that is irrelevant (and occasionally dysfunctional) to U.S. country objectives.

In summary, the Mission response to the project evaluation requirement was generally positive, to the PAR as an instrument was negative, and to an implied AID/W intervention in Mission affairs was predictably hostile. Where Missions and individuals took the PAR process seriously, and invested management energies and attention, PAR preparation was beneficial to the Mission. Where the response was pro forma and aimed at sending some kind of report to AID/W, the evaluation process was sterile and of questionable value to either the Mission or AID/W.

B. THE PAR AS A REPORT

The PAR as a report must be considered in three ways:

1. As a report to Mission management;

2. As a report to AID/W management; and,

3. As data input to analyses performed either at AID/W or the Mission.

1. The PAR as a Report to Mission Management

The PAR is a poor report to Mission management and because of its apparent complexity and lack of action orientation, it is a particularly poor report to the Mission Director. * Rumor has it that at least one Mission Director, when presented with his first PAR, threw it across the room and instructed his staff that he was never to see another. Although that anecdote is third-hand to the study team, the fact is that the Mission Director, particularly in a large Mission, does not find the current PAR useful as a report.**

The PAR has been useful as a report to lower levels of Mission Management, although there is limited recognition of this utility. One benefit of the PAR process has been the requirement for a narrative history to bring the project up-to-date. For many projects this was the first and only complete statement tracing its origins and evolution. It typically was a time-consuming process to develop this history, and often involved

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* Our discussion does not distinguish between the Mission Director and his Deputy.

** In small Missions, he typically indicates that he does not need the PAR as a report.

contacting host personnel and others who had been previously associated with the project. Both project staff and others within the Mission found value in recreating such a history, but there was quite properly some question as to whether the value justified the substantial cost. (On several occasions project management felt that the benefit of the narrative history was higher than did our study team. The difference in assessments appears to be caused by the fact that technical management appropriately values insight into projects for its own sake, whereas our viewpoint was that knowledge is useful only if it results in constructive action.)

Although the PAR was not a good report, the issues raised when preparing the PAR were often brought to the attention of the Mission Director and subsequently acted upon. This was, in fact, the primary benefit of the PAR process - raising issues and either informally or formally bringing those issues to the appropriate level of management attention. (In several instances PARs were forwarded to the Mission Director with memos attached indicating divergent views within the Mission. Even in small Missions, Directors were on a number of occasions surprised at the number of controversial opinions and important issues that were raised.)

The major issues reported on and presented to the Director as a result of the PAR process were not generally "news" to the project staff. However, these often were issues of importance but of sufficient difficulty to resolve that lower management had previously seen no point in raising them. Where such "basic" issues were raised during PAR preparation, and a degree of interaction was achieved between program, sector, and project management, some of the insurmountable problems began to look less insurmountable and

were reported to the Director. (Not all were reported on in the PAR however.)

2. The PAR as a Report to AID/W Management

There are two questions of fundamental importance in discussing the PAR as a report to AID/W management. First, did the report candidly and accurately describe the Mission perception of the project? Second, did the report accurately and reliably describe the project? These are different, although related, questions. The first asks whether or not the Missions "censored" the reports to eliminate controversial issues. The second, more important, question asks whether or not the Missions were themselves able to detect the important and actionable issues.

The answer to the first question is yes - the PARs for the most part do candidly and accurately reflect Mission analyses of their projects. There are exceptions to this, particularly where the PAR was viewed as a pro forma exercise. Still, it should be assumed that where the evaluation of a project appears to be superficial or defensive, it is because that is exactly the type of analysis that was undertaken. Mission Directors are more aware of this, quite obviously, than are the AID/W reviewers. Mission Directors have on a number of occasions responded firmly to poor evaluations, and there is evidence to suggest that if given the opportunity and the tools, will demand better - more candid and more effective - evaluations.

Which brings us to the second question, of whether the PAR accurately reflects the true state of affairs and identifies important issues. The answer to this question is generally no. Only half of the PARs forwarded to AID/W and selected for study reported what our study team, based on

on-site reviews, found to be the key issues for the project. However, it must be emphasized that this resulted more from deficiencies in the Mission's ability to get to the root issues and discuss them in a way that could lead to replanning actions, than from Mission censorship.

The quantitative data supporting the above findings, based on a sample of 42 projects for which PARs and projects were reviewed in depth, are as follows: 83% of the PARs included in this sample reported what the Mission knew about the project - in only 17% of the projects were issues suppressed or seriously misrepresented. (Refer to Table 2-1.) At the same time, PARs for 50% of this sample failed to report all issues our study team deemed most important to the project. Thus, in 33% of the projects the Missions failed to identify issues that our team considered important. (It should be recognized that the important issues unearthed by our study team were not based solely on personal assessments. These were issues that USAID staff identified or verified as important after discussion with our interviewers.)

The evidence is, in our opinion, conclusive. The problem is not how to make Missions report more candidly, but how to help them undertake better and more insightful evaluations. Top Mission management have indicated to us that they need and will be responsive to AID/W assistance if it is offered as assistance rather than as an attempt to manage projects from afar.

Table 2-1

FRY ASSESSMENT OF PAR
VALIDITY FOR 42 PROJECTS *

		No. of Projects	% of Sample	
Reported Candidly	1. Accurately described project	12	29	Key Issues Reported
	2. Subtle but significant differences	9	21	
	3. Key issues not raised			Key Issues Not Reported
	a. Not explicit in Mission**	14	33	
Edited	b. Explicit but suppressed	4	10	
	4. Seriously misrepresented project	3	7	
	Total:	42	100	

*AID/W had received PARs for only 42 of the 63 sample projects; thus, the PAR as a report could be judged only for this smaller sample.

**Item 3a, or 33% of the sample, can be interpreted as cases where the Mission accurately reported that it had failed to unearth all important issues.

AID/W Reviews

Formal mechanisms for reviewing use of the PAR were not in place at AID/W as of the start of this study, although coherent plans are now evolving.

The PAR was useful as an information document at several levels of Regional Management. In a few cases, the PAR was the only information that a desk had for a particular project.* In another case, a Deputy Assistant Administrator for a Region indicated that he had found reading PARs useful in assessing the state of affairs before Mission visits. Still, there was and still is a very real question as to what AID/W should do with the PARs and the information they contain.

The PAR has created a problem for AID/W. The PAR is sufficiently different from other kinds of documentation that there was no precedent for review and response. AID/W was told about issues, in a formal document, that they used to learn about only through the grapevine. Sometimes AID/W agreed with what the PARs were saying, sometimes there was disagreement. However, the nature of communication was different from anything that had gone before.

