



## Capable Partners Program Learning Agenda on Local Organization Capacity Development

# USAID's Local Capacity Development Efforts: Past and Present

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## ACRONYMS

<b>A.I.D.</b> .....	Agency for International Development
<b>ASHA</b> .....	American Schools and Hospitals Abroad
<b>BHN</b> .....	Basic Human Needs
<b>CAP LA</b> .....	Capable Partners Learning Agenda
<b>CBO</b> .....	Community Based Organization
<b>CDCS</b> .....	Country Development Cooperation Strategies
<b>DGP</b> .....	Development Grants Program
<b>F2F</b> .....	Farmer to Farmer program
<b>FAA</b> .....	Foreign Assistance Act
<b>FtF</b> .....	Feed the Future program
<b>AID/W</b> .....	Headquarters
<b>IDEA</b> .....	Office of Innovation and Development Alliances
<b>INGO</b> .....	International Non-Governmental Organization
<b>IPR</b> .....	Implementation and Procurement Reform
<b>LCD</b> .....	Local Capacity Development
<b>LNGO</b> .....	Local Non-Governmental Organization
<b>LWA</b> .....	Leader with Associates Award
<b>MCC</b> .....	Millennium Challenge Corporation
<b>MGP</b> .....	Matching Grants Program
<b>NGO</b> .....	Non-Governmental Organization
<b>NNGO</b> .....	Northern Non-Governmental Organization
<b>PEPFAR</b> .....	President’s Emergency Plan for AIDS Relief
<b>PPL</b> .....	Policy, Planning and Learning
<b>PVC</b> .....	Office of Private and Voluntary Cooperation
<b>PVO</b> .....	Private and Voluntary Organization
<b>RFA</b> .....	Request for Applications
<b>RIF</b> .....	Reduction in Force
<b>SPP</b> .....	Strategic and Program Planning
<b>USG</b> .....	U.S. Government

# PART I: AN HISTORICAL PERSPECTIVE

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## INTRODUCTION

Part 1 of this report provides an overview of USAID's Local Capacity Development (LCD) efforts from a historical perspective. The term LCD was not always used at USAID so the intent here is to collect efforts in the past that would broadly have been considered as such, had the term been in use all along. The report is intended as background to the findings and recommendations of the Capable Partners Learning Agenda on Local Organization Capacity Development (CAP LA). The paper looks at a range of institutional factors that have shaped USAID's LCD efforts, such as USAID's policies, planning processes, programming emphases, funding mechanisms, organization and partnerships. Information was gathered from September to November 2012 from documentary sources and 60 key informants drawn from among experienced USAID staff, contractors and grantees. In view of the short timeline of this study, the key informants were selected using a combination of non-random, purposive/judgmental sampling and snowball/reputational sampling methods.

From a historical perspective, the national and global self-interests and the strategic imperatives that have shaped U.S. development assistance and LCD have remained for the most part constant drivers of USAID's work over the decades. However, the weight of USAID policy emphasis placed on LCD, the LCD programming approaches, funding mechanisms, LCD recipients, targets, providers and LCD results have shifted and sometimes changed substantially over time.

In the 1960s and 1970s USAID primarily adopted a government-to-government approach disbursing large loans and grants to select developing country governments. Development assistance, including local capacity development, was driven by U.S. and Western ideas of development. Direct hire USAID staff and American experts played decisive roles in establishing institutions in developing countries and provided on-site training and technical assistance. Thousands of developing country government staff and affiliates received training in-country or were sent for training and higher education to the United States by USAID.

Working directly with developing country governments eventually came to be seen as ineffective. As dissatisfaction mounted and, in response to the drastic reduction-in-force actions in the mid 1970s, USAID turned to work increasingly with and through U.S. for-profit and non-profit organizations. U.S. Private and Voluntary Organizations (PVOs)<sup>1</sup> were seen to be ideal for engaging and developing the capacities of local organizations because of their philanthropic mission-driven and grass-roots approaches to programming and partnerships. To work with PVOs (aka NGOs), USAID adopted grants and cooperative agreement funding mechanisms, set-up a U.S. PVO registration system and established the Office of Private and Voluntary Cooperation (PVC) in 1971 to develop the organizational and technical capacities of U.S. PVOs/NGOs.

