

**USAID/Office of Private and Voluntary
Cooperation**

Annual Report

FY 2006

December 15, 2005

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Office of Private and Voluntary Cooperation

Cover Memo:

TO: AA/DCHA, Michael E. Hess

FROM: DCHA/PVC-ASHA, Judith Gilmore

SUBJECT: FY 2006 Annual Report

DCHA/PVC-ASHA is pleased to submit FY 2006 Annual Reports for the PVC and ASHA programs.

Achievements in FY 2005: Over the past year, PVC-ASHA has achieved the following:

PVC documented a number of outstanding achievements under its Results Framework for the NGO Sector Strengthening Program.

(1) The 13 grantees have begun capacity strengthening work with more than 300 NGOs and some 30 NGO networks in Africa, Latin America and Asia. Data for 2005 indicate that the majority (51%) of the NGOs reporting from the total NGO recipient group had by year end made improvements following an organizational development assessment. Twenty-three of the 56 NGOs that participated in the 2004 baseline demonstrated significant improvements, exceeding the SO indicator target by over 200%.

(2) Forty-one percent of NGOs reporting (102 of 247) showed improvement in at least one of three organizational development categories tracked by the PVC constructed index (internal relations, external relations, financial resources). For example, Mercy Corps in Mongolia has provided training in project planning, financial management, human resource development, policy advocacy and other areas, resulting in 40% of the NGOs trained demonstrating competency on Mercy Corp's internal capacity index, and 50% on the external capacity one. Most importantly, stakeholders at all levels (local government authorities, NGOs and households) are investing in the process of building a civil society and improving rural services in Mongolia.

(3) Thirty percent (75 of 247) of NGOs reported improved service delivery due to their organizational development strengthening, exceeding the SO indicator target by 100%. International Development Enterprises (IDE) is working in a number of rural areas of Zambia where poor smallholder farmers lack access to microcredit and farm extension services. IDE has greatly expanded the number of service-providing members of its PRISMS agricultural improvement network from 13 to 40, including Community-Based Organization, NGOs, Producer Associations, and businesses. Twenty active network members have been trained in areas including organizational sustainability (financial management, human resource management) and in PRISM methodologies, which aim through extension services to improve smallholder incomes and quality and quantity of agricultural products, and promote development of markets and linkages between farmers, associations, private and public sector institutions. As a result of these activities, the number of smallholders with access to PRISM farm extension and other services has expanded from a baseline of 5,000 to 15,000 in FY 2005. Improved irrigation technology has been introduced as well as several higher value crops, and one new marketing outlet for dried vegetables has been established with a commercial company as buyer. The average daily income of client smallholders has increased from \$0.82 per day (baseline) to \$1.50 per day in FY 2005, for an increase in smallholder net annual income from \$300 to \$550.

(4) Sixty-nine percent of NGOs (190 of 276) reporting conducted at least two linkage activities, with other NGOs, between NGOs and a network, or with public or private organizations. As an example, in Burundi, Global Rights has strengthened an informal network of 4 associations of Legal Services Providers (LSPs) via regular meetings, training and specific thematic workshops. The network, as a result, now provides a channel where LSPs meet regularly to share experiences and develop common approaches to resolving

land conflicts, harmonize tools and define advocacy strategies. One of the Associations has been assisted to establish sustained relationships with the Ministry of Promotion of Women and the Burundian Parliament as part of its advocacy activities in support of women's land rights.

In another example, the International Center for Non Profit Law (ICNL), working with FOPRIDEH (a network of 70 NGOs or private sector development organizations), has set in place a legal framework for NGOs to be registered and operate in a climate of transparency and fairness in Honduras. In close consultation with FOPRIDEH members and at least 30 other NGOs, FOPRIDEH has completed and submitted to the Honduran Congress a draft law guaranteeing fundamental NGO freedoms and providing non-discretionary granting of legal personality to NGOs wishing to formalize. Also included are minimum standards for NGO governance, accountability and transparency, which will effectively limit government over-regulation and non-transparent dealings with NGOs.

The Capable Partners Program (CAP):

(1) CAP has completed the first year of a \$1 million institutional strengthening and small grants program for USAID/Kenya enhancing the capacities of NGOs working with orphans and vulnerable children. CAP has been asked to continue that work through 2008 with an additional \$9 million in funding.

(2) CAP is nearing completion of work with USAID/Mexico on the design of \$2.8 million program to combat trafficking in persons and with USAID/Mozambique on a \$400,000 program to strengthen faith-based and community NGO networks and is in the process, with USAID/Nicaragua, of designing a civil society strengthening and advocacy program to begin in FY 06.

Cooperative Development Program (CDP)

(1) The Cooperative Development Program continued to work with eight Cooperative Development Organizations with programs in 21 countries to develop, test and implement innovative solutions to such major cooperative development issues as: regressive legislation and regulation; achieving scale and salience; enriching the quality of governance and leadership; strengthening management and financial autonomy. The CDP works directly with 2,900 apex organizations, cooperatives and credit unions and 9.7 million individual members, but influences CDO work with close to five thousand cooperatives and credit unions owned by close to 20 million individual members.

(2) During the year, two pilot telecommunications cooperative associations with 19 member cooperatives supported by NTCA, not only served close to 6,000 households, but have demonstrated that liberalization of telecommunications services can benefit members and extend economic development programs, opening a previously closed door to privatization. All eight CDOs have collaborated in developing criteria for sound cooperative law and regulation along with advocacy strategies to help accelerate reform. In the Dominican Republic, the Americas Association of Cooperative and Mutual Insurance Companies has worked with CoopSeguros to extend HIV/AIDS education to 15 percent of the country's population while pioneering health and life insurance that does not exclude that disease. In Afghanistan, the World Council of Credit Unions has worked with local mullahs to successfully organize two credit unions that have already attracted 1,788 members, savings and shares of \$51,200 and which have loaned \$36,480. NCBA's work in both Indonesia and Nicaragua has opened substantial export markets for non-traditional items, including organic beef. In Russia, ACDI-VOCA's work with the Rural Credit Cooperation Development Fund Union of Rural Credit Cooperatives and has helped build a rural cooperative credit network with 46 accredited rural credit cooperatives, 69,186 members and cumulative lending of more than \$40.25 million. The system's success has attracted European loans of \$900,000.