The PARs were for the most part more objective and candid than AID/W had expected. Recognizing that this was probably true (although by no means certain of it), AID/W acted with considerable restraint. Formal responses to the PARs tended to be helpful rather than critical of projects, and

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* In one case, the desk officer emphatically told our interviewer that there was no such project in the Mission, and believed us only after actually seeing and reading the PAR we had obtained from the central file.

critical comment was typically aimed at the evaluation process rather than the project. Certainly, not all AID/W personnel shared in the feeling that response to PARs must be controlled and supportive. Still, there is an AID/W concensus that responds to the feeling of a Mission Program Officer:

> "If AID/W doesn't respond to the PARs, we will be annoyed. If they respond in a meddlesome way, we will be angry. . . . Still, I don't suppose we would be very annoyed, and possibly not even very angry."

In short, just as the PAR requirement has made it clear to the Missions that there needs to be a new and better evaluation procedure, so the PAR requirement has made it clear to AID/W that there must be a new kind of procedure for reviewing and responding to evaluation reports.

3. The PAR as Data Input for Analysis

There are important analytical uses of evaluative data at the Mission. Review of evaluation results can identify particular problems (as, for example, organizational or funding issues that affect a number of projects). Such analysis is typically done in the Program Office and may or may not be heavily influenced by the PAR. What can be said is that issues raised in a number of PARs were subsequently discussed and resolution attempts made, even where those issues had been outstanding for relatively long periods. In three Missions, we found serious attempts to summarize and analyze PAR data for Mission use. Such analyses turned out to be of very limited value to the Mission. Analysis of the responses suggested internal inconsistencies in the PARs, but in each case the analyst finally

decided (after looking specifically at the projects in question) that what appeared to be an inconsistency was in fact a reflection of real difference in emphasis. Thus, the only results of this analytical effort were (1) to affirm that the PARs had been filled out in good faith, and (2) to suggest that "self check" or intentionally redundant features of the PAR cannot be relied upon.*

In the course of our study we placed in computer file and analyzed data from 321 PARs (all FY 1970 PARs submitted, from all Regions, as of early February 1970). Results of the analysis are sufficiently interesting to suggest that further analysis will be useful, at least on a pilot basis.

Our computer analysis of the PAR data was aimed initially at developing: (1) Response patterns, or "project profiles" associated with classes of projects; (2) Potential indicators of project success; (3) Correlations among PAR entries that might suggest fruitful areas of research.

Initial efforts at classifying types of projects considered projects in the agricultural sector and separately considered projects for each of the four regions. Analysis of the agricultural projects was not conclusive. (That is, PAR data for agricultural projects do not appear to differ in any obvious ways from PAR data for projects in general.) The next step in the analysis should have involved classifying and possibly coding outputs and goals for agricultural projects. However, the quality of output and goal data and our own resource limitations precluded further investigation.

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* This is, if question "17" asks for the same information as question "2", a difference in response will most often mean a perceived difference in the questions or their context, not a careless or nonconstructive report. This related to the fundamental issue of ensuring that all respondents interpret the queries in the same way, discussed in Volume 2 of this report.

(These deficiencies in data quality suggest that an important output of PAR analysis could be to standardize and classify outputs for various types of projects, as a precursor to improving means of setting and measuring output targets -- and also as an important step toward developing standards of performance.) Projects did show some variations on a regional basis. These variations were attributable to variations in response to the PAR rather than in the projects themselves. Again, however, potentially important data for such analysis -- in this case, goal statements -- were not amenable to computer analysis.

Work to develop patterns of successful versus unsuccessful projects was aimed primarily at correlating project performance ratings with check-list items in the PAR. Based on associations between such "research input" factors and project performance ratings, analysis of the worldwide file suggests that some popular concepts of what makes successful projects may not hold up under scrutiny. For example, although for 42% of the 321 projects counterpart pay and living allowances were identified as problems having negative impact on the project, the actual performance ratings for such projects did not differ from ratings for the entire sample. (This and other issues based on PAR analysis are discussed in detail in Volume II, Section 5 of this report.)

More conclusive, or at least more suggestive, findings might have resulted except for an inadequacy in the PAR as a data-gathering instrument. The resource input checklists were interpreted in the Missions in an unexpected way. First, they judged relevance ("significantly affect project accomplishments") and then, if it was relevant felt forced to choose between

"positive" and "negative" responses. The instructions led them to respond "positive" if "effect is positive or satisfactory". Consequently, many factors are rated "P" when the effects are trivial. The improved PAR provides a three-point rating of performance factors (negative, as expected, and positive) and a separate scale to indicate whether or not the factor was important. Although these scales respond to the evaluator's need to make finer judgments about his project, they also provide an important improvement in the analytical potential of the PAR. Exploitation of that potential should enable the Agency to establish that certain resource input factors are indicators of project success and that certain others, although considered important, have limited effect.

Correlations among data entries within the PAR are in many cases suggestive but in no case conclusive. Again, however, refinement of the rating scales will greatly improve the analytical capability.

Overall, our computer analysis of PAR data was inconclusive. However, that analysis was severely limited by practical considerations. First, although we overcame our initial skepticism as to the validity of PAR data, the quality of important entries (much as output targets) was too low to support effective analysis. Second, the already limited resources we had available were further diminished by unanticipated efforts as attendance at the four evaluation conferences. (Quantitative analysis of PAR data was the lowest priority for this study.) Finally, we found computer analysis of data oriented to the PAR process to be of such significance to the study, that our major efforts using computer techniques

were aimed at the PAR process rather than at the projects themselves.

The total effort for use of computer techniques to gain insight into projects (rather than evaluation) probably involved only one man-month of effort. (This is exclusive of time spent in developing programs and putting the data into file, etc.) The results of that limited effort, data for which are presented in Volume Two, are sufficiently interesting to suggest that further analytical efforts should be carried forward using both the current PAR data file and data from "improved" PARs. The long-term payback of such effort is greater insight into technical assistance and development. The short-term payback will be improvements in planning and setting targets for projects. Either of these benefits would justify substantial analytical investment. Taken together, there is little doubt that the Agency should undertake further efforts, on a prototype basis at least.