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<sup>1</sup> The acronym "PVO" is seldom used today. However, the term "PVO" was commonly used by USAID in the 1970s and into the early 2000s to describe U.S. non-governmental organizations registered with USAID and therefore eligible to get assistance from USAID. "PVO" was an umbrella term that usually covered U.S. cooperative development organizations too. In this nomenclature, the term "NGO" was used to refer to local or non-profit organizations in Developing Countries.

Since the 1990s USAID has placed increasing emphasis on developing the technical and organizational capacities of local organizations. In the second decade of the 2000s, USAID is moving from funding local organizations through sub-grants with US. NGOs to funding them directly. This relatively new direction is exemplified by the suite of grants programs managed by the Office of Innovation and Development Alliances (IDEA), such as the Development Grants Program (DGP). USAID Forward and its Implementation and Procurement Reform (IPR) agenda has made LCD a top priority and has set agency-wide targets for increasing the number of local partners and funds provided directly to local organizations.

The IPR reforms have triggered new questions about partnerships for LCD and potential impacts, such as whether an elite corps of local organizations will emerge with questionable political implications; whether the current LCD models are relevant to the diverse actors in emerging civil society; how to ensure quality and impacts of USAID's sprawling training and technical assistance activities implemented by multiple providers. A big challenge USAID faces along with other bi-lateral and multi-lateral donors is to move from rhetoric to actual effective practice and results in achieving real country ownership of LCD.

Chapter 1 discusses the policy, planning and programming context of USAID's local capacity development efforts. The transition from primarily doing relief work to primarily doing long-term development work, and moving from helping Europe to primarily helping Africa, Asia and Latin America had momentous implications for LCD. Concentrating primarily on supporting economic growth in the 1960s, USAID expanded its programming areas from a concentration on agriculture to more sectors, such as education, health, and population control, adding environment and natural resources management in the late 1970s, and democracy and governance in the mid-1980s.

Chapter 2 discusses USAID's evolving efforts to develop the capacities of U.S. Private and Voluntary Organizations (PVOs) and Local Non Governmental Organizations (LNGOs). NGOs have predominantly worked through LNGOs and small community based organizations (CBOs) in developing countries. As a result, NGOs had a tremendous formative and transformative impact on LNGOs.

Chapter 3 analyzes USAID's LCD efforts in terms of two basic approaches referred to as "Concentrated" and "Embedded" capacity development models. In the Concentrated model, LCD is a primary program goal, while in the Embedded LCD model, LCD takes place as a component of a program which has other primary objectives, such as immediate service delivery or partnerships.

Chapter 4 outlines how USAID funds local capacity development. The Agency has expanded its use of contracts, grants and cooperative agreements since the 1970s, striving to meet the U.S. federal government's transparency and accountability requirements in spending U.S. taxpayer money. Under USAID Forward, the Agency wants to use funding mechanisms such as Fixed Obligation Grants and Simplified grants to fund high risk new and smaller local organizations.

Chapter 5 explores issues, questions and reforms relating to LCD methods, country ownership and the implications of partnering local organizations.

## CHAPTER 1: THE POLICY, PLANNING AND PROGRAMMING CONTEXT

Local capacity development (LCD) lies at the heart of USAID's development assistance efforts and results. LCD forms a distinctive strand of activities underpinning and cross-cutting USAID's sectors and special initiatives over time. USAID's capacity development activities flow from the U.S. government's relief and reconstruction related foreign assistance activities pre-dating USAID. Its LCD priorities are articulated definitively in USAID's vision of its future mandate and the *USAID Forward* reforms under way to make a more sustainable impact on aid recipient nations. From a historical perspective, the national and global self-interests and the strategic imperatives that have shaped U.S. development assistance and LCD have remained for the most part constant drivers of USAID's work over the decades. However, the weight of USAID policy emphasis placed on LCD, the LCD programming approaches, funding mechanisms, LCD recipients, targets, providers and LCD results have shifted and sometimes changed substantially over time.