Matching Grant Program (MGP):

In FY 2005, the Matching Grant Program continued to foster innovative organizational and technical capacity building approaches among U.S. PVOs and their local NGO partners. During the last fiscal year, the MGP managed 18 cooperative agreements with US PVOs operating worldwide. This cross-cutting program enhanced the organizational and technical capacity of PVOs and NGOs in multiple sectors,

including microenterprise development, the environment, agriculture and education. The MGP allows U.S. PVOs working overseas to expand successful projects to new locations and initiate new projects with local partners. This program also enables U.S. PVOs to undertake experimental and innovative projects that offer the potential for learning and replication. The MGP awarded its last grant in fiscal year 2002; ongoing activities are due to be phased out by Fiscal Year 2007.

As an example of this innovative approach under the MGP, Freedom From Hunger a U.S. PVO is implementing two regional impact models with local NGO partners in the Philippines and 5 West African countries that will expand the scope and scale of services being offered to very poor rural households where people are suffering from chronic hunger. This program is expanding the range of products currently offered in the areas of health and business education and finance; developing new tools and systems for organizations seeking to reach 50,000 clients or more; developing new models for collaboration that increase local demand for products and services; and increasing private sector alliances. In the Philippines, the success of the local NGO partner's efforts in strengthening its organizational systems and processes led to the growth of the program to over 80,000 clients (over 600% growth in 3 years). Similar efforts in West Africa led to a strategic alliance with Glaxo Smith Kline which has contributed \$500,000 and technical assistance to support the development of health education materials for the West Africa partners.

Research Agenda

(1) Through an Annual Program Statement, PVC has funded 18 research grants to: PVOs (10), Universities (4), and small business(1), including: Academy for Educational Development, Cooperative Housing Foundation (CHF), ForeignAID Ratings LLC (ForeignAID), George Mason University (GMU), International Center for Not-for-Profit Law (ICNL), International Youth Foundation (IYF), National Council of Negro Women (NCCW), Nonprofit Enterprise and Self-sustainability Team (NESST), New York University (NYU), Private Agencies Collaborating Together, Inc. (PACT), PLAN International USA, Inc. (PLAN), Strategies for International Development (SID), The Mountain Institute (TMI), University of California - Irvine (UCI), and University of Maryland (UMD).

(2) The research agenda crosses the globe with activities in 113 countries in Africa, Latin America and the Caribbean, Europe and Eurasia, and Asia and the Near East. Research topics include: network development, formation, and sustainability in stable and fragile environments; PVO/NGO partnerships and relationships with local government; NGO service delivery capabilities; NGO sustainability; NGO organizational development initiatives.

(3) To actively disseminate learning, the Knowledge Inventory Database was launched in January of 2005. This is an online, web-enabled repository of PVC's 30+ years of experience in organizational development, containing summaries of lessons learned from documents produced and funded by USAID as well as other donors and organizations.

Over the past year, ASHA has achieved the following:

(1) Improved outreach efforts to organizations eligible to receive ASHA funding. The success of this may be seen in the increase in the number of applications for the ASHA program over the past few years and the number of ASHA grants awarded. In 2004, applications for over \$66 million in funding were received for 57 overseas institutions. Forty of these applicants were awarded grants. In 2005, 76 overseas institutions requested over \$87 million, and 49 were awarded grants. Thirteen of the 49 recipients are new to the ASHA system. Grants to institutions in Africa, Asia and Latin America have increased from 19 in 2004 to 35 in 2005

For this fiscal year, 86 proposals were received requesting \$90 million in 2006 funding. Twenty-one of these proposals are for institutions in the Near East, 19 in Asia, 17 in LAC, 16 in Africa with the remainder in Europe and Eurasia. Thirty-three of these 2006 proposals are for organizations new to the ASHA program.

(2) Developed a set of common indicators to simplify reporting, established a set of similar measures for performance monitoring and generated relevant performance data for the grantees and USAID. A Performance Measurement Plan (PMP) was also developed for the ASHA program.

(3) Focused on implementation issues through the revision and simplification of the ASHA application form, streamlined and reduced documentation required for financial reporting, realigned duties and responsibilities of office staff to respond better to grantee needs.

(4) Included USAID Missions and US Embassies in the proposal consultative process through improved notification of applicant proposal requests, implementation activities, budget levels and obligations. Many USAID Missions have made special field trips to evaluate these institutions and the activities that have been supported with ASHA funds.

Resource Requests:

PVC requests \$16.5 million in FY 2007 and \$8.2 million in FY 2008 to finalize its obligations under the Matching Grants, NGO Sector Strengthening, and Capable Partners Programs, and to continue the Cooperative Development and Ocean Freight Programs. It also requests \$850,000 in OE for both Fiscal Years to continue support for the PVO registry.

ASHA is requesting \$22 million for FY 2007 and \$24 million for FY 2008, which represents a fraction of the overall demand for ASHA assistance. ASHA is also requesting a total of \$170,000 and in FY 2008 in operating expenses (OE) for the split-funded (program and OE) institutional support contract for FY 2007 and FY 2008, respectively. An additional \$25,000 in annual OE funds is requested for the travel costs of ASHA staff to monitor ASHA-funded activities for both Fiscal Years.

Evaluation:

In FY 2005 PVC-ASHA participated in the evaluation of the achievements of the CORE initiative grantees. Over a six-week period, a team of three USAID staff, including one from PVC, and a consultant visited 44 small and large grantees in 7 countries in Southeast Asia and East and Southern Africa. USAID created the CORE initiative to engage community-based organizations (CBOs) and faith-based organizations (FBOs) to bring about change at the community level, where individuals and households struggle to manage the multiple impacts of HIV/AIDS and to prevent its further spread. In January 2003, the USAID Bureau for Global Health awarded a five-year, \$50 million Leader with Associates grant to a consortium led by CARE International to carry out this program worldwide. The evaluation concentrated on the achievements of the CBO/FBO grantees. The evaluators focused on: 1) documenting the results achieved by the grantees and 2) examining areas of success and identifying areas for improvement. Within that area the evaluation also examined capacity development of and networking among the grantees.