C. SOME UNDERLYING ISSUES: DESIGN AND MANAGEMENT OF TECHNICAL ASSISTANCE PROJECTS

Our study of USAID project evaluation suggests that three basic problems hamper the USAID projects. Improvements in evaluation depend upon resolution of these problems:

(1) The purposes of Technical Assistance projects rarely are defined sharply, and the connection between a project and its higher goals is almost never clearly understood by project staff;

(2) USAID staff are not asked to accept explicit responsibility for achieving project success, as success is highly dependent upon actions of others -- thus, there is rarely a clear sense of management responsibility;

(3) Lacking both the orientation that should be provided by clear-cut plans and sharply defined management responsibilities, and the methodology appropriate to a well-defined experimental situation, the USAID evaluator has found evaluation a difficult task, and has found it particularly difficult to translate evaluation results back into better plans and better projects.

Self-reinforcing management problems are at work in the USAIDs. Projects have not been clearly related to sector goals or explicitly to the programming process. This makes it difficult to allocate responsibilities or establish expectations for project performance, resulting in ambiguous project plans which further compound the confusion as to who is responsible for what.

There appears to be wide spread lack of understanding as to why projects are being undertaken -- how they relate to U. S. country objectives and programming goals. It was our assessment that fewer than half of the Project Managers and Division Chiefs interviewed understood the relationship between their projects and U. S. country objectives well enough to effectively fulfill their project management responsibilities.

Technicians and other project-level personnel are similarly handicapped in their understanding of what is expected by the next level of management. Again, fewer than half of the project-level personnel interviewed sufficiently understood the project purpose to effectively perform their assigned functions.

Our assessments of deficiencies in management communications were corroborated by the respondents themselves. More than half of the project-level (technician and Project Manager) personnel expressed a felt need for clearer supervision.

USAID project personnel are in the position of platoon commanders who don't know what the company objectives are. They have been told to fight well and bravely, and on occasion they have been told to "take Hill 414". But they have not been told that the company objectives are to create a salient comprising Hills 413, 414 and 415. Lacking such insight into the broader objectives, USAID personnel find it difficult to intelligently replan their projects and their personal efforts. And the ability to replan is key to effectiveness.

D. COST VERSUS BENEFIT FOR THE PAR SYSTEM

The fundamental question to be answered by review of the PAR and evaluation processes is whether or not such a process has been, or could be in the future, of real benefit to Mission management.

The process initiated by the PAR provided benefit in excess of costs for the majority of the Missions we visited. This assessment is based on the perceptions of the individuals who participated in the PAR process as well as on the independent judgments of our study team. It is significant that 60% of those who participated actively in the PAR process felt that benefit exceeded cost, whereas only 19% of those who observed the process from a distance felt that benefit exceeded cost.

There is evidence that the kind of thinking that was forced on Mission management by the PAR process has a long-term, and possibly a cumulative, benefit. Thus, one Mission that had acted with great hostility to the initial PAR requirements, when visited later by the Herder Task Force, tended toward the position that the PAR process had been useful. Several months later, with the arrival of our study team, there was a mild but real consensus that the PAR benefit did exceed cost.

A more important conclusion of our study of the PAR process is that the process could have had a benefit that exceeded cost in each of the Missions that were visited. The PAR is not an easy document to work with and a relatively high investment of professional time was required before benefit was realized. However, wherever that threshold investment was made, the ultimate benefit appeared to exceed the cost. The cost-benefit

ratio was unattractive only where PAR compliance tended to be pro forma. As a general rule, if top Mission management did not take the PAR and the evaluation process seriously, then the PAR had little value for AID/W and even less for the Mission.

In view of the above, and in view of opportunities to simplify the PAR as a report and to make the evaluation process more comprehensible to Mission management, it is the conclusion of this study that project appraisal reporting is worth doing. Further, it is worth doing well, and can be done well within the existing organizational and personnel constraints.

III. SYSTEM REQUIREMENTS

CHAPTER III.

SYSTEM REQUIREMENTS

It was clear from our study findings that the PAR can and should be simplified, but that the PAR requirement constituted necessary intervention on the part of AID/W - such an AID/W requirement is needed to create and sustain a Mission-useful evaluation process. The requirements of an improved PAR system, aimed at meeting the observed deficiencies in the current PAR system, were established as follows:

- A logical framework should be provided to describe technical assistance projects and provide a common frame of reference for evaluation;

- Management thinking must be oriented to the outputs of projects -- the things that can be produced and accomplished -- rather than the inputs or things that we provide;

- Primary emphasis of the system must be on utility to the Mission, and the system must demonstrate its utility rather than expect Mission management to constructively respond to implementation by edict;

- The system must include provisions to demonstrate to AID/W that the Mission has in fact evaluated - credible evidence must be provided that Mission management is effectively managing its TA projects;

- Effective evaluation is a necessary precursor to informed planning -- thus, there must be a clear and logical connection between the project evaluation process and subsequent replanning exercises and documentation;

- Evaluation must be clearly and responsibly related to the overall project management and documentation system (including the PROP, PIP, and PAR) -- this implies that AID/W management must implement and manage the evaluation system with a view to its continuing benefit to AID management as well as projects.

On the basis of the above requirements, system improvements were defined as described in the following chapter (IV).

IV. OVERALL SYSTEM CONCEPT

CHAPTER IV

OVERALL SYSTEM CONCEPT

The recommended approach to PAR system improvement comprises four key elements:

(1) A modified view of technical assistance projects that makes it easier to sort out the different roles and responsibilities of technical assistance managers, and also emphasizes the outputs and accomplishments of projects rather than inputs and consumption of resources;*

(2) An "Implementation Package", comprising the PAR form, a revised Manual Order, and instructions, worksheets, and advisory material as required to initiate and sustain a Mission-useful evaluation process;

(3) Operators of the PAR System, including the Mission Program Evaluation Officer (who manages a Mission-level process to provide benefit to Mission management) and AID/W staff who manage a "macro-scale" process to support the Evaluation Officers, improve evaluation, and provide analytical outputs to appropriate users;

(4) The Evaluation Report to AID/W, and the processes by which AID/W reviews and analyzes such reports both to sustain and improve the project management system and to gain further insight into

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* Key to this modified view is forcing project staff to answer the question "how will you know that your project has been successfully completed?"

technical assistance projects and development in general.

A. A MODIFIED VIEW OF TA PROJECTS: ESTABLISHING A LOGICAL FRAMEWORK FOR EVALUATION

USAID Project Managers find it difficult to separate their manageable interests from the broad development objectives that are beyond their control. Thus, we were repeatedly told that there were no AID projects, only Host projects, and that the AID has responsibility only for project inputs, not for results. Even where projects were relatively uncomplicated, USAID management avoided accepting responsibility for explicit outputs, because the ultimate result -- development -- was influenced by many factors not under USAID control.