Under President John F. Kennedy's leadership, USAID was established in 1961 through an Executive Order. USAID's mandate and operations are directed by its founding legislation, the 1961 Foreign Assistance Act (FAA) and subsequent legislative amendments. The formation of USAID marks a milestone in the history of foreign assistance in the world and U.S. led capacity development overseas. Dissatisfied with existing modalities for distributing aid, the Kennedy administration consolidated dispersed and fragmented United States government (USG) foreign assistance operations, including its LCD activities, within a single U.S. federal government agency. *"The agency unified already existing U.S. aid efforts, combining the economic and technical assistance operations of the International Cooperation Agency, the loan activities of the Development Loan Fund, the local currency functions of the Export-Import Bank, and the agricultural surplus distribution activities of the Food for Peace program of the Department of Agriculture."*<sup>2</sup>

Another important reason for the USG to establish USAID was its determination to move from providing relief and reconstruction aid to other nations toward leading the support of long-term development and transformation in the developing world in ways that were favorable to U.S. interests. This transition from primarily doing relief work to primarily doing long-range development work had momentous implications for LCD. As a result, the USG's foreign assistance and capacity development investments shifted from investments primarily in war-ravaged Europe and East Asia, to the poor and newly independent countries in Latin America, Africa and Asia. USAID also began to invest more in education, training, technical assistance and institution building.

### U.S. NATIONAL AND GLOBAL INTERESTS

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<sup>2</sup> *A History of Foreign Assistance*, Summary, The United States Agency for International Development.

Since its inception, USAID's policies and operations have been deeply influenced, if not directed outright, by the Department of State. U.S. foreign policy priorities have established the parameters of USAID's policies, planning and activities. Consequently, U.S. national and global interests and strategic priorities have consistently driven USAID's foreign assistance and LCD work.

At the outset, the Foreign Assistance Act (FAA) of 1961 recognizes under "**Sec. 101. General Policy.**—(a) *The Congress finds that fundamental political, economic, and technological changes have resulted in the interdependence of nations. The Congress declares that the individual liberties, economic prosperity, and security of the people of the United States are best sustained and enhanced in a community of nations which respect individual civil and economic rights and freedoms and which work together to use wisely the world's limited resources in an open and equitable inter-national economic system. Furthermore, the Congress reaffirms the traditional humanitarian ideals of the American people and renews its commitment to assist people in developing countries to eliminate hunger, poverty, illness, and ignorance. Therefore, the Congress declares that a principal objective of the foreign policy of the United States is the encouragement and sustained support of the people of developing countries in their efforts to acquire the knowledge and resources essential to development and to build the economic, political, and social institutions which will improve the quality of their lives.*"<sup>3</sup>

USAID's presentations to Congress, its Congressional Budget Justifications and strategic plans over the decades, explain to Congress and the U.S. public the reasons for development assistance spending. These documents seldom, if ever, capture and communicate any expressed aspirations of governments and other Non-U.S. organizations in the aid recipient countries. The national and global interests that have driven USAID's development assistance and LCD work broadly fall into the following categories:

- National security
- Enabling and enhancing the role of the USA as the leader of the Free World
- Expanding U.S. trade and protecting sources of manufacturing inputs
- Expanding opportunities for U.S. citizens and civil society organizations to help overseas populations in need
- The moral imperative to share the fruits of American prosperity

