



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548



INTERNATIONAL DIVISION

B-161882

JUN 14 1971

Dear Mr. Secretary:

During four recent reviews involving U.S. developmental assistance programs in individual Latin American countries or regions, the General Accounting Office (GAO) noted that certain U.S. program objectives, goals, and targets^{1/} lacked the specificity necessary to permit objective measurement and evaluation of program results over a period of time. For this reason, we sought to determine whether this condition was common in U.S. assistance programming in other Latin American countries.

We found, in a review of selected fiscal year 1972 programming documents for developmental programs for six Latin American countries, that in a majority of cases program objectives and goals were not stated in objectively measurable terms and did not include a time frame for accomplishment. Of a total of some 259 developmental objectives and goals reviewed, about 13 percent were stated in objectively measurable terms and 16 percent had a specified time frame for accomplishment.

We noted, as discussed in the AID Administrator's communication to the Comptroller General on April 9, 1971, that an integrated project planning system for noncapital assistance was instituted in fiscal year 1968. This system was designed, among other things, to formulate project and individual activity targets or accomplishments to be achieved over a specified period of time.

The basic purpose of this letter is to express our concern that a need also exists for formulating overall developmental assistance program objectives and goals in each country, in terms which can be objectively measured over a period of time. We recognize that on occasion there may be an exceptional circumstance

^{1/} Our terms of reference are as follows: Objective is used to mean the intermediate or final program purpose; Goal is used to mean an element in a plan to accomplish a stated objective; and Target is used to mean an element in a plan to accomplish a stated goal.

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where this may not be practicable. However, as a general rule we believe such specificity is a prerequisite not only for effective administration but also for a responsible assessment of program results. Specificity would still have validity even if the need for the United States to chart foreign developmental programs and priorities is reduced, as proposed by the President on April 21, 1971.

These matters are discussed in more detail below.

GENERAL INFORMATION

The programming process for U.S. programs in Latin America countries is initiated by a Country Team analysis of the country situation in relation to stated overall U.S. objectives. The roles to be played by the various components of the U.S. presence (such as Peace Corps, United States Information Service, etc.) in contributing to these objectives are examined, taking into account the country's self-help programs and other anticipated multilateral and private inputs. Finally, goals are assigned to each U.S. agency. The analysis, statement of program objectives, and assignment of goals are incorporated in the Country Analysis and Strategy Paper (CASP) which is reviewed each spring by an interdepartmental committee in Washington chaired by the Assistant Secretary of State. The CASP serves as the principal tool for the analysis of U.S. interests, and for setting forth policy and program objectives as well as the resource levels needed to achieve those objectives.

The overall U.S. economic assistance program priorities and strategies for achieving program aims in each country are further analyzed and set forth in the Country Field Submission (CFS) submitted to Washington by the Country Team each summer. In this document progress toward program aims is evaluated and approaches are weighed to overcome the problems impeding achievement. Out of this analysis, specific issues are identified which assist in developing the operational aims for the next three to five years and provide the basis for the President's budget recommendation for the next fiscal year.

The CASP and the CFS constitute the principal program planning documents for the U.S. foreign assistance program in Latin America. Planning for individual technical assistance or capital projects, and P.L. 480 activities, in support of overall program aims set forth in the CASP and the CFS documents, is performed at a lower management level. This separate programming is, therefore, not available to the principal program managers at the time program

direction and aims are determined. Our review did not include this subordinate programming because, in this review, we were concerned with management's formulation and approval of overall program direction and aims.

NEED TO FORMULATE U.S. DEVELOPMENTAL ASSISTANCE
AIMS IN OBJECTIVELY MEASURABLE TERMS

We selected for review those Latin American countries receiving more than \$10 million in AID commitments. According to the latest AID congressional presentation these countries were Brazil, Chile, Colombia, Dominican Republic, Ecuador, Guatemala, and Uruguay. We had to exclude Brazil from our review because for fiscal year 1972 a special program analysis was prepared in lieu of the CASP and this analysis was not available to us. We found, as shown below, that of the total of some 259 objectives and goals reviewed about 13 percent were stated in terms objectively measurable and 16 percent had a specified time frame for accomplishment:

<u>Hierarchy of aims</u>	<u>Total</u>	<u>Stated in objectively measurable terms</u>		<u>Stated with specific time frame</u>		<u>Both characteristics present</u>	
		<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Objectives	18	2	11.1	3	16.7	2	11.1
Goals	<u>241</u>	<u>32</u>	13.3	<u>38</u>	15.8	<u>19</u>	7.9
	<u>259</u>	<u>34</u>	13.1	<u>41</u>	15.8	<u>21</u>	8.1

The Appendix shows our review results by country.

Examples of developmental aims we found to be stated in objectively measurable terms and with a specified time frame follow:

1. The goal of the population program will be a reduction in the birth rate from 40-45/1000 to 25-30/1000 over ten years.
2. The objective is the achievement by the host country of a growth rate (in Gross National Product) of at least 5 percent annually for the fiscal year 1972-74 period by increasing the investment rate to 15 percent or more of the Gross National Product.