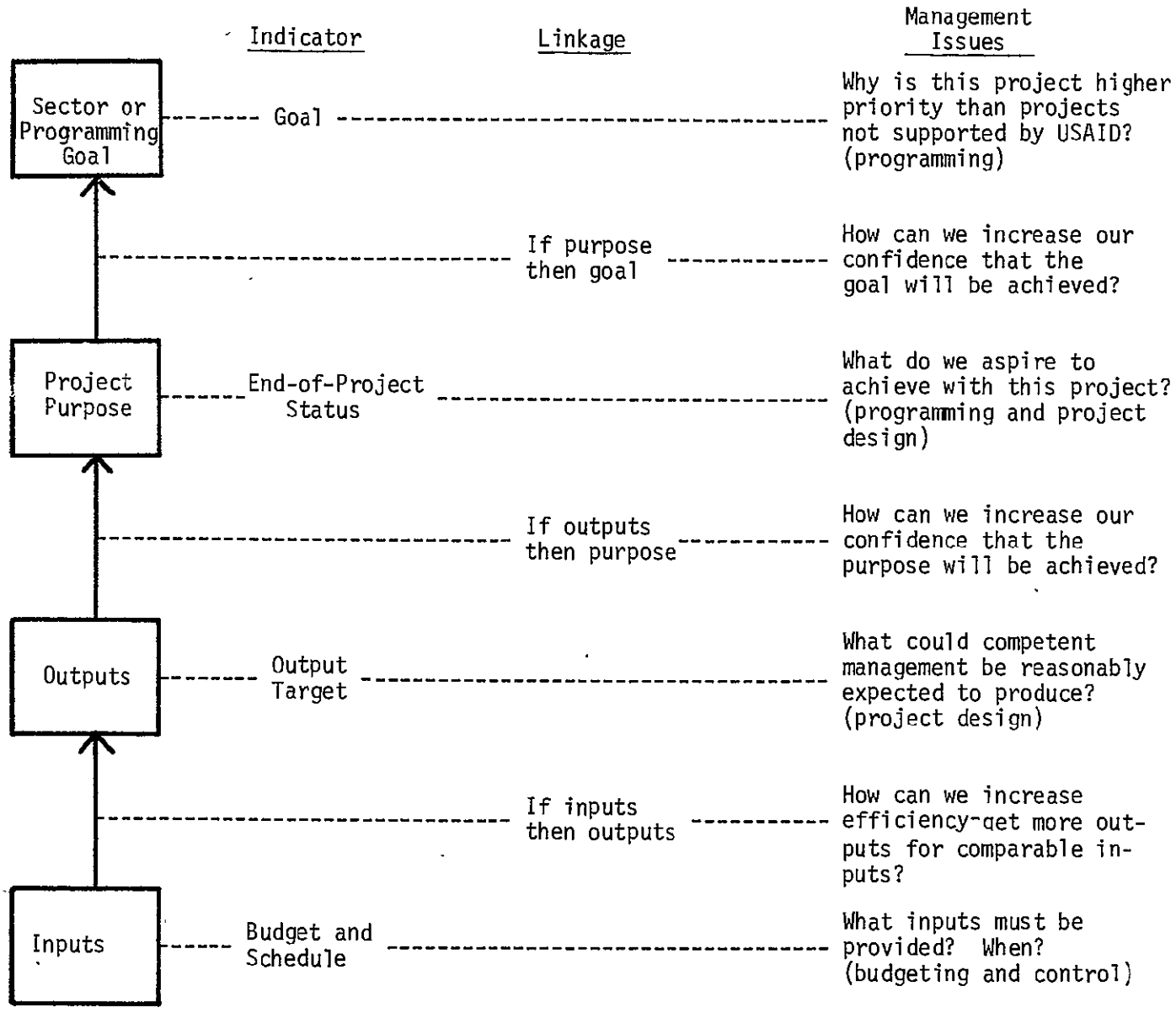
To help separate USAID manageable interests from factors beyond their control, we define two roles for the TA Project Manager. First, he manages inputs to produce outputs -- concrete and objectively verifiable results. Second, he is testing the hypothesis that producing those results will achieve some larger purpose. (See figure 4-1)

The non-capital project can be viewed as an experiment in applied social science, testing the hypothesis that producing the agreed-upon outputs will achieve a certain project purpose. Thus, whereas the USAID project management should be held accountable for effectiveness and efficiency in translating inputs into outputs, a different viewpoint should be used to examine the output-to-purpose link. Here there is no clear causality and Mission management is held responsible primarily for the clarity of logic and accuracy of reporting. Mission management has, in effect, hypothesized

Figure 4-1

THE LOGICAL FRAMEWORK OF

A TECHNICAL ASSISTANCE PROJECT



that providing a certain set of outputs will result in a project purpose. Evaluation involves gathering evidence to establish whether it appears more or less likely that the hypothesis is correct.

Use of this logical framework for technical assistance projects requires that project progress be measured in two separate ways. First, outputs must be measured directly -- that is, the Mission must measure the things that management is specifically required to produce. Second, however, the Mission must independently measure progress toward the project purpose. (This measurement must be independent of measuring outputs because to do otherwise would be a logical fallacy, proving a proposition of the form "if then" by simply observing that the "if" had in fact been provided.)

By focusing on independent measures of (1) outputs and (2) progress toward ultimate project purpose, the recommended logical framework should help reduce management preoccupation with inputs.

The "logical framework" for technical assistance projects is an important part of the recommended system improvements. This framework is further clarified in Volume 2, Chapter II and in Advisory 1 included in the Implementation Package (Volume Three).

Adopting the viewpoint of a "scientist" as opposed to a "manager" does not lessen management accountability -- it simply clarifies the nature of that accountability and the distinction between the subjective and the objective. Production of outputs and achievement of purpose are objectively verifiable -- thus, the only subjective element is the Mission judgment that

producing the former will result in the latter. Over the long-term, this should result in more responsible project definition and greater accountability -- as management will be called upon to assess its judgments as well as its actions.

The adoption of the "scientific" viewpoint should not be construed as implying that there can be little confidence in our judgments regarding achievement of purpose. This is not so. The scientist breeding two "recessive" corn plants is sure of the results he expects -- the important aspect of his training and viewpoint is how he reacts, and what he does, when the result is not as expected. The scientist's careful and objective sorting of evidence is what AID managers must strive for -- and the recommended "logical framework" was specifically developed to support such a careful and objective process.