Until the end of the Cold War, the promotion of U.S. values and the creation of institutions for local capacity development were regarded as essential to prevent and contain communist subversion in Africa, Asia and Latin America. U.S. influence and operational outreach through foreign assistance was also seen to be instrumental in controlling population growth, combating trade in illegal arms and narcotics, trafficking in persons, the spread of infectious diseases and epidemics, etc. The 1974 AID Presentation to Congress points out that, "*There is no sensible alternative. It is in our own selfish interest to join with the other developed nations of the world to help the peoples of the poor countries who seek to help themselves. Human problems do not stay bottled up behind national borders. Uncontrolled human reproduction vitally affects the well-being of all nations. Diseases ignore national boundaries. Polluted air and polluted waters*

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<sup>3</sup> *Foreign Assistance Act of 1961 as amended (P.L. 87-195), Sec. 101, General Policy, Legislation on Foreign Relations Through 2002, Committee on International Relations, Committee on Foreign Relations, p. 19.*

*flow freely between countries. Our children and our grandchildren must live in the same world with the children and grandchildren of the peoples of all continents, races and creeds. The kinds of lives our children and their children after them will live, and the kind of world they will live in tomorrow depends on whether we do our part to help today.”*<sup>4</sup>

With reference to a graph illustrating “*U.S. Dependence on Raw Materials from Developing Countries,*” a Congressional presentation in 1979 argues that “*These are problems which the rich countries cannot avoid. Whether they will be solved will in large measure depend upon the course of development in the Third World. Our direct stake in that development is thus enormous. The developing world provides us not only with approximately 40% of our oil consumption, but 90% of our tin; 85% of our bauxite and large percentages of other critical resources. Our export levels to the LDCs have tripled in 5 years. They are now three times the level of our exports to Japan. They are \$3 billion more than our exports to all of industrialized Europe. Almost half of U.S. direct investment abroad is invested in the developing world. These numbers reflect a rapidly changing economic picture in which the developing world is of growing importance to the U.S. economy.*”<sup>5</sup>

Following the September 11, 2001 terrorist attacks on the Pentagon and the World Trade Center in New York City, the links between foreign assistance, capacity building and security have intensified greatly as highlighted in the joint Department of State and USAID Strategic Plan, the Quadrennial Diplomacy and Development Review (QDDR). The Leading Through Civilian Power Review from 2010 states that “*Development, diplomacy, and defense, as the core pillars of American foreign policy, must mutually reinforce and complement one another in an integrated, comprehensive approach to national security. We will use diplomacy to enhance development cooperation, promote trade, and to ensure that countries undertake policies that build on those ingredients to long-term success.*”<sup>6</sup>

The USAID Policy Framework – 2011-2012 states that “*International development cooperation is a key component of American power, along with diplomacy and defense. It represents a potent and cost-effective tool that enables the United States to safeguard our security and prosperity while promoting our fundamental values of freedom and opportunity. Though we spend less than one percent of the federal budget on development assistance, it is a critical instrument for ensuring a better future, as it helps us advance key national interests. In well-governed countries with potential for rapid and broad-based economic growth, U.S. development cooperation supports economic dynamism and is seeding a new generation of emerging markets to become future trade and investment partners.*”<sup>7</sup>

## **POLICY AND PROGRAMMING CHANGES**

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<sup>4</sup> *Introduction to the FY 1974 Development Assistance Program Presentation to Congress*, Agency for International Development, p. 4-5.

<sup>5</sup> *Congressional Presentation Fiscal Year 1979, Main Volume*. Agency for International Development, p. 3-4.

<sup>6</sup> *Leading Through Civilian Power, the First Quadrennial Diplomacy and Development Review 2010*, Department of State, United States of America and the United States Agency for International Development, p. 21.

<sup>7</sup> *USAID Policy Framework 2011-2015*, United States Agency for International Development.