In FY 2005, PVC-ASHA directed ten evaluations (five mid-terms and five finals) of projects under the Matching Grant program. The mid-term evaluations were with the following PVOs and countries:

- 1) PVO: Aid to Artisans
Title: Pan-African Artisan Enterprise Development program.
Countries: Mozambique, South Africa, Tanzania.
- 2) PVO: Freedom From Hunger
Title: Breaking Through Barriers to Growth
Countries: Benin, Cote D'Ivoire, Mali, Senegal, Togo and the Philippines.
- 3) PVO: Population Services International
Title: Health and Nutritional Improvement in Burundi

- 4) Countries: Burundi
PVO: The Small Enterprise Education and Promotion Network
Title: New Ideas and New Vitality: Sustainability with Growth.
Countries: Worldwide
- 5) PVO: The Mountain Institute
Title: Building Sustainable Mountain Livelihoods in Uncertain Times.
Countries: Nepal, Peru

The final evaluations were with the following PVOs and countries:

- 1) PVO: ACCION
Title: Transforming Microenterprise Development Institutions in Latin America.
Countries: Honduras, Nicaragua and the Latin America and Caribbean Region.
- 2) PVO: Catholic Relief Services
Title: Emerging Financial Institutions of CRS
Countries: El Salvador, Philippines, Senegal
- 3) PVO: Concern Worldwide
Title: Microfinance Development Program
Countries: Cambodia, Haiti
- 4) PVO: FINCA
Title: Balancing Network Sustainability and Client Satisfaction
Countries: Worldwide
- 5) PVO: Mennonite Economic Development Associates
Title: Credit and Small Business Development Programs
Countries: Mozambique, Peru

A. Program Performance Summary

Program Narrative (FY 2005): USAID and its U.S. private voluntary organization (PVO) and cooperative partners provide a wide array of effective humanitarian and development services in a number of sectors through local non-governmental organizations (NGOs), including local cooperatives, in countries worldwide. Because USAID and its U.S. implementing partners are focused on achieving sector-specific humanitarian and development results in a well defined time period; however, it is often difficult to ensure that there is adequate focus on the longer-term effectiveness, accountability, and sustainability of both the local NGO service providers with whom we work and the services they provide.

Almost all USAID operating units say that they are addressing the "capacity" of local NGOs. However, there is no commonly agreed definition of what capacities need to be built or how, nor is it clear that most operating units are, in fact, actually affecting "capacity". Typically, "capacity" is used to address the technical skills of an organization that will ensure its ability to deliver quality, sector-specific services as part of (and only for the duration of) the USAID-funded activity; on the other hand, the organizational skills of an organization are far less frequently addressed -- or are addressed less systematically or comprehensively -- thereby leaving in doubt the ability of the organization to continue to deliver quality services after donor involvement ends. As noted in an April 2002 USAID paper, entitled "Institutional and Organizational Development: R4 Data Analysis for Annual Performance Report FY 2000," "even greater use of [institutional development/organizational development] processes and strategies could contribute further to the sustainability of development assistance through enhancing national ownership and on-the-ground capacities to sustain the work initiated through USAID assistance" (page 14). PVC's program results reporting confirms this concern that organizational capacities are a significant factor in ensuring longer-term sustainability of not only the NGOs but, more importantly, of the services they deliver. A survey of U.S. PVO grantees provides some of the following anecdotal evidence: the NGOs' "overall sustainability is compromised by outdated business practices"; key weaknesses are "inefficient operations and often high cost of services"; "partners' institutional strengths and weaknesses have a direct impact on their ability to deliver quality services on a sustainable basis."

Technical skills are logically addressed as part of a sector-specific activity to achieve clearly identified, sector-specific results; organizational skills, while frequently recognized as important, are by definition long-term and non-sector-specific, therefore they are less likely to be included in activity implementation, particularly where funds are considered inadequate to achieve the specific technical results at hand. However, the longer-term sustainability, effectiveness and accountability of local NGOs, if addressed appropriately and adequately, should lower USAID's overall costs in the long run, by precluding the need for additional phases of activities over many years, and ensure that the organizations assisted are better able to respond to a wider variety of potential situations, so that USAID and other donors might not need to return with future assistance in a different but related area.

The Office of Private Voluntary Cooperation (PVC) systematically tests, demonstrates and documents the essential components of organizational development, the priority order and methods in which organizational components need to be addressed, and with what level of resources. In addition, the office addresses the roles of NGOs in different country contexts, e.g., humanitarian emergency, conflict, post-conflict, and stable development, to ensure that organizational best practices can be as tailored as possible to appropriate country settings and circumstances. The findings from PVC research, assessment, technical assistance and demonstration activities are then disseminated widely throughout the Agency and to the PVO and other donor community. Key findings from research and pilot activities include:

- In the initial stages of PVC organizational development assistance, local NGOs may tend to report a high level of organizational self-confidence (i.e., they believe their organizations are operating effectively and accountably). By contrast, their U.S. PVO partners as well as external assessment teams may rate some of these same local NGOs' organizational development capacities somewhat lower, presumably reflecting a broader perspective on what constitutes an effective, accountable and sustainable organization;
- What are often promoted as PVO-NGO "partnerships" in some instances can disadvantage local NGOs in terms of effectiveness and sustainability in service delivery. An expatriate PVO in some cases controls the donor resources and well as the development information in such a way that the local NGO does not sufficiently gain either the full range of management experience, tailored to the local environment, of how to conceptualize, plan and implement a humanitarian or development activity. Likewise, where support to

cooperative development creates dependency, it undermines the mutual self-reliance that is central to cooperation;

- Donor and PVO activities implemented with local NGOs are most often results-driven, therefore focused on the donor's timeframe and agenda. As a result, donor-funded activities often "use" local NGOs, rather than "build" them, the result being that sustainability of the local organization and the services it delivers may be doubtful over the longer term;

- Cooperatives (and, by extension, NGOs) function best when local laws and regulations provide a level playing field for competition with other enterprises/service providers;

- While NGO networks can offer benefits to both donors and members, it is also true that donors can defeat the potential benefits with too much funding and over-direction. It is important that networks maintain a sense of autonomy and ownership from donor;

- There has been a general decline in support for accountability in donor-funded activities over the past 10-15 years. Despite a new-found public interest in accountability, there may be difficulty in identifying and implementing common donor accreditation of NGOs and their activities.