B. THE IMPROVED PAR AND THE IMPLEMENTATION PACKAGE

Key to implementing the PAR system improvements is an implementation package to be provided the Mission Program Evaluation Officer, including a simplified PAR. Even as a report, the PAR's main value is to the Mission. Submission of the PAR to AID/W is primarily to ensure that the Mission-level evaluation process is carried on.

The implementation package is addressed to the Mission Program Evaluation Officer and consists of three major elements:

(1) Guidelines on how to create, manage, and sustain a Mission-useful project evaluation;

(2) Advisory material clarifying the underlying concepts of evaluation as well as recommending a logical framework for structuring technical assistance projects;

(3) The Project Evaluation Workbook, to guide the Project Manager through an evaluation process that will direct his attention to important issues and prepare him for a Mission evaluation review.

The revised PAR form (included as an Exhibit to this Volume) has been designed to require only information that would normally be developed by any Mission-useful evaluation. Emphasis of the evaluation process is on benefit to the Mission, not on the report. That process will develop more information than can or should be forwarded to AID/W. The PAR, requiring data that are naturally derived from any effective evaluation process, thus establishes a reporting requirement that is of extremely low cost -- if and only if the Mission undertakes effective evaluations.

C. OPERATORS OF THE PROJECT EVALUATION AND PAR SYSTEM

There are five key "operators" of the recommended improved PAR system:

(1) The Mission Evaluation Officer who actually implements the Mission-useful evaluation process and serves as a communication channel for improved concepts of evaluation and management;

(2) The (AID/W) Regional Program Evaluation Officers, who provide guidance and assistance to the Mission Program Evaluation Officers as required to ensure that every Mission implements a Mission-useful process;

(3) The Office of Program Evaluation, which provides policy guidance and direction to the evaluation processes and has authority to change the evaluating reporting requirements;

(4) The Program Evaluation Committee, both as a body and on behalf of its individual members, which will provide advice, commentary, and support to the system and evaluation improvements;

(5) A newly constituted Technical Assistance Research and Analysis function, which will combine data from evaluation reports with data available from such other files as the AID/W memory (including the ACS) to develop insights into technical assistance projects and the development process, and provide actionable recommendations for evaluation improvements.

Responsibilities and functions of the above are consistent with current practices. Our action plan (Chapter III, Volume Two of this report) clarifies the actions required to implement and sustain the improved system. The notable exception is, of course, the Technical Assistance Research and Analysis function (TARA) which does not currently exist.

Our analysis of the 321 PARs from the four Regions was carried far enough to suggest that in-depth analysis of PAR data, including machine processing, is of potential value to the Agency.

Limitations in the current PAR as a data-gathering instrument, and in the lack of an explicit conceptual framework for projects, made it difficult for our analysis to substantially increase insight into technical

assistance projects and problems. However, potentially useful analytical tools (including specific computer programs) have been developed and are worth continuing on a trial basis at least.

Thus, it is recommended that the TARA be established as a prototype operation under the joint leadership of the Technical Assistance Bureau and the PPC. That prototype operation would continue the analysis already started on the 321 PARs, develop a classification schema appropriate for more in-depth analysis of the PARs (and potentially including selection of a representative sample universe), and test feasibility of a continuing TARA operation by actually performing selected in-depth analytical studies.

Operating personnel for the in-depth analytical functions of the TARA would be established initially on an ad hoc basis, using representatives from ID and DP groups within several or all Regions.

The Missions have been led to believe that AID/W would analyze PAR data to provide feedback that would be useful to them in managing and planning their projects. The Agency has an obligation to live up to that expectation and an opportunity to substantially advance insight into successful development projects.

D. REPORT TO AID/W

Missions have quite appropriately asked why project appraisal reports should be sent to AID/W. The answer to that question, upon which the entire system depends, strikes at the fundamental issue of decentralized management. Mission Directors generally desire a high degree of automony and consider AID/W project-specific comments to be inappropriate. This

basic drive for autonomy will almost undoubtedly be carried forward into whatever organization the AID becomes. Smaller USAID Missions may well (and probably should) lead to project management having greater responsibilities and a relatively greater degree of autonomy.

The question thus resolves itself into determining what the appropriate price for Mission or project autonomy is or should be. The answer to that question is unequivocal. The price of greater autonomy is clearer evidence that management is effective -- that it is proceeding in accordance with preestablished principles and procedures. The more effective Mission management demonstrates itself to be, the greater the degree of functional autonomy AID/W can and should allow.*

1. The PAR as a "Credible Record" of Good Management

Based on the above, it is recommended that the report to AID/W be used as a "credible record" to demonstrate effective USAID management and evaluation. That is, the purpose of the report should be to demonstrate to AID/W that the Mission has undertaken an agreed-upon process -- that the Mission is candidly and objectively reviewing past performance to develop better plans for the future.

There are a number of alternatives for providing a credible record to

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* It might almost be said that a minimum level of autonomy must be assigned to a field component. To the extent that that level of autonomy is freely given, and mutually understood by all parties concerned, effective communications can be established between the central and the field components However, where that level of autonomy is not clearly granted, and where there is a perceived "threat" of central management intervention in local affairs, there will be a tendency toward a degradation in communication sufficient to establish functional autonomy.

AID/W. The most acceptable of these is to provide sufficient information that AID/W staff can recreate important aspects of the project and of the evaluation, to satisfy themselves that analysis and replanning implications are reasonable.

The credible record of evaluation is based upon AID/W accepting responsibility for managing managers and not projects. That is, AID/W must ensure that there is effective management in place at the Mission, by providing constructive comment and, in its advisory capacity, providing insights into projects based upon broader experience.

Consistent with the AID/W approach of managing managers rather than projects, it must be emphasized that the evaluation process and therefore the PAR is an input to reprogramming and replanning, and need not resolve all of the issues raises. The AID/W response to PARs must be supportive of Mission management -- that is, provide Mission managers with useful insights and experience that may help them in the replanning exercise. Comments critical of projects are to be avoided. Information and suggestions as to alternatives that may have been overlooked by the Mission, or analytical techniques that might be of further use to the Mission, are to be encouraged.

2. AID/W Responses to the PAR

AID/W has two different response modes to the PAR, depending upon whether or not it is an adequate "credible record". If it is not a credible record of effective management and evaluation, AID/W should suggest further or improved methods of analysis, or recommendations as to project

design alternatives that have not been considered. Mission responses to AID/W recommendations and questions of this kind can be deferred until the Mission has completed its replanning exercise. However, the Mission Director and AID/W have every right to expect that all important issues be resolved as part of Mission replanning and reprogramming -- in the revised documentation, or separately but concurrently submitted.