While the U.S. national and global interests driving foreign assistance and capacity development have retained coherence and consistency over time, the modalities for achieving these interests have changed, reflecting changes in USAID's policy directions. Consequent programming emphases have affected local capacity development approaches, outputs and results. In the 1960's the U.S. foreign assistance and capacity development approach concentrated on government-to-government transfers. American technical experts were deployed to provide direct technical assistance to government agencies in aid recipient countries. The main objectives were to train developing country government staff and to build the capital base of economic progress. A CAP LA respondent highlighted the fact the "*Americans pretty much ran governments at that time. South Korea was an outstanding example where we had hundreds of Americans working in South Korean government departments. The government staff there learned by shadowing Americans. Americans advised nationals at the highest level, like key ministers.*" The Presentation to Congress by the Agency for International Development and the Alliance for Progress for 1965 explains that Development Loans were made "*to finance, for example, road-building equipment, replacement parts for factories, generators for power plants, construction equipment and pumps for irrigation projects; the services of U.S. engineering and construction firms to design and build needed roads, dams, or factories; and capital for industrial development banks or for agricultural credit programs through which farmers can finance better seed, fertilizer and equipment.*"

Furthermore, "*A.I.D. uses Technical Cooperation and Development Grant funds principally to hire experts and technicians to help other countries train teachers, health workers, agricultural extension agents, and other skilled persons needed to achieve economic progress. Experts and technicians are hired directly by A.I.D. or obtained by contract with American Universities, businesses, cooperatives, and other organizations that have the needed know-how. These funds are also used in part to pay for goods and equipment needed in technical assistance – textbooks for a demonstration school for example, or DDT for a malaria control program.*"<sup>8</sup> In the mid-sixties, more than 80% of funds appropriated for foreign assistance and local capacity building were used to procure American goods and services.

## **NEW DIRECTIONS**

In the 1970s there were drastic changes in U.S. foreign assistance policies, financing methods and the way LCD services were delivered. In 1971, for the first time, the U.S. Senate failed to pass the bill authorizing foreign assistance funds for fiscal years 1972-1973. Analysts attribute this rejection to opposition to the Vietnam War and USAID's ties with the military. USAID was widely seen as ineffective in producing expected results. The push for reforms led by the House Committee on Foreign Affairs produced the Foreign Assistance Act of 1973. A New Directions approach was codified, with statutory requirements for development assistance to focus on sectors, such as food and nutrition, population planning and health, education and human resources development. Congress separately financed each sector. This functional accounting structure remains to this day. Consequently, local capacity development activities started getting

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<sup>8</sup> *Proposed Mutual Defense and Development Programs – FY 1965: Presentation to Congress*, Economic: Agency for International Development and Alliance for Progress, Military: Department of Defense.

specified and corralled within each of these sectors. The New Directions policy and functional accounting marked a major break from the past. The 1961 Foreign Assistance Act (FAA) had provided general directions on programming. In practice, until the mid-1970s, USAID had concentrated mostly on providing economic assistance.

During 1972-1973, the Agency also went through a major reduction in force (RIF) and agency staff decreased, as estimated by a CAP LA respondent, from roughly 22,000 to about 5000. Previously, USAID's staff included many of the technical experts needed to help aid recipient countries. A CAP LA respondent recalled, "*If USAID wanted to install a steel plant in Turkey, the agency had the engineers in-house who could do this job.*" With the RIF, USAID transitioned toward out-sourcing its program/project design and implementation work (including capacity development work) on a large scale, to private consulting companies and to U.S. Private and Voluntary Organizations (PVOs).

The New Directions approach heralded by the 1973 FAA espoused a mandate for USAID to meet Basic Human Needs (BHN). Compared to the more centralized operations of the 1960s, New Directions favored decentralization and a projects approach to design and delivery of services and LCD. The New Directions and BHN approach encouraged program and project designs aimed at directly benefiting the rural poor and vulnerable populations, such as women and indigenous peoples. LCD became tied to programs and projects which were often sector-based. Emphases on BHN and poverty alleviation and the influx of new civil society based USAID implementation partners led to sharp breaks with the past, with fundamental changes taking place regarding training and technical assistance objectives, audiences, methods and materials. The Non-Formal Education Information Center at Michigan State University, for example, disseminated training materials targeting grass roots practitioners empowering "*the poorest of the poor*" – illiterate and semi-literate populations. This type of capacity development work is vastly different from the 1960s scenario where USAID direct hire technical experts advised senior government officials in recipient country government agencies.