The systematic testing, demonstration, documentation and dissemination of many lessons learned in local NGO organizational development has been in implementation only since late FY 2003, however, FY 2005 surveys of grant recipients under the Cooperative Development and NGO Sector Strengthening Programs has resulted in both quantitative and qualitative evidence that indicates strong support for this focus on organizational capacity building. For example:

One key challenge to ensuring sustainable, effective and accountable local NGOs across all sectors is a lack of an appropriate funding mechanism. Since organizational "capacity building" is truly cross-cutting, and USAID funding is driven by sector-specific technical categories, PVC's budget is made up of a collection of budget bits and pieces, cobbled together. In the future, the amount of funding needed for research and pilot activities is relatively modest but needs to be sufficient and sufficiently wide-spread across sectoral budget categories so that whatever office implements these types of activities can demonstrate organizational development that is effective for all organizations, regardless of the specific services they deliver.

Environmental Compliance: PVC has had no activities requiring either new or amended Initial Environmental Examinations or Environmental Assessments in FY 2005.

B. SO Level Performance Narrative:

963-001: Increased capability of PVC's PVO partners to achieve sustainable service delivery

Performance Goal: Close, strong, and effective U.S. ties with allies, friends, partners, and regional organizations.

SO 05 Performance Overview: Not applicable-closed out

SO 05 Performance:

Strategic & Special Objective Closeout Report: PVC has not obligated funds to this SO since FY 2003. For those remaining grants that initially were funded under this SO (963-001), obligations was transferred in FY 2004 to SO 2, to reflect the shift in all PVC-funded grants from U.S. PVO-focused organizational development to local NGO-focused organizational development. That is, even for grants that were initiated under SO 1, with its U.S. PVO focus, there has been a shift in thinking and in implementation toward a greater emphasis on supporting and strengthening the local NGO partners which can be measured and documented. Given the age of this SO (eight years) and the general shift in implementation among both older and new grants toward local NGO strengthening, this SO (SO 1) is no longer appropriate. ADS 203.3.11 states that SO "Termination includes situations where some of the IRs and related activities are continued under a new SO as part of a follow-on Strategic Plan, but where the original SO is no longer being pursued and funded." This SO is no longer being implemented, PVC would therefore like to close out this SO.

A close-out report for this SO as outlined in ADS 203.3.11 will be completed by early April 2006 in consultation with the program office.

SO: 963-001

SO Title: Increased capability of PVC's PVO partners to achieve sustainable service delivery

Program Title: Capabilities of U.S. PVOs increased

Status: Closed Out

Indicator	Weight	Baseline Year	Baseline Year Data	Progress Direction + or -	FY2002 Actual	FY2003 Target	FY2003 Actual	FY2004 Target	FY2004 Actual	FY2005 Target	FY2005 Actual	FY2006 Target	Date Last Quality Assess
Percent of PVC grantees rating their overall capacity to deliver services as excellent or very good	4			+			87		85		0	0	
Percent of PVC grantees that are stronger now than at beginning of grant	5			+			97		100		0	0	
Percent of PVO grantees conducting organizational assessment over the life of the grant	4			+			58		93		0	0	
Percent of PVO grantees that assessed local partner capacity	4			+			87		89		0	0	
Percent of PVO grantees that made changes in select practices as the result of an assessment	4			+			44		47		0	0	

963-002: Enhanced NGO capacity to deliver development services in select USAID countries

Performance Goal: Close, strong, and effective U.S. ties with allies, friends, partners, and regional organizations.

SO 05 Performance Overview: Program Component "Fit": The purpose of this SO is to build the organizational capacities of local NGOs so that they can improve delivery of development services, regardless of the sector being addressed. This is a cross cutting objective, and the activities being carried out with PVC-ASHA support are building NGO/CDO capacity in over 50 countries to strengthen civil society organizations and/or deliver services in conflict, post conflict and transitional situations.

Performance: FY 05 was the second full year of implementation under this SO. During this period, performance was concentrated in the areas of capacity building activity implementation and measuring of the net change in capacity of NGOs and networks to deliver services in a variety of local country contexts. Some of the achievements under the SO for the year include:

- The 13 US PVOs receiving grants under the NGO Sector Strengthening Program began capacity strengthening work with more than 300 NGOs and NGO networks in Africa, Latin America and Asia. Annual Reports for 2005 indicated that the majority (51%) of the NGOs reporting had by year end made improvement in organizational development following an Organizational Development assessment.
- Under the Capable Partners (CAP) Leader with Associates cooperative agreement, which assists Mission's partners with strengthening activities, 14 of the 17 target organizations from 15 countries participating in CAP's Advocacy Training Program have adopted the materials and approaches disseminated by CAP, and 81 additional organizations received capacity building information via the CAP web portal, bringing the total receiving information from that portal to 184.
- The Cooperative Development Program continued to work with eight Cooperative Development Organizations with programs in 21 countries to develop, test and implement innovative solutions to such major cooperative development issues as: regressive legislation and regulation; achieving scale and salience; enriching the quality of governance and leadership; strengthening management and financial autonomy. The CDP works directly with 2,900 apex organizations, cooperatives and credit unions and 9.7 million individual members, but influences CDO work with close to five thousand cooperatives and credit unions owned by close to 20 million individual members.
- The Matching Grant Program continued to foster innovative organizational and technical capacity building approaches among U.S. PVOs and their local NGO partners. During the last fiscal year, the MGP managed 18 cooperative agreements with U.S. PVOs in 21 countries and 2 global programs. This cross-cutting program enhanced the organizational and technical capacity of PVOs and NGOs in multiple sectors, including microenterprise development, the environment, agriculture and education. The MGP allows U.S. PVOs working overseas to expand successful projects to new locations and initiate new projects with local partners. This program also enables U.S. PVOs to undertake experimental and innovative projects that offer the potential for learning and replication. The MGP awarded its last grant in fiscal year 2002; ongoing activities are due to be phased out by Fiscal Year 2007.

