

**U.S. FOREIGN ASSISTANCE PERFORMANCE  
INDICATORS FOR USE IN DEVELOPING FY2007  
OPERATIONAL PLANS**

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## **I. Overview**

This Guidance identifies, defines, and explains the data collection process for all indicators used in the Operational Plan and in the FACTS database. The information on USG programs will be used, under the authorization of the Director for Foreign Assistance, to report results to OMB, the Congress and, above all, the public.

The information provided by the Operational Plans and the accompanying indicators, along with budgetary data, will answer three critical questions. These are: (a) How are foreign assistance funds being used? (b) What is being achieved with these funds? and (c) What progress are we making towards achieving foreign assistance goals? By answering these questions, we will enhance both the accountability and credibility of foreign assistance.

## **II. Intended Users and Organization of the Guidance**

This guidance is designed primarily for operating units that will be submitting an Operational Plan to the Office of the Director of Foreign Assistance (F). The Guidance provides:

- information about the categories of indicators in the FACTS system;
- the process used to select the indicators;
- definitions for each element level indicator;
- explanations on the type of indicator;
- the rationale for the indicator;
- the unit of measurement;
- required disaggregation (if any);
- data sources and instructions on data collection; and
- additional measurement notes.

The Guidance is organized into eight sections: a general explanation of the indicator selection process and seven annexes. The annexes are listed below:

- Annex 1: Summary Table of Objective, Area and Element Indicators
- Annex 2: Peace and Security (P&S) Element Indicators and Definitions
- Annex 3: Governing Justly and Democratically (GJD) Element Indicators and Definitions
- Annex 4: Investing in People (IIP) Element Indicators and Definitions
- Annex 5: Economic Growth (EG) Element Indicators and Definitions
- Annex 6: Humanitarian Assistance (HA) Element Indicators and Definitions
- Annex 7: Program Support Element Indicators and Definitions

### **III. Information About the Indicators**

#### **A. Categories of Indicators**

FACTS will include three categories of indicators – objective/strategic, area and element level (see Annex 1 for the full set of indicators).

##### ***Objective and Strategic level indicators***

The **objective/strategic level indicators** measure country progress in each of the five functional objective areas laid out in the new Strategic Framework for Foreign Assistance (framework). F will set the targets and timetables which will be monitored by strategic indicators. For example, one of the IIP objective/strategic indicators is “Share of Public expenditure devoted to Health.” Each year, F will measure progress against this and other objective level indicators.

Additionally, the full set of indicators includes those developed by the Millennium Challenge Corporation (MCC). These indicators were among the criteria used by F to determine the placement of countries in country categories. We will track these data and review country progress on an annual basis.

A Five Year Foreign Assistance Strategic Plan is currently under development. Once complete, the Plan’s priorities and goals may lead to a refinement in the Objective and Area level indicators proposed in Annex 1.

##### ***Area Level Indicators***

The second category contains the **area level indicators**. These indicators measure country performance within sub-sectors of the five functional objectives. For example, in health, an area level indicator is: “Number of deaths among children under age five in a given year per 1,000 live births in that same year.”

Objective and Area indicators measure country performance which usually results from the combined efforts of the host country, USG and other international donors. Therefore the progress, or lack of it, cannot be solely attributed to USG efforts.

##### ***Element Level Indicators***

The final and largest category consists of **element level indicators**, which are a combination of output and outcome level indicators. These standard indicators measure the direct, intended results expected from USG-supported programs, projects and activities. They also help set up targets to be attained during the stipulated time frame. Some examples include: the number of judges trained,

schools constructed or number of independent and democratic trade/labor unions supported by USG to promote international core labor standards.

Element level indicators are directly attributable to USG assistance – training, technical, commodity and financial support. In most cases, the causal relationship is simple and straightforward.

F staff will continue to work with the agencies' technical specialists and our partners to develop additional outcome indicators that are plausibly attributable to USG Foreign Assistance. These will demonstrate over time the linkages between the outputs and longer-term impacts.

### ***B. Data Limitations and Constraints***

Data for the indicators at the objective and area level are usually available from secondary sources; they will be gathered by F and entered into the FACTS database. F understands the limitations of some of these data.

- The changes measured by some indicators occur slowly. Thus the indicators will not show significant differences in a one-year period.
- Some outcome indicators, measured by secondary sources, such as the World Bank, UNESCO, and Freedom House, are limited in the number of countries they cover. Thus, they will not provide data for all the countries receiving USG foreign assistance.
- Other indicators are measured less frequently than on an annual basis and for many there is a lag of at least two years in reporting data.