Starting in the 1970s and expanding steadily over the following decades, USAID invested heavily in working with and through consulting/contracting companies and NGOs. USAID established its Office of Private and Voluntary Cooperation (PVC) in 1971. PVC was given a unique mission to develop the organizational capacities of both well established and nascent PVOs interested in getting involved in development assistance work. Funding mechanisms, such as grants and cooperative agreements were devised to provide NGOs with administrative, operations and implementation flexibility and to accommodate PVO financial systems. In turn, the U.S. consulting companies and NGOs sub-granted to Local Non-Governmental Organizations (LNGOs). These partnerships led to the mushrooming of LNGOs in aid recipient countries and enabled large-scale expansion by some of the older and more established U.S. NGOs. Since the mid 1980s, USAID has strongly encouraged U.S. consulting companies and NGOs to invest in building the technical and organizational capacities of NGOs in aid-recipient countries.

Consulting companies and NGOs steadily played increasingly major roles in implementing USAID's programs and projects. Capacity development took place through a variety of training and technical assistance methods used by consulting companies and NGOs. Training,

commodities, and technical assistance usually formed the ancillary elements of a sector specific service delivery package. USAID staff members were increasingly removed from the arenas of actual program/project implementation and were mostly relegated to administrative functions, managing contracts, cooperative agreements and grants. However, USAID officials retained the power to design and initiate programs and projects by preparing and managing Request for Application (RFA) and related processes. Contracts and Cooperative Agreements allowed USAID officials to get “*substantially involved*” in project monitoring, evaluation and making the decisions that flowed from these activities. Grants, however, did not give USAID officers much control, as they were considered to be funding work already being undertaken by NGOs.

A CAP LA respondent describes USAID’s transition from a government-to-government approach to embracing consulting companies and NGOs as “*a paradigm shift*” in foreign assistance and LCD policy and programming. This paradigm shift reflected major changes in implementation partners on the ground as well. By the 1980s, USAID had for the most part, stopped making concessionary loans to developing country governments. One reason was that the USG faced difficulties in getting countries to pay back loans and in some cases created significant debt for these developing countries, which later had to be dealt with as ‘debt relief.’ By the 1980s there was a shift from USAID loans to making grants to recipient country governments. As U.S. contracting companies and NGOs took on larger chunks of program design and implementation, USAID withdrew from giving loans to recipient country governments and moved to achieving its service delivery and capacity development goals by awarding contracts to for-profit consulting companies and cooperative agreements and grants to NGOs.

## ***DEMOCRACY AND GOVERNANCE***

The late 1980s marked the emergence of democracy and governance as a new USAID sector or major programming area. During this period USAID moved further away from direct assistance to governments to identifying projects that could be implemented by the non-governmental sector, with for profit as well as non-profit organizations in Developing Countries. There was an increasing emphasis on getting Host Country civil society engaged in making decisions, planning and implementing development programs/projects. USAID’s Democracy and Governance Center promoted capacity development, programming and research for promoting democratic practices, good governance and human rights by Missions and other Bureaus.

The emergence of USAID’s Democracy and Governance sector is a notable milestone in the agency’s capacity development efforts. While democracy and governance support merits its distinct stand-alone sector, democracy and governance principles and practices have tremendous cross-cutting potential in supporting institution building and the participation of community based organizations and citizens taking place in other sectors. This potential is yet to be realized fully by USAID.