These four programs, combined with an active Research Agenda addressing what works best and "lessons learned", contributed to a growing body of knowledge on generating documentable change in organizational capacity to deliver services in a variety of humanitarian, conflict and development contexts. Improvement in organizational development has been documented in part through the use of a questionnaire based survey on a target group of 65 NGOs, addressing 20 variables of organizational development and service delivery, with an annual re-survey of the same NGOs to capture net change. Findings of this annual survey will be triangulated with PVO reported achievements against the PVC Results Framework and findings of mid term and final evaluations, to address limitations of reporting bias.

SO 05 Performance:

Strengthen Civil Society

From the second year of implementation for the NGOSSP funded activities, a number of positive results/achievements can be reported:

Quantitative Results:

Based on PVO Annual Report responses to SO 2 indicators in the PVC-ASHA Results Framework:

- 142 of 277 local NGOs reporting (51%) made at least one organizational development change a result of an Organizational Development assessment (SO Indicator 3)
- 102 of 247 local NGOs reporting (41%) showed improvement in at least one of three OD categories tracked by the PVC constructed index (internal relations, external relations, financial resources) (IR 1 Indicator 1)
- 190 of 276 local NGOs reporting (69%) conducted at least 2 linkage activities, with other NGOs, NGO network, public or private organizations (IR 2 Indicator 1)
- 75 of 247 local NGOs reporting (30%) showed improved delivery of services as a result of their organizational development strengthening.

Based upon 56 responses from the Target Group of 65 local NGOs for FY 2005 (against the 2004 baseline):

- Of 56 local NGOs responding, 50 improved organizational development based on one or more variables addressed in the questionnaire based annual survey
- 23 of 56 local NGOs showed 40% or greater improvement over responses in 2004 across 20 organizational development variables
- The average improvement in organizational development across 56 local NGOs was 29%
- The aggregated local NGO responses indicated a 28% improvement over responses in 2004 in use of strategic planning in the decision making process, and a 44% improvement in the establishment of a clear division of responsibilities between Board and staff
- Aggregate responses indicated a 43% improvement in use of public and/or constituent feedback to improve performance, a 52% improvement in forming partnerships with other NGOs to achieve program goals and a 39% improvement in use of advocacy to build support for programs with the community and government

Specific Achievements:

The following achievements were documented in 2005 Annual Reporting on the NGOSSP supported programs:

Organizational development at the NGO level:

- Working in Mongolia, Mercy Corps International (MCI) has implemented an unambiguous and effective approach to strengthening civil society organizations (CSOs) in a country where most NGOs/CSOs are struggling to operate in a post socialist environment characterized by uneven rural service delivery and poor understanding of how civil society works among key stakeholders (government and citizen groups). Using Trainer of Trainers, MCI has provided CSOs focused training in project planning, financial management, advocacy and other areas. As a result, 50% of the initial beneficiary group of 20 CSOs have developed and implemented customer service improvement plans, with direct feedback from their communities. Using a grant voucher mechanism, MCI has secured the sustainable "buy in" of 10 CSOs representing disenfranchised and marginalized rural communities (across several service sectors), which have identified service projects and have induced 40% of the beneficiary households to make financial contributions to the program. Stakeholders at all levels (local government authorities, CSOs and households) have invested in the process of building a civil society and improving rural services.
- Through its work in Burundi with Legal Services Providers (LSPs) focusing upon land conflicts and

sexual violence in a post civil war environment, Global Rights has via training and technical assistance aided 3 of 4 associations of LSPs in adopting new techniques for mediating and reporting on land conflicts, where before some only employed listening, orientation and counseling. All four are developing common approaches and defined advocacy strategies for working with land conflict issues.

- World Relief has begun working with emerging micro finance institutions (MFIs) in Burundi and Democratic Republic of the Congo (DRC) to strengthen their capacities to provide services using "best practices" and at the same time integrate peace and reconciliation tools with financial services in a post conflict environment. This NGOSSP program has also increased the capacity of the existing MFI Network (RIM) in Burundi to represent members via its involvement with government in drafting new legislation for micro finance.

- Under its Zambia HIV Linkage Initiative (ZHLI), PACT has worked with 15 of 33 target NGOs and their networks to strengthen NGO capacity to integrate HIV/AIDS programming into their development services programming. The program has implemented a five part program to foster development, testing, sharing and integration of best practices and lessons learned, in a country whose productive population is being decimated by the HIV/AIDS pandemic. A notable success has been the development of Sharing and Learning Teams (SALTS) among NGOs delivering services in the same sector. For example, working with the Media Institute of Southern Africa (MISA), PACT has conducted an assessment of local radio stations in the five ZNLI provinces to determine capacity to galvanize support for deepened multi sectoral approaches to the HIV/AIDS, and the Western Province SALT has managed to secure air time from a local radio station to develop and carry messages on HIV/AIDS prevention.

- Working in two rural regions affected by the ongoing Maoist insurgency in Nepal, Save the Children has been able to conduct organizational assessments of 5 Intermediate Service Organizations (ISOs) and 35 target NGOs. It has supported the 5 ISOs to conduct Strategic Planning workshops to improve their own program planning skills and in turn strengthen capacity of other NGOs. ISOs and 16 first phase NGOs have been supported to develop a workshop on mobilizing and working in the midst of conflict, and quarterly Learning and Sharing forums have been initiated to enable ISOs and NGOs to review their achievements and discuss issues and working constraints.

- Pan American Development Foundation (PADF) has been working with 115 local NGOs based on both sides of the Haiti/Dominican Republic border in four target areas, to help them create economic opportunity and work together to mitigate conflict in the trans border region. Progress has been most striking on the Haitian side, in an environment where the government, the international community and Haitian NGOs have been preoccupied with the impacts of both social unrest and natural disasters and not longer-term development, and most local NGOs continue to work with few resources for staff, operations, and programming. With NGOSSP program support, a number of Haitian NGOs have made strides in improving their capacity to provide quality services to their constituents. One example is the Red Cross of Anse a Pitres, which was able to secure more funding and begin more regular operations once it had been supported to rehabilitate an office from which to operate. The NGOSSP provided funds for office rehab as well as training and technical assistance to identify and address organizational weaknesses. As a result, the Red Cross has improved its image in the community, sponsors meetings in its offices, and is able to provide improved services to its community.