If the PAR is a credible record of effective management, AID/W need not repond at all, except to routinely (quarterly) acknowledge receipt of all PARs. The PAR analysis is the input to AID/W as well as Mission programming. However, AID/W funding decisions should be based not on PARs but on whether or not the Mission has, as of the time the funding decision is made, resolved the important issues raised in PAR.

3. Implications for AID/W - USAID Communications

Adoption of the recommended AID/W responses to the PAR has important benefits, not the least of which is a consolidation of the AID/W-Mission communications. That is, when AID/W asks project-specific questions, it should assume that question will be answered during project evaluation or, alternately, as part of the replanning/reprogramming process. These are the times when the Mission can and should be considering their actionable alternatives and when questions from AID/W can be usefully considered.

If AID/W requires a response sooner than the Mission plans to evaluate or replan, then the reason for the urgency and the date response is required should be explicitly stated. This way, the Mission can consider modifying

its evaluation or replanning processes to answer such questions. (AID/W will be aware of Mission evaluation schedules, as the yearly submission of evaluation schedules will be continued.)

Consistent with its management role, AID/W has a right to expect that the Mission will develop and forward good PARs for its projects. If evaluation and planning quality are low, and do not improve, it should be assumed that management quality is low. The options are then to either replace the management, provide on-site management help, or not fund the project.

In several instances, issues of broad significance were raised through evaluations of projects that would not have been evaluated if the Mission had its discretion. (In other cases, projects that the Missions felt it was important to evaluate had already been discussed in such detail that the PAR was a useful way of coalescing Mission judgments but led to little in the way of replanning implications.)

A final point that was made in defense of less-than-annual evaluations was that the PAR requires a relatively high investment of manpower, and that it is inappropriate to spend that level of effort for small projects. There are a number of responses to this line of reasoning. First, small projects most often require less time for evaluation. Second, and more to the point, is that if the Mission does not have time to annually assess past performance and implications for the future, then the Mission should not include that project within its outstanding commitments. A project that cannot be evaluated is a project that cannot be managed. More practically, it should be pointed out that evaluation of a well planned project

does not take much time -- and the time required will substantially decrease as experience with evaluation is gained.

V. SUMMARY OF RECOMMENDED AID/W IMPLEMENTATION REQUIREMENTS AND ESTIMATED COSTS

CHAPTER V

SUMMARY OF RECOMMENDED AID/W IMPLEMENTATION REQUIREMENTS AND ESTIMATED COSTS

Suggested responsibilities for implementing the system improvements are summarized in Table 5-1. As may be noted, the five key functional activities involved in the implementation effort are the PPC Evaluation Staff, the Program Evaluation Office, the Regional Evaluation Officers, the Office of the Assistant Administrator for Administration, and the Technical Assistance Research and Analysis Task Force. Each plays both leadership and supporting roles during the implementation effort. For example, the Office of Administration provides basic supporting services for a wide spectrum of the intended implementation activities. At the same time, that office plays the leadership role in defining the management improvement program and establishing evaluation training requirements for Project Managers.

Overall responsibility for implementing the improved project evaluation system rests with the evaluation staff of the PPC. After implementation, which can effectively conclude as early as February, 1971, operational control of the PAR system should pass to the Director of Program Evaluation. This will be consistent with the current roles of the Office of Program Evaluation, supporting the important role of intoducing improvements in evaluation.

TABLE 5-1

SUMMARY OF RESPONSIBILITIES BY ORGANIZATION

PPC Evaluation Staff

Manage and coordinate implementation of the improved system.

Director, Program Evaluation

(1) Manage and coordinate implementation efforts of Regional Evaluation Officers and ensure that both Regional and Mission Evaluation Officers have the skills and training necessary to implement and sustain system operations.

(2) Develop and distribute training aids and advisory material necessary for improving the evaluation process.

(3) Manage operation of the improved system.

Regional Evaluation Officer

(1) Ensure that a Mission-useful process is in place at each Mission in the Region, assisting and training Mission Evaluation Officers as required.

(2) Report on implementation status and training needs.

(3) Establish and manage evaluation teams to provide on-site assistance and training in evaluation techniques.

Assistant Administrator for Administration

(1) Establish management improvement schedules and standards.

(2) Monitor progress of management improvement effort based on feedback from on-site evaluation teams.

(3) Develop and sustain training courses in evaluation and project management skills.

The Technical Assistance Research and Analysis Task Force:
Headed by Representatives from the PPC and the TAB

Demonstrate the feasibility of performing useful analyses of evaluation reports and establish appropriate organizational and operational capabilities.

Specific actions recommended for implementation of this system are Summarized in Table 5 - 2. (The action requirements and responsibilities are explained in greater detail in Volume Two, Section III of this report.) Referring to Table 5 - 2, the major cost items are providing onsite implementation assistance and establishing the TARA prototype On-site implementation assistance is necessary to ensure effective and timely implementation of the system. On-site assistance would be recommended even if the proposed system improvements were not formalized. The second generation of PARs we have seen suggest that unless such assistance is offered, the quality and intensity of analytical effort will diminish sharply. If the cost-benefit ratio to Mission utility is to remain favorable, there is no alternative to on-site assistance in evaluation.

Table 5 - 3 allocates approximate man-month effects among the evaluation staff and all other operators of the system. The evaluation staff cannot completely delegate responsibility for implementation, whereas the "other" manpower requirements can be met through use of ad hoc teams or contractors. (If contractors are to be used, their orientation should be toward analytical competence rather than the substance of development. The operating premise of the evaluation system improvements is that sufficient technical insight and judgment are available in the Missions, and that the evaluation process is to enhance rather than replace that insight and judgment.)