## ***USAID FORWARD***

From the very beginning, USAID’s legislative mandate, policies and activities aimed at resource transfers which would enable policy changes, institution building and develop the competencies of nationals in aid recipient countries. For example, Section 102 of the Foreign Assistance Act of 1961 (P.L. 87–195) states that “*United States assistance should focus on establishing and upgrading the institutional capacities of developing countries in order to promote long-term development. An important component of institution building involves training to expand the human resource potential of people in developing countries.*”

The agency’s interest and investment in local capacity development reached unprecedented levels of emphasis and front-line visibility with the launch of USAID Forward in 2011-12. USAID Forward sets forth a bold vision and ambitious agenda for comprehensive agency-wide reform. The principal elements of the reform agenda are Implementation and Procurement Reform (IPR), Talent Management, Rebuilding Policy Capacity, Strengthening Monitoring, Evaluation and Transparency, Rebuilding Budget, Innovation and Science & Technology. In prefacing his message on USAID Forward to agency employees, USAID Administrator Shah said, “*Over the past 49 years, our Agency has helped reduce poverty for millions of people and put countries on the path to sustainable economic growth. Today, we are poised to build on our legacy as one of the world’s premiere development agencies and make new progress toward our ultimate goal of creating the conditions where our work is no longer needed.*”<sup>9</sup>

USAID Forward and IPR are driving local capacity development toward achieving demonstrable development sustainability. These agency efforts reflect a determination to move from a more or less abstract emphasis on local empowerment toward creating the practical means for local development organizations to actually become empowered, by setting targets and mechanisms for transferring funds directly to recipient country organizations. The agency’s overall IPR Top Line indicator for direct support of partner country systems and local not-for-profit and for-profit organizations is 20% in FY 2013 and 30% in FY 2015 up from the 13.5% three year average ending in FY 2009.

In the twenty-first century, USAID is also placing an unprecedented interest in expanding its network of partners and leveraging resources for local capacity development and other development purposes. The 2010 QDDR (also the joint Department of State and USAID strategic plan) uses concepts and language such as “*civilian power*” and “*development diplomacy*” while acknowledging the importance of “*Traditional diplomacy – the kind conducted in government ministries, palaces, and the headquarters of global organizations,*”<sup>10</sup> the QDDR urges U.S. diplomats to “*lead the implementation of global civilian operations and to pursue whole-of-government diplomatic initiatives.*”<sup>11</sup> In the USAID context, civilian power and development diplomacy translates into an agency strategy for mobilizing – in ever-widening circles – funds, technical experts and other resources from traditional and non-traditional U.S.

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<sup>9</sup> Executive Message (USAID): *USAID Forward: Strengthening, Optimizing, Streamlining*, USAID/General Notice, Administrator A/AID, August 4, 2010.

<sup>10</sup> *Leading Through Civilian Power, the First Quadrennial Diplomacy and Development Review 2010*, Department of State, United States of America and the United States Agency for International Development, p. 1.

<sup>11</sup> *Ibid.*, p. 25.

government agencies, U.S. and non-U.S. private and non-governmental sectors and from other donor organizations.

The USG and USAID emphases on partnerships has led to the creation of new service delivery and LCD program models, such as the President's Emergency Plan for AIDS Relief (PEPFAR). The Office of the Global AIDS Coordinator (OGAC) coordinates the efforts of several government agencies, such as the Department of Health and Human Services, the Center for Disease Control and Prevention, the Health Resources and Services Administration, USAID, the Department of Defense, and the Peace Corps.

Further down the road from PEPFAR, The Feed the Future (FtF) program announced by President Obama at the 2009 G8 Summit in L'Aquila, also adopts a "Whole of Government" model. Feed the Future is led by USAID in collaboration with U.S. agency partners, including the State Department, Peace Corps, Millennium Challenge Corporation (MCC), the U.S. Treasury Department, U.S. Trade Representative, Overseas Private Investment Corporation (OPIC), the U.S. African Development Foundation, and the U.S. Department of Agriculture (USDA). However, unlike PEPFAR which focused mainly on service delivery in its first phase and placed greater emphasis on achieving country ownership in its second phase, the FtF model aims at country ownership from the outset. USAID field offices involved in FtF are working closely with aid host country governments to identify "*value-chains*" to be strengthened in-country, for example, to plan, design, and implement agriculture and health services; and support the development of local individual competencies and institutional capacities.