3. The goal is to increase the membership of the AID/American Institute for Free Labor Development supported democratic host country Confederation of Workers from the present 35,000-40,000 workers to 75,000 workers by the end of fiscal year 1972.

Examples of those developmental aims not stated in measurable terms follow:

1. The goal is to promote popular participation through assistance in creating or strengthening appropriate institutions.
2. The U.S. assistance program seeks to achieve a more rapid and more broadly based overall economic development, including greater employment, through continued improvement in the development and implementation of general economic and financial policies and institutional arrangements; especially, in fiscal programming, trade, exchange rate, credit and investment.
3. In coordination with third countries and international banks, the U.S. goal is to promote growth in productivity and expansion of the industrial sector by providing credit and technical assistance to smaller business enterprises otherwise denied access to these services.
4. The goal is more equitable income distribution.
5. The goal is to achieve improved balance of payments.
6. The goal of the program is increased private investment.

CONGRESSIONAL INTEREST

The Congress has demonstrated a continuing interest in the problem of evaluating program performance where foreign aid funds are involved. One of the primary findings of the Foreign Operations and Government Information Subcommittee in its report (House Report 1849), issued August 5, 1968, related to the need for specific

priorities and goals on the part of AID/Washington and its missions. The following is taken from the section concerned with priorities:

"Under the Rules of the House of Representatives the Committee on Government Operations has the duty of 'studying the operation of government activities at all levels with a view to determining its economy and efficiency.'

"Thus, there was a prime need for the committee to examine the program priorities and goals of each U.S. AID mission visited to determine whether funds were being expended effectively.

"But when top mission officials were asked to set forth their program objectives in the context of priorities and goals, the committee was shocked time and again by their evasive and inconclusive responses."

Section 621A of the Foreign Assistance Act of 1961, as amended, (22 U.S.C. 2381a) calls for the strengthening of AID's management practices by the use of advanced management techniques and the establishment of a modern programming, planning, and budgeting system with built-in implementation and evaluation capabilities. In such a system evaluating program performance requires that program objectives and goals be formulated in terms objectively measurable over time.

DEPARTMENT OF STATE/AID GUIDANCE

In the past, guidelines for the preparation of the CASP and the CFS have stated that objectives and goals, to the extent practicable, should be measurable in terms of achievements desired and have a time frame for completion of the planned achievements. In fiscal year 1968, U.S. overseas missions were requested to install an integrated planning, programming, and evaluation system for each noncapital assistance project or activity. One of the benefits cited, as resulting from implementation of the new evaluation system, was a sharper definition of goals and targets included in the lower-level program documentation for each project. Moreover, AID's new Evaluation Handbook published in October 1970 states:

"In many instances, evaluations are drawing attention to the fact that project proposals are too often filled with high sounding goals

which have not been reduced to observable targets. How does one evaluate a project whose purpose is to 'help improve the quality' of some kind of public services or 'to increase the effectiveness of an institution?' Frequently, the findings of an evaluation result in a more clearly defined purpose which provides a better basis for measuring progress and planning necessary actions."

We believe that this implicit concept has even greater applicability to, and impact on, the principal developmental planning documents--the CASP and the CFS.

CONCLUSION

We believe, notwithstanding a number of visible and commendable improvements in the noncapital project formulation process, that a significant opportunity exists for improving the planning and evaluation process as it relates to overall program objectives and goals in Latin America. We believe this opportunity should be taken by formulating planned program results in terms objectively measurable over a period of time. We recognize that on occasion there may be an exceptional circumstance where this may not be practicable. However, such specificity, in our judgment, is a prerequisite not only for effective administration but also for a responsible objective assessment of results. Moreover, an improvement of this nature is of special long-range importance, in our opinion, because of the need to show the Congress and the American public, the demonstrable and objectively measurable results of U.S. developmental assistance programs.

RECOMMENDATION

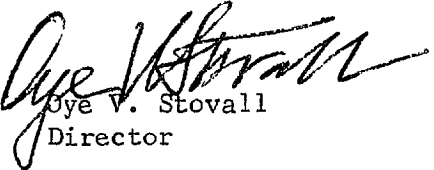
Accordingly, we recommend that you take the measures necessary to assure that in the programming process objectives and goals (both intermediate and final) are formulated and stated in terms objectively measurable over time.

Section 236 of the Legislative Reorganization Act of 1970 requires that written statements of the action taken with respect to our recommendation be sent to the House and Senate Committees on Government Operations and to the Committees on Appropriations. We would appreciate receiving copies of the statements furnished to such committees.

Copies of this letter are being sent today to the above committees; the Subcommittee on Foreign Operations and Government Information of the House Committee on Government Operations; the Administrator, Agency for International Development; and the Director, Office of Management and Budget.

We will be glad to discuss the contents of this letter with you or your representatives should you so desire. We wish to acknowledge the cooperation extended to our representatives during the review.

Sincerely yours,



Guy V. Stovall
Director

Enclosure

The Honorable
The Secretary of State