### ***C. Process of Selecting the Indicators***

F has spent considerable time in identifying the indicators included in the FACTS database. In July, F established a Core Indicator Group of recognized monitoring specialists from the Department of State and USAID to work on these indicators. The Group formed teams of technical specialists from the Department of State, USAID, and other agencies, to develop indicators for all objectives, areas, and elements in the Standardized Program Structure and Definitions (Program Structure).

These interagency teams reviewed USAID's Common Indicators, State's Mission Performance Plan Indicators, the MCC and Millennium Development Goal Indicators, as well as the indicators used by Performance Accountability Reports (PAR) and Program Assessment Rating Tool (PART). After considerable discussions and reflection, the teams proposed the attached list of indicators for each level of the Program Structure.

The teams were instructed to select appropriate indicators using the following criteria. Indicators should:

- Track the annual expenditure of USG funds for foreign assistance, at the element and implementing mechanism level;
- Allow operating units and their partners to set annual targets;
- Show attribution to USG activities;
- Be reported annually, though usually collected on a more frequent basis by implementing partners; and
- Aggregate (roll up) across countries.

The recommended indicators were subject to extensive internal and external reviews. They were shared with technical specialists, experts at USG Posts and Missions, and representatives of several organizations and NGOs. As a result, some indicators were deleted and others added or revised. The final list of indicators is included in this Guidance (see Annexes 2-7).

#### **D. Indicator Definitions and Indicator Reference Sheets**

Operating units will find the reference sheets that have been prepared for each indicator helpful in gathering data and setting targets. The reference sheets for each indicator are found in the annex related to the specific functional objective (Annexes 2-6) or in Annex 7, “Program Support Indicators.”

Each indicator sheet includes the following information:

- indicator title;
- definition;
- rationale (why it is being used);
- unit of measurement;
- type (output/outcome/impact);
- organizational level (who is responsible for reporting on the indicator);
- disaggregation when needed;
- data sources; and
- measurement notes.

#### **E. Custom Indicators**

At the element level, FACTS has largely used output indicators for element level indicators. While these indicators are directly related to USG assistance, the list may not capture all ongoing programs or their outcomes. Therefore, USG operating units may enter additional output, outcome or impact indicators, called custom indicators, to establish targets and monitor the progress and impacts of their interventions at the implementing mechanism level.

Such indicators can be particularly useful under the following circumstances:

- a. Pilot and/or innovative programs where USG posts and missions are testing a new intervention;
- b. Programs that are unique to the needs of the country;
- c. Critical Programs being undertaken in a small number of countries, such as polio vaccination campaigns, where a common indicator won't be found;
- d. Mature programs where outputs and low level outcomes are not sufficient to measure what will be accomplished with the money in the specific year, and a higher level outcome indicator is required.

The information generated by the custom indicators can be used by concerned operating units to explain the achievements and impacts of USG assistance. However, F recommends keeping their number as minimal as possible.

Operating Units may also choose to explain their intended results in **qualitative terms**, using the narrative boxes in the FACTS database.

**A word of caution.** Nearly all of the element level indicators use higher scores as evidence of better performance. However, simply achieving a higher number does not necessarily mean that better quality has been achieved – a larger number of people trained or laws drafted does not necessarily mean that higher quality results are being achieved. Nor does this type of indicator capture the longer-term goal of sustainability. Therefore, when necessary, **narratives should be used to help explain how these issues relate to the targets being set.**

#### ***F. Disaggregating Indicator Data***

Some indicators call for disaggregation. The majority of the people-level indicators must be disaggregated by sex. Others may require disaggregation by geographic location, type of school learner, etc.

Each indicator sheet will specify the variables on which an indicator should be disaggregated. Operating units should use these reference sheets to determine what level of disaggregation will be required for performance reporting at the end of the fiscal year.

### **IV. Selecting Standard Indicators and Setting Targets**

Operational Unit staff will select the indicators that reflect the various activities they are working on and set targets for each indicator. The FACTS system, at the moment, does not separate element and sub-element level indicators.