## **PLANNING AND LOCAL CAPACITY DEVELOPMENT**

USAID's planning processes, especially at the level of field Missions, form a bridge between the U.S. national and global interests driving the USG's foreign assistance investments and the Agency's policy acquiescence on the one hand, and on the other hand, the programming and LCD objectives of USAID's bureaus, offices and Missions. Historically, USAID's formal planning activities opened an important space for consulting and negotiating with partnering U.S. government agencies, host country governments and other local stakeholders and the international donor community. Strategic plans and other plans, particularly at the host country level contain considerable information on USAID's local capacity development goals, objectives and targets.

Since the 1960s, AID/W and field Missions have prepared plans, annually and/or for a 4-5 year period. These plans have become more expansive, systematic and detailed, demonstrating a greater sophistication in planning over time. The plans usually begin by analyzing in-country situations paying close attention to macro-economic and political conditions and other donor commitments. The Mission goals, objectives, and targets are then summarized through logical models/objective trees/results frames. The objectives and target statements carry substantial information on proposed local capacity development outputs and outcomes. In 2010, the Office of Policy, Planning and Learning (PPL) was re-established at USAID to support the USAID Forward reform agenda. Tasked with overseeing the preparation of Country Development

Cooperation Strategies (CDCS), PPL’s Office of Strategic and Program Planning (PPL/SPP) is working to standardize and streamline the agency’s strategic planning and project design work.

USAID Missions are preparing their CDCS for 2013 according to PPL/SPP’s new guidance. The guidance seeks to standardize CDCS formats and contents. An elaborate results framework stands at the center of a CDCS. The results framework cascades from the CDCS goal to development objectives, intermediate results, and sub-intermediate results, with indicators at each level. This logical exercise has been used by USAID in one form or another since the 1970s to guide preparation of overall strategies and activities resulting from them.

The “*building blocks*” of the CDCS and results framework elements have to be justified through “*Development Hypotheses*” or theories of change. The USAID Country Development Cooperation Strategy Guidance – Version 3 states that the “*CDCS is based upon a sound development hypothesis that describes the theory of change, logic, and causal relationships between the building blocks needed to achieve a long-term goal. The development hypothesis is based on development theory, practice, literature, and experience, is country-specific, and explains why and how the proposed investments from USAID and others collectively lead to achieving the Development Objectives (DOs) and ultimately the CDCS Goal.*”

While USAID’s planning process has become more formal and streamlined over time, the agency’s mindset as reflected in plan contents has remained fairly consistent. From the 1960s and up until the present, USAID’s strategic plans articulate the USG’s foreign policy priorities for creating a world that shares American values and institutions, with developing nations adopting democratic forms of government, open markets, small-scale government and human capital development through education, nutrition and healthcare services. Examples are illustrated in Figures 1 and 2.

**Figure 1**

**Excerpt from the Country Program Strategic Plan FY 1992-96, Ghana, July 1991 (pp. 78-80)**

STRATEGIC OBJECTIVES FOR SUBGOAL 1: INCREASE GDP/CAPITA,  
C.1. STRATEGIC OBJECTIVE 1: Increase Private Sector-Led Export Growth  
TARGET 1.A.: Enhance the Enabling Environment  
Subtarget A: Create/strengthen business organizations.

Benchmarks

- Assist the Association of Ghana Industries (AGI) to develop in-country management training programs for private sector participants.
- Identify and provide needed management training for micro and small scale enterprises.
- Provision of a minimum of 50 training courses for exporters.
- Provision of a minimum of 60 persons, months of specialized marketing and production technical assistance to exporters.
- Development of minimum of eleven export marketing studies.

## Figure 2

Excerpt from the *Country Assistance