

**Optimizing the utility of the Performance Measurement System:
A note on the value of the Outputs Indicator
CGIAR Secretariat
April 29, 2008**

Background

At ExCo 13, the Science Council (SC) recommended discontinuation of the Performance Measurement (PM) System indicator for assessing outputs. ExCo members expressed concern and suggested “*further analysis of the SC proposal to de-link the MTP output planning from the PMS is required.*” At AGM07, the CGIAR endorsed ExCo’s recommendation for “*the SC and the CGIAR Secretariat to submit a proposal to ExCo 14 that does not devalue but optimizes the utility of the PM System, maintains incentives, and ensures high output goals.*”¹ This note is in response to ExCo’s request for further analysis and presents the CGIAR Secretariat’s views on the issue.

The Use of the Performance Measurement System

The PM System was created in 2004 with two main objectives:

1. as an instrument of accountability and transparency to CGIAR Stakeholders.
2. as a learning tool for Centers to track their own performance on an annual basis.²

Outputs indicator: What does it measure?

“Outputs” are products of research with a defined time line, contributing to reaching the Medium-Term Plan (MTP) project (and thus the Center’s and CGIAR) goals. “Output Targets” are annual deliverables which the Center expects to achieve in a specific year that contribute to the MTP project outputs.

Therefore, this indicator in the PM System seeks to measure to what extent the Center succeeded in achieving its annual output targets that it set for itself in its MTP.

The “Outputs” indicator, thus, is not only a critical accountability indicator that provides donors an annual view of a Center’s results, but also a very important tool for a Center to monitor its own progress on its various projects, and determine whether any quick corrective action is needed.

Current debate on “Outputs”

In the current PM Guidelines, Centers are asked to report on achievement in a particular year in terms of their annual output targets set in the rolling 3-year MTP. For each MTP project, the Center is asked to list the outputs and the output targets and indicate whether the target was achieved or not.

There are two main concerns that have been raised on the current definition of outputs and the way they are measured:

1. When a Center’s performance is measured in terms of percentage of output targets achieved, there is an inbuilt incentive for “gaming” or for setting low targets.
2. The Alliance has expressed strong concern about the “yes/no approach” of measuring the output targets achieved. An output target must be reported as “achieved” or “not achieved”, which Centers feel is over-simplistic and does not reflect how research progress is achieved in reality. The Centers have strongly recommended introducing “partial achievement” as a category in assessing the “output targets” in the PM System.³

¹ ExCo 13 and AGM07 Summary of Proceedings.

² These and other objectives are included in “Guidelines for the Reporting of Performance Indicators for CGIAR Centers”. http://www.cgiar.org/pdf/cgiar_pm_indicators&instructions_2008.pdf

³ “The CGIAR Monitoring and Evaluation Processes and the CGIAR Performance Measurement System – an Alliance Perspective”. Document presented during the PM Workshop held in Rome, Italy on August, 2007

The CGIAR Secretariat believes that it is not enough to assume that output targets have a low quality. This assumption should be backed up with data and a robust analysis. The high level of achievement of output targets as reported by the SC (average of 87 % and 88 % for 2005 and 2006, respectively) should not be simply interpreted as an indication of “modest ambition in planning.” To conclude that Centers are “gaming” when setting their outputs, an analysis of pre-PM System MTPs’ output targets and the extent to which they were achieved should be undertaken. It is important to discern changes in the trends of rates of output target achievement reported before and after the introduction of the PM System in order to indeed assert the causal link between the PM System and the “lack of ambition” in planning of output targets.

While the CGIAR Secretariat appreciates the challenge of appropriately measuring the output indicator, dropping this indicator from the PM System would amount to “throwing the baby out with the bathwater,” and would devalue the PM System as an instrument of accountability and learning. Outputs are also related to outcomes and impacts. Removing the outputs indicator from any M&E system compromises the whole system and works as a negative incentive to the extent that organizations are no longer accountable for the use of public funds in the production of immediate results. Modern institutions need to be accountable by reporting their short, medium and long term results. Donors are indeed strongly interested in identifying the results through the various stages of the projects and programs they sponsor. The CGIAR Centers are expected to report yearly outputs and remain accountable at every single stage of their projects in order to be considered among the best modern global institutions in terms of performance, results and accountability.