NGO strengthening using network based approaches:

- The International Center for Non Profit Law (ICNL), working with FOPRIDEH (a Honduran network of 70 private sector development organizations), has set in place a legal framework for NGOs to be registered and operate in a climate of transparency and fairness in Honduras, in an environment where registration has been handled in a discretionary way and without clear standards for regulation. In close consultation with FOPRIDEH members and numerous other NGOs, FOPRIDEH has completed and submitted to the Honduran Congress a draft law guaranteeing fundamental NGO freedoms, and providing non discretionary granting of legal personality to NGOs wishing to formalize as well as minimum standards for NGO governance, accountability and transparency - effectively limiting government over regulation.

- In Guatemala, Mercy Corps International (MCI) has developed a model for strengthening NGO capacity using a network based approach, in what was a dire situation for an existing network and its members. At project start, the NGO network (Coordinating Committee of Alta Vera Paz NGOs or CONGAV) was floundering and unable to respond to needs of NGOs providing basic services in three sectors in this poor, rural region. With focused technical assistance, MCI has turned this network around, with written statutes signed by 27 founding participant NGOs, clear written roles for the Board (and Board member election one year ahead of time), member participation in development of the rules and strategic plan and formation of two sector working committees (social auditing and law on business concessions). On a parallel track, member NGOs have received training and technical assistance in strategic planning, project management, financial and human resource management, which has strengthened their capacity to set their own direction and oversee the CONGAV network.

Linkages established between NGOs, NGOs and Networks and Public/Private Sector Organs:

- In Burundi, Global Rights has strengthened an informal network of 4 associations of Legal Services Providers (LSPs) via regular participation meetings, training and specific thematic workshops. The network provides a channel where LSPs can share experiences and develop common approaches to resolving land conflicts, harmonize tools and define advocacy strategies, in a country where conflicts over return of land held before civil war induced exodus of thousands of households and land expropriation are pressing issues for the people and the Government. One of the Associations has established sustained relationships with the Ministry of Promotion of Women and the Burundian Parliament for as part of its advocacy activities in support of women's land rights.

- Working in Mongolia, where Civil Society Organizations (CSOs) are struggling to define their role, MCI has assisted 10 CSOs to form several informal networks in their sectors, and create strategic plans for service delivery in the coming year. CSOs were able to involve their constituencies in identifying priority issues, and planning and implementing measures to address them, improving their own planning skills. Dundgovi Network of NGOs began formally operating a Referral Center that connects rural citizens to legal, financial and social services in the Aimag (region). Within the first two weeks 68 complaints and requests on basic services were submitted and handled for Aimag residents, in a country where improvement of rural services is a pressing concern and an advocacy issue.

- In two provinces in the Congo, the program has assisted a number of partner micro finance institutions (MFIs) to build an informal Lateral Learning Network as a step toward formalizing a service and support network. This is an important step in an area where MFIs are nascent and conflict is a constant factor impeding micro finance service delivery.

Improved service delivery via network participation:

- In a number of rural areas of Zambia where poor smallholder farmers lack access to micro credit and farm extension services to improve yields, link with product markets and increase incomes, IDE has used NGOSSP program support to expand the number of service-providing members of its PRISMS agricultural improvement network from 13 to 40, including Community-Based Organizations (CBOs), Non-Governmental Organizations (NGOs), Producer Associations, and businesses. Twenty active network members have been trained in areas including organizational sustainability (financial management, human resource management) and in PRISM methodologies, which aim to improve smallholder incomes and quality / quantity of agricultural products, and promote development of markets and linkages between farmers, associations, private and public sector institutions.

As a result of NGOSSP activities, the number of smallholders with access to PRISM farm extension and other services expanded from a baseline of 5,000 to 15,000 in FY 2005. Improved irrigation was introduced along with higher value crops and one new marketing outlet. More significantly, average daily income of client smallholders increased from \$0.82 per day (baseline) to \$1.50 per day in FY 2005, for an increase in smallholder net annual income from \$300 to \$550. An example of how improved linkages have led to improved access of farmers to markets is found in the partnership between CBOs and Sylva

Food Solutions within the network. Following training in post-harvest technology, network members worked with farmers and communities to train them in drying of vegetables. As a result, two farmer groups in Kabwe have started producing and supplying local vegetables to Sylva Food Solutions.

The Capable Partners Program supported local NGOs and NGO Networks to make advances in capacity building and service delivery in 2005. The following are representative examples:

-In FY 05, CAP had a robust program of activities supporting local NGOs and Networks. Data from CAP's first Global Core Initiative, the 18-month Advocacy Fellows Program, shows significant improvements in institutional capacity for participating organizations. For example, the Sarvodaya Shramadana Sangamaya Movement (Sri Lanka) recorded a 6.41% improvement in institutional strength, the Legal Resources Centre (Ghana) observed a 32.2% improvement in institutional strength, and the African Organization for Relief and Development (Sudan) recorded a 26.75% improvement in institutional strength.

-CAP launched its second Global Core Initiative to enhance the monitoring and evaluation capacities and the institutional strength of the West Africa Network for Peace building's (WANEP) capacity to meet the challenges that conflicts present in the region to its twelve NGO member networks representing hundreds of NGOs from Senegal, Liberia, Gambia, Ghana, Togo, Benin, Sierra Leone, Guinea Biseau, Guinea, Burkina Faso, Cote d'Ivoire and Nigeria.

- With the assistance of USAID Missions from four regions, 17 local target organizations completed CAP's 18-month Advocacy Training Program in 2005, with 14 adopting and continuing use of CAP assistance. Follow-on grants to nine of the local NGOs and networks will carry various strengthening activities in Sudan, Tajikistan, Peru, India, Indonesia, Lebanon, Bulgaria, Georgia, and Ghana.

- The number of NGOs and NGO networks utilizing and receiving institutional strengthening information and materials via CAP's web portal rose 44%, from 103 to 184, surpassing the target of 118 for this reporting period, and the number of formal portal memberships rose from 318 to 573.