The "must do" items in Table 5 - 3 involve a total of 85.6 man-months of effort including Evaluation Officer and PPC time. A good

Table 5-2: Summary of Recommended AID/W Implementation Requirements and Costs (in man-months)

MAJOR ACTIONS	PRIME RESPONSI-BILITY	STAFF/ BUDGET SUPPORT	ESTIMATED MAN-MONTHS REQUIRED	PRIORITY	
				SHOULD DO	MUST DO
1. Initial Orientation of AID/W Staff	PPC	PPC/DPE	2.0		X
2. Refine and Distribute USAID Implementation Package	PPC	AA/A	3.5		X
3. Train AID/W Regional Evaluation Officers	D/PE	AA/A	5.0		X
4. Develop Initial USAID Evaluation Training Aids	PPC	RPEO	2.8		X
5. Provide On-Site Implementation Assistance	RPEO	PPC/AA/A	49.0		X
6. Revise PROP	PPC	AA/A	2.5	X	
7. Implement Regional PAR and PROP Review Process	RPEO	PPC	2.3		X
8. Implement TARA Prototype	PPC/TAB	DSM/PPC	26.0	X	
9. Provide Analytical Feed-back to Missions	RPEO/ID	TAB	3.0	X	
10. Establish Evaluation Training for (a) Evaluation Officers	D/PE	AA/A	6.0		X
(b) Project Managers	AA/A	TAB	2.5	X	
11. Develop USAID Management Improvement Program	AA/A	PPC	4.2	X	
12. Hold Evaluation Training Conferences	DPE	RPEO	15.0		X

TABLE 5-3

ACTION PLAN: BASIS OF

ESTIMATED COSTS (MAN-MONTHS)

Action	Evaluation Officer Time	PPC	Other	Total
1.*	1.0	1.0	-	2.0
2.*	1.0	0.5	2.0	3.5
3.*	2.5	0.5	2.0	5.0
4.*	0.6	0.2	2.0	2.8
5.*	4.0	1.0	44.0	49.0
6.	0.5	0.5	1.5	2.5
7.*	1.0	0.3	1.0	2.3
8.	1.0	5.0	20.0	26.0
9.	1.0	2.0	-	3.0
10.a*	1.0	1.0	4.0	6.0
10.b	-	0.5	2.0	2.5
11.	-	0.2	4.0	4.2
12.*	4.0	1.0	10.0	15.0
TOTALS, "SHOULD DO"	2.5	8.2	27.5	38.2
TOTALS, "MUST DO"	15.1	5.5	65.0	85.6
GRAND TOTAL (MAN-MONTHS)	17.6	83.5		123.8

*"MUST DO"

case can be made that the 20.6 man-months of PPC and Evaluation Officer time should not be considered as a "cost" of the improvements, since they would be refining evaluation techniques in any event. Thus, the incremental cost of immediate "must do" activities is approximately 65 man-months.

It is difficult to translate these 65 man-months into a real dollar cost to the Agency, as the actual overhead for government employees has never been satisfactorily established (at least to our knowledge). However, let us assume that senior evaluation staff receive base salaries near $30,000. At an assumed overhead rate of 150% (which seems conservative), the actual cost to the Agency of its own senior staff is around $75,000 per year, a total of approximately $410,000. This is significantly higher than the cost of contracting, as contractor costs for such efforts should average out around $4,000 per man-month. Using a cost figure of $4,000 per month, the total cost of manpower for the "must do" operations is $260,000 plus very little extra for AID supervision. Adding to this $40,000 for travel and per diem expenses of the on-site teams, the total cost of the "must do" operations would be slightly in excess of $300,000.

Total cost of implementation must consider the "should do" priorities, as these activities may be deferred but not omitted. Using a cost basis of $4,000/man-month, the 27.5 man-months for "should do" activities adds approximately $110,000 to the total cost.

Thus, the incremental cost of system implementation, exclusive of time spent by the Evaluation Officer and the evaluation staff, should be in the neighborhood

of $410,000. (Adding cost of evaluation staff time, total implementation cost is around $540,000.) The question is will the recommended improvements be worth from $400,000 to $600,000? Somewhat rhetorical responses to that question are a series of other questions. How much is it worth to: Salvage the experience of more than 20 years of development? Provide Mission Directors with the means for making decisions based on evidence rather than intuition? Have project staff provide useful input to Mission programming? Provide the focus for implementing a management improvement program?

Seeking a more objective standard for a cost/benefit comparison, the Latin America Bureau has undertaken an important and innovative step in evaluation by sponsoring a series of sector evaluations at a cost of approximately $400,000. Spending this money for sector evaluation appears to be a sound judgment with an attractive cost-benefit ratio. By way of comparison, however, it is our perception that benefits at least as large as those from such sector evaluations will result from implementing the proposed system improvements. The recommended improvements can and should create an institutionalized project evaluation system, and sufficiently enhance Mission capability, that by the end of fiscal 1971 most Missions will be able to perform competent evaluations without outside help. By this standard, we feel that establishing the system improvements in four regions would be "worth more" than funding sector evaluations in all regions - implying a minimum improvement "value" of $1.6 million.

A less speculative calculation would begin from the size of the TA program

There are perhaps 500 technical assistance projects and a total technical assistance budget in the neighborhood of $300 million per year. Thus, looking at this as a one-time, one-year project, and assuming conservatively no transfer value of the recommendations beyond non-capital projects, the cost is in the neighborhood of $1,000 per project and substantially less than 2% of the annual technical assistance budget.

EXHIBIT:

THE PROJECT APPRAISAL REPORT (PAR)

EXHIBIT

THE PROJECT APPRAISAL REPORT (PAR)

The essential purpose of the Project Appraisal Report (PAR) is to upgrade AID technical assistance by helping Project Managers evaluate and replan technical assistance projects. Thus, while the PAR should prove valuable to AID/W in fulfilling its responsibility for reviewing the management of field programs, the primary aim of the PAR is to bring value to Mission-level Project Managers. More specifically, the PAR is intended to serve three primary functions:

1) Guide the Project Manager through a process of evaluating and replanning his project;

2) Record the project evaluation process in detail sufficient for Mission management and AID/W to judge the quality of the process;

3) Capture and store data for use in analyzing TA projects in the aggregate.

So that the PAR will not be redundant to project-specific reporting internal to the Mission, the PAR document has also been designed to:

4) Report to the appropriate level of Mission management the issues raised during the evaluation to elicit the guidance and decisions needed to replan a project;

5) Provide a summary input to Mission reprogramming.

However, it is not required that the PAR be used for the latter two purposes. Moreover, should the PAR prove inappropriate for or redundant to internal Mission reporting on projects, this fact should be called to the attention of the Regional Program Evaluation Officer as a potential inefficiency of the PAR system.

The process of evaluating and replanning a project can be viewed as a series of decisions about the project and the management action required by each decision. To make each of these decisions, certain questions must be answered. The PAR format that follows is an effort to organize and present these questions in a way that will assist the Project Manager to:

- focus the evaluation process on issues that are clearly relevant to project replanning;
- gather and organize the necessary information;
- bring critical issues growing out of the evaluation process before the appropriate level of Mission management;
- build on successive layers of findings and conclusions to replan the project.

The information elements of the PAR have been selected to be easily extracted from an evaluation process that answers such questions, and to be difficult to provide without benefit of a Mission-useful process.