When the Operating Unit (OU) picks an indicator, choose from one of four values:

- **N/A**: The OU is not spending money on this aspect of the element and will not set a target or report against this indicator.
- **0**: A zero means that the OU is working on this aspect of the program, but will not be setting targets nor reporting against the results THIS YEAR. These are usually the outcome indicators which the OU intends to achieve at a later time in the life of a project.
- **A number from 1-n**: The OU is working on this aspect of the element and will set a target for this indicator this year. The OU will report on progress on this indicator next year.
- **YES/NO**: For bench mark indicators

#### **Principles governing selection of indicators at the element level:**

- missions/posts choose the standard indicator(s) that best express what will be achieved with the year's funding.
- An OU can only choose indicators from the list under the element in which it has money. The indicators will drop down for your element.
- You cannot go to another element and look for an indicator you like better!
- The life-cycle of the program may determine which indicators you select.

#### **Principles governing selection of indicators at the Implementing Mechanism level**

- Choose the indicator that best expresses what you and each of your implementing partners have agreed they will achieve.
- In some cases, the indicators will be the same as those chosen for the element. In other cases, the indicators will be different.
- The indicators at the element level may include all the implementing mechanism indicators.
- Implementing mechanisms will not include all the element indicators if each mechanism is working on a discrete piece of the work.
- The system **DOES NOT** link the targets from the Implementing Mechanism to the targets for the Element. They are linked conceptually. The database does not have a link between the two fields.

#### **Setting Targets**

- **Time Periods**: Operating Units must enter target information in FACTS in three columns for three different time periods: 10/1/06, 9/30/07 and 9/30/08. In the column for 10/1/06, OUs are requested to enter results achieved as of 10/1/06 for any of the indicators on the list that OUs have already been tracking. This will serve as a baseline for comparing future results. OUs are asked to enter cumulative information since the start of their current Strategic Objective or program.

- The targets set for the current and future fiscal year will convey two distinct sets of information. For Operational Planning review purposes, the targets for FY2008 should reflect ONLY those results expected from the use of FY2007 New Obligating Authority. Those are budget figures OUs have been given. However, to ensure that performance reporting will be able to accurately capture the totality of results achieved in any given fiscal year, please note that the targets for FY 2007 should include results expected as of 9/30/07 from all sources of funds in the program (including carryover or pipeline).

## **V. Operating Unit Performance and Results Management Systems**

In order to provide continued robust results data from the Department of State and USAID, F has approved continuation of OU's existing performance management systems that track program results and document the legally mandated data quality requirements. These system tools, including USAID's Performance Management Plans (PMP) should continue during the transitional period while F assesses the optimum mechanisms to gather performance data and until the initial results are reviewed and supplemental guidance is prepared.

In addition, the Department of State and USAID have central databases that collect data to meet Congressional mandates and other requirements (such as those maintained for micro finance, refugee assistance, Food for Peace, OTI, PRM and some Presidential Initiatives). To the extent that these databases are collecting results needed for performance monitoring and reporting, and maintain the records on data quality assessments, they should be maintained during this transitional period. During this period, F will determine how to interface FACTS with these databases as well as assesses the optimum mechanisms to gather performance data.

## **VI. Data Collection**

To simplify data collection for element level indicators, we have followed three operating principles.

- First, data collection should not require considerable additional investment of time and resources. Operating units need to consider carefully the cost and value added, before launching large-scale surveys or conducting time consuming interviews to generate data.
- Second, the data should be easily collected by implementing partners as part of their established performance management systems. For example, operating units regularly keep information about the number of human rights organizations assisted, the number of people inoculated or the number of private sector firms assisted. Only in a few cases, will the operating units need to gather additional data from non-project sources.

- Third, while data may be collected more frequently by implementing partners, it is expected to be reported by OUs on an annual basis.

## **VII. Room for Improvement**

Although F has carefully selected the current list of indicators, we recognize that there is always room for improvement and refinement. We have operated under significant time constraints, and have made a good faith effort to incorporate suggestions from experts in Washington and the field. Experts differed about indicators in all objectives. While these “Guidelines” are a good start, they do represent a work in progress.

As OUs collect data for these indicators, the strength and limitations of individual indicators will become more apparent. F will review OUs experiences of using indicators during the “pilot year.” That assessment will also review the strategic and outcome level indicators identified for the five-year Foreign Assistance Strategic Plan. Finally, the assessment will review the “custom” indicators proposed by Operating Units.

The assessment will provide F with a better idea of what works and what does not work. We will know what methodological and data collection problems were faced by OUs and will then try to modify, change, and/or delete relevant indicators if and when necessary.