- CAP worked with additional target organizations in two new initiatives. In November, 2004, CAP conducted in Accra, Ghana, a workshop entitled "Conflict-Sensitive Programming through Monitoring and Evaluation" in which a total of 24 PVOs and local NGOs participated. A synthesis paper captured workshop findings and recommendations.

- Under CAP's Innovation Grants Program, targeting local NGOs in Nicaragua, Tanzania, Vietnam and Nepal, grants were awarded to five NGOs in these countries to strengthen linkages among them. Monthly monitoring interviews indicate at least 3 of these NGOs used CAP provided materials.

-CAP completed the first year of a \$1 million institutional strengthening and small grants program for USAID/Kenya enhancing the capacities of NGOs working with orphans and vulnerable children. CAP has been asked to continue that work through 2008 with an additional \$9 million in funding.

-CAP is nearing completion of work with USAID/Mexico on the design of \$2.8 million program to combat trafficking in persons and with USAID/Mozambique on a \$400,000 program to strengthen faith- and community- NGO networks, and is in the process with USAID/Nicaragua of designing a civil society strengthening and advocacy program to begin in FY 06

The Cooperative Development Program achieved the following innovative advances in capacity building and service delivery in 2005:

- In response to failure of governments to recognize the economic contributions made by cooperatives and unwillingness to reform cooperative law and regulation to expand cooperatives' fields of activity, CHF is working to develop an economic impact methodology, based on and adapted from the approach used by the US Department of Agriculture. During the year, CHF tested the methodology in the Philippines, Bosnia and Mongolia.

- Building on its experience in Mindanao in the Philippines, WOCCU has helped establish two credit unions in Mazar i Sharif and Sherbegan in Afghanistan. These credit unions have been established in consultation with mullahs in order that operations conform to Islamic banking principles. The credit unions' 1,788 members - thirty percent women - have raised share capital of \$38,800 and savings deposits of \$12,500 while lending \$36,500.

- In Ghana, following an NCBA-facilitated national participatory process that engaged hundreds of cooperators and leaders, the Ghana Cooperative Council recommended a revised Cooperative Act to the Attorney General's office. It has been sent to the Cooperative Minister for final review and comment and should shortly be forwarded to the Cabinet and then to Parliament. The draft Act recognizes the importance of autonomous cooperatives to the national economy.

The Matching Grant Program supported PVOs and their local partners make advances in organizational capacity building and service delivery in 2005. The following are representative examples:

-In the Philippines, Freedom From Hunger is working with a local NGO, CARD to expand the NGOs outreach in Credit with Education (CwE). CARD has achieved impressive growth in CwE, increasing the number of clients served more than six times since the baseline in 2002. The success of CARD's efforts in strengthening its organizational systems and processes led to the growth of the program to over 80,000 clients. Similar efforts in West Africa led to a strategic alliance with Glaxo Smith Kline which has contributed \$500,000 and technical assistance to support the development of health education materials for the West Africa partners. A mid-term evaluation conducted this year found that the keys to CARD's success are myriad, but the most important appear to be: 1) Strong leadership and vision for the growth of CwE to poor women; 2) Commitment to a social mission that permeates the organization and its culture; 3) Demand-driven and client-responsive products; and 4) An institution-wide target market of very poor, mostly rural women organized into cohesive groups. The evaluation found that CARD possesses management systems strong enough to manage and adapt to growth, a good understanding of its clients and competition, and capacity and willingness to invest in expansion of CwE to new zones.

- Despite being hit by the tsunami, the Salesian's Girls in the Vanguard Project in Sri Lanka was able to continue its operations without interruption as they worked with relief operations. In Honduras, with the establishment of the computer and internet laboratory stocked with 100 terminals, the project has internationally recognized IT training, CISCO and Microsoft certification training programs, enhancing the vocational marketability of young women as Salesian graduates in the region.

- Under the Institute for Transportation and Development Policies (ITDP) program for increasing transport options for low income Africans, 834 people are using bicycles procured by ITDP for commuting trips 7 km long (previously made by diesel mini bus), reducing 226 metric tons of carbon dioxide, equivalent to a cost savings of \$155, 000 per year for low income people including out of pocket commuting costs. ITDP has also expanded and improved access to transportation infrastructure in South Africa, with 11.5 km of bike lanes under construction. ITDP has also promoted the rights of the disabled, which are 10% of the population in Ghana and a high percentage of non motorized transport users.

-Denton Program

The Denton Program The program is jointly administered by USAID, the Department of State (DOS), and the Department of Defense (DOD). The program allows private U.S. citizens and organizations to use space available on U.S. military cargo planes to transport humanitarian goods, such as clothing, food, medical and educational supplies, and agricultural equipment and vehicles, to countries in need.. In FY 2004, 400,000 pounds of humanitarian goods were sent to 12 different countries through the Denton program.

Ocean Freight Reimbursement Program

The Ocean Freight Reimbursement (OFR) Program which is managed by the Office of Private Voluntary Cooperation-American Schools and Hospitals Abroad (PVC-ASHA) is the oldest ongoing Private Voluntary Organization (PVO) program. OFR allows recipients to ship a wide variety of goods overseas

for use in privately funded development and humanitarian assistance programs.

The program provides small competitive grants to approximately 50 U.S. PVOs each year. Funds are used to reimburse the PVOs' costs to transport donated commodities, such as medical supplies, agricultural equipment, educational supplies, disaster relief items, and building equipment. While USAID reimburses the costs of ocean freight, participating PVOs are responsible for associated costs, such as commodity acquisition, warehousing, insurance, local transportation and distribution.

Each USAID dollar is highly leveraged. The most current OFR statistics available are for FY2003. The FY2003 program budget of \$2.7 million mobilized more than \$400 million in private resources from 48 PVOs. By leveraging donated, purchased goods and supplies, and volunteer time, the overall private-public match of these activities is 148 to 1.