PROJECT APPRAISAL REPORT (PAR)

☐ HIGH PRIORITY ON AID/W ACTION

1. U.S. OBLIGATIONS ($000)	2. COUNTRY	3. PROJECT NO.	4. PAR FOR PERIOD ENDING
a. CURRENT FY OBLIGATED (or Estimated)	5. PROJECT TITLE		
b. CUMULATIVE THRU CURRENT FY			
c ADDITIONAL COST TO COMPLETION	6. IMPLEMENTING AGENT		

I. OVERALL PROJECT RATING								7. PROJECT MANAGER
	UNSATISFACTORY		SATISFACTORY			OUTSTANDING		
	1	2	3	4	5	6	7	
A. PROGRESS TOWARD HIGHER GOALS								8. MISSION DIRECTOR
B. PROGRESS TOWARD PROJECT PURPOSE								9. PROJECT COMPLETION DATE

II. ACTIONS PROPOSED AND REQUESTED

A. ACTION OFFICES	B. DESCRIPTION OF ACTIONS	C. ACTION COMPLETION DATES

D. REPLANNING REQUIRES CHANGE IN: ☐ PROP ☐ PIP ☐ ProAg ☐ PIO/C ☐ PIO/P ☐ PIO/T

III. OUTPUT TARGETS AND CURRENT ESTIMATES

INSTRUCTIONS:

1. List the output indicators from PIP, Part 2, that are most important for achieving project purpose. **Output indicators** *describe the kind of results the project will produce.* **Output targets** *describe the results to be produced at a specific time.*

2. Set objectively verifiable **targets** *for completion and for each interim FY. Quantify (use numbers or percents) where practical. (See Advisory 1 for examples of setting and measuring output targets.)*

A. MOST IMPORTANT OUTPUT INDICATORS		B. OUTPUT TARGETS				
		TO DATE	END OF CURRENT FY:_____	FY:_____	FY:_____	AT COMPLETION FY:_____
1.	PRIOR TARGET					
	CURRENT ESTIMATE					
2.	PRIOR TARGET					
	CURRENT ESTIMATE					
3.	PRIOR TARGET					
	CURRENT ESTIMATE					
4.	PRIOR TARGET					
	CURRENT ESTIMATE					
5.	PRIOR TARGET					
	CURRENT ESTIMATE					
6.	PRIOR TARGET					
	CURRENT ESTIMATE					
7.	PRIOR TARGET					
	CURRENT ESTIMATE					
8.	PRIOR TARGET					
	CURRENT ESTIMATE					

IV. COST, PERFORMANCE AND IMPORTANCE OF INPUT CATEGORIES

A. INPUT CATEGORY	B. CURRENT YEAR COST ($000)	C. PERFORMANCE AGAINST PLAN (√)							D. IMPORTANCE FOR ACHIEVING PROJECT PURPOSE (√)				
		Unsatisfactory		Satisfactory			Outstanding		Low	Medium			High
		1.	2.	3.	4.	5.	6.	7.	1.	2.	3.	4.	5.
IMPLEMENTING AGENT													
PARTICIPANT TRAINING													
COMMODITIES													
HOST COUNTRY													
OTHER DONOR													

V. KEY PERFORMANCE FACTORS

FACTORS INFLUENCING PROJECT PERFORMANCE	ACTUAL IMPACT (√) NEGATIVE	AS EXPECTED	POSITIVE	IMPORTANT? (√) YES
A. IMPLEMENTING AGENT HOW MANY?____				
1. Planning and management				
2. Understanding of project purpose				
3. Relations with host nationals				
4. Effective use of participant training				
5. Local staff training and utilization				
6. Adherence to work schedule				
7. Candor and utility of reports to USAID				
8. Timely recruiting				
9. Technical qualifications				
10. Responsiveness to USAID direction				
B. PARTICIPANT TRAINING ☐NONE				
(Predeparture)				
1. English language ability				
2. Host country funding				
3. Orientation				
4. Participant availability				
5. Trainee selection				
(Post-Training)				
6. Relevance of training to present project purpose				
7 Appropriate facilities and equipment for returned trainees				
8. Employment appropriate to project				
9. Supervisor receptiveness				
C. COMMODITIES ☐FFF ☐NON-FFF ☐NONE				
1. Commodities appropriate to project needs				
2 Timeliness of procurement or reconditioning				
3. Timeliness of delivery to point of use				
4. Storage adequacy				
5. Appropriate use				
6. Maintenance and spares				
7. Records, accounting and controls				

FACTORS INFLUENCING PROJECT PERFORMANCE	ACTUAL IMPACT (√) NEGATIVE	AS EXPECTED	POSITIVE	IMPORTANT? (√) YES
D. HOST COUNTRY				
(Personnel)				
1. Competence/continuity of project leader				
2. Ability to implement project plans				
3. Use of trained manpower in project operations				
4. Technical skills of project personnel				
5. Planning and management skills				
6. Technician man-years available				
7. Continuity of Staff				
8. Willingness to work in rural areas				
9. Pay and allowances				
10. Counterpart acceptance of and association with the purpose of this project				
(Other Factors)				
11. Cooperation within host government				
12. Host government cooperation with non-government organizations				
13. Availability of reliable data				
14. Project funding				
15. Legislative changes relevant to project				
16. Adequacy of project-related organization				
17. Physical resource inputs				
18. Maintenance of facilities and equipment				
19. Political conditions specific to project				
20. Resolution of bureaucratic problems				
21 Receptivity to change				
22. Actual dissemination of project benefits				
23. Intent/capacity to sustain and expand project impact after U.S. inputs are terminated				
E. OTHER DONORS HOW MANY? ____				
1 Recognition of objectives shared with USAID				
2. Agreement on strategy and plans				
3. Coordination on implementation				
4. Contribution to project staffing				
5. Contribution to project funding				
6. Adherence to schedule				
7. Planning and Management				

VI. SUMMARY OF PROJECT PURPOSE

DATE OF MOST RECENT PROP	IS ABOVE PURPOSE SAME AS IN PROP? ☐ YES ☐ NO

VII. NARRATIVE SUMMARY FOR THIS REPORT PERIOD (Use continuation sheet)

1. Progress toward end-of-project status: (one statement for each indicator)
2. Does the evidence support your propositions that:
   a. Achieving project purpose will result in expected progress toward higher goals? ☐ YES ☐ NO
   b. Meeting output targets will achieve project purpose? ☐ YES ☐ NO
3. How can the project be performed more efficiently or effectively?
4. Summarize key problems and opportunities, emphasizing implications for the future.