The 2006 Stripe Review on Corporate Governance recommended that, “*An important function of the board is to see that the annual program and resources allocated to it are consistent with the specific objectives stated in the MTP relevant to the review. The oversight function will also require that the board and management develop and use suitable performance indicators that reflect both process and outcome.*”⁴ The output indicator is exactly the performance indicator that Center Boards can use for their oversight role.

What is required is not to drop the indicator but to think of some ways to deal with the measurement problem. In our opinion, further discussions and brainstorming are required to suggest ways to deal with the two main concerns listed above. There could be many different ways of addressing the measurement concerns; the CGIAR Secretariat offers two suggestions:

1. In order to address the concern that Centers might have disincentives to set ambitious targets, the SC could strengthen and intensify its review process of outputs and output targets defined by Centers in their MTPs. The SC assesses each Center’s MTP and if it finds that output targets set by Centers in their MTPs are not realistic or ambitious enough, the Center could be asked to revise it, and if necessary, a revised MTP could be submitted to ExCo for final approval. The CGIAR Secretariat agrees with the SC that a new way of reviewing the outputs quality is through the “Easy MTP module” within the new Central System database “CGMap”.⁵

⁴ 2006. “Report of the Stripe Review of Corporate Governance of CGIAR Centers”. Review Panel: Samuel Paul (Chair). Pag. 60. http://www.cgiar.org/corecollection/docs/Stripe_review_report_2006.pdf

⁵ See “Guidelines for Preparing 2009-11 Medium term Plans (MTPs) and 2009 Financing Plans”. 2008. p.3-7. According to these guidelines, the outputs and output target must be included in the Easy MTP local module of the broader Central System database CGMap. Centers have to clearly describe the link between output targets and the System Priorities. The output targets must also include the rationale, the potential to become international public goods, the roles of each partner working on the specific output target and its relationship with the Systemic goals. <http://www.sciencecouncil.cgiar.org/publications/pdf/MTP%202009-2011%20Guidelines.pdf>

The new “Easy MTP module” can control the quality of the output targets but does not necessarily guarantee a systematic assessment of achievement of the output targets. The new MTP Guidelines 2009-11 state that *‘the monitoring of the Output Target achievement is the Center’s/Cp’s responsibility. Achievement will be recorded in the CGMap database where the results are publicly available and can be monitored and evaluated by, for example, the EP MR teams.’*⁶ While the new “Easy MTP module” is a useful tool for better quality MTPs, it is not a substitute for the PM System output targets achievement assessment. Removing the output targets from the PM System not only weakens it but also ends the practice of assessing annual achievement, which was one of the main reasons for creating an annual measurement system complementing measurement by EP MRs every 5 years. Therefore, the PM System should continue assessing the achievement of annual output targets.

2. Another possible suggestion is reporting of outputs at a further aggregated level. The MTPs could remain an internal planning document for the Center and be linked to the PM System only at an aggregated level (i.e., only certain output categories and magnitudes are reported at System level). The SC could recommend a set of output subcategories from the five categories of outputs (materials, policy strategies, practices, capacity, and other kinds of knowledge) for which Centers report results. The final output indicator would be a SC score in terms of the quality, efficiency and relevance of actions within one or more of the categories. The Centers would report the list of output targets achieved and the SC could score it using a set of assessment criteria that would need to be developed. The score for each category and subcategory could have a proportional weight considering the particular focus of each Center. The various SC ratings per output category would then be combined in a composite rating.

CGIAR Secretariat Recommendation

The CGIAR Secretariat recommends that a joint workshop between the SC, Centers, the CGIAR Secretariat and also some external M&E experts be held to suggest the best methodology to improve the measurement of the “outputs” indicator, but that the indicator itself not be dropped from the PM System.

⁶ *Ibid.* p. 8.