SO: 963-002

SO Title: Enhanced NGO capacity to deliver development services in select USAID countries

Program Title: Local NGO Capacity Enhanced

Status: Continuing

Indicator	Weight	Baseline Year	Baseline Year Data	Progress Direction + or -	FY2002 Actual	FY2003 Target	FY2003 Actual	FY2004 Target	FY2004 Actual	FY2005 Target	FY2005 Actual	FY2006 Target	Date Last Quality Assess
Number of target NGOs demonstrating improved organizational development	2	2004	0	+						7	23	33	11/2005
Percent of recipient NGOs showing improved delivery of development services	1	2004	0	+						15	30	40	11/2005

963-003: Increased mobilization of U.S. Development Resources

Performance Goal: Close, strong, and effective U.S. ties with allies, friends, partners, and regional organizations.

SO 05 Performance Overview: Both U.S. Private Voluntary Organizations (PVOs) and other non-governmental organizations (NGOs), both U.S. and overseas, are private entities. To the extent they work with USAID, other USG entities or other public sector donors, they are engaged in "public-private alliances." The purpose of this objective is to support PVOs/NGOs in finding ways: (1) to better address public sector donor interests and concerns (by better understanding their expectations, priorities, policies, etc. and being able to articulate their organizational skills in terms that USAID and other donors can match to their priorities and policies); and (2) to improve their own internal leadership, management and technical skills, so that they are the most effective and accountable potential partners with whom USAID and other donors can work.

U.S. PVOs and other NGOs are also a part of U.S. "civil society" and working in support of civil society worldwide. Thus, activities funded under this SO might be considered by some to be strengthening civil society. As noted under the discussion of program component "fit" for SO 2, PVC does not agree with this assessment. However, for the sake of consistency in our program, we have included this link as a marker for further discussion in FY 2006.

This SO has been under funded for the duration of PVC's strategic plan. Nonetheless, PVC did utilize minimal resources in order to begin implementation of this SO. Recently PVC held it's first (and last due to reorganization) USAID 101 workshop. This workshop was attended by over 100 newly registered PVOs. This workshop was offered to PVOs who are doing or would like to do business with USAID. The workshop was designed to help attendees improve their grant proposals, particularly in dealing with monitoring and evaluation, strategy, and budget.

Major topics covered at this initial workshop included USAID's corporate culture; the annual registration process; funding options; e-gov , the new online procurement vehicle; and practical insights into proposal development and submission.

Based on high demand among PVOs, PVC was planning to offer more targeted technical training sessions over the next year that would go in depth into proposal preparation and other aspects of doing business with USAID, however, the reorganization of PVC precludes the office from pursuing these activities.

SO 05 Performance:

Strengthen Civil Society

PVC conducted one USAID 101 training that was attended by 120 PVO representatives. This was originally intended to be the first of several workshops. Future workshops would have focused on high demand topics such as proposal writing and monitoring and evaluation. PVC also expected to create modules of these trainings to make them available over the USAID website to those who are interested in the subject matter but are unable to attend. Due to the reorganization these activities will not be developed by PVC.

SO: 963-003

SO Title: Increased mobilization of U.S. Development Resources

Program Title: Increased Mobilization of Resources

Status: Last Year of Expenditure 2005

Indicator	Weight	Baseline Year	Baseline Year Data	Progress Direction + or -	FY2002 Actual	FY2003 Target	FY2003 Actual	FY2004 Target	FY2004 Actual	FY2005 Target	FY2005 Actual	FY2006 Target	Date Last Quality Assess
PVO Staff Trained	1	2005	120	+						100	120	0	November 2005

C. SO Level 08 Plan Narrative:

D. Resource Request Narrative

PVC requests \$16.5 million in FY 2007 and \$8.2 million in FY 2008 to finalize its obligations under the Matching Grants, NGO Sector Strengthening, and Capable Partners Programs, and to continue the Cooperative Development and Ocean Freight Programs. It also requests \$850,000 in OE for both Fiscal Years to continue support for the PVO registry.

ASHA is requesting \$22 million for FY 2007 and \$24 million for FY 2008, which represents a fraction of the overall demand for ASHA assistance. ASHA is also requesting a total of \$170,000 in FY 2007 and FY 2008 in operating expenses (OE) for the split-funded (program and OE) institutional support contract for FY 2007 and FY 2008, respectively. An additional \$25,000 in annual OE funds is requested for the travel costs of ASHA staff to monitor ASHA-funded activities for both Fiscal Years.

E. Results Framework

963-001 Increased capability of PVC's PVO partners to achieve sustainable service delivery Program Title: Capabilities of U.S. PVOs increased

SO Level Indicator:

- Percent of PVC grantees rating their overall capacity to deliver services as excellent or very good
- Percent of PVC grantees that are stronger now than at the beginning of grant
- Percent of PVO grantees conducting organizational assessments over the life of the grant
- Percent of PVO grantees that assessed local partner capacity

- 1.1: Operational and Technical Capacity of PVC's Grantees Improved
- 1.2: Strengthened Partnership between USAID and US PVOs
- 1.3: Strengthened US PVO and NGO Partnership
- 1.4: Improved Mobilization of Resources by PVC's PVO Partners
- 1.5: US Public Awareness Raised

963-002 Enhanced NGO capacity to deliver development services in select USAID countries Program Title: Local NGO Capacity Enhanced

SO Level Indicator:

- Number of target NGOs demonstrating improved organizational development
- Percent of recipient NGOs showing improved delivery of development services
- Percent of target NGO constituents perceiving services as effective

- 2.1: Strengthened operational, technical, and financial capabilities of NGOs and cooperatives
- 2.2: Expanded linkages among NGOs, networks, and public and private sector institutions
- 2.3: Wider and more effective learning and dissemination of tested innovations, best practices, lessons learned and standards

Discussion: SO level indicator 3 has been changed to : 'Percent of NGOS that make changes as a result of OD assessments'. This was formerly 'Percent of target NGO constituents perceiving services as effective'.

Explanation for Change: It's easier to document and demonstrate that partners have made changes in organizational practices as compared to surveying perceptions. This is also a more meaningful indicator.

963-003 Increased mobilization of U.S. Development Resources Program Title: Increased Mobilization of Resources

- 3.1: Increased operational and technical capacities of select PVOs
- 3.2: Expanded collaboration between PVOs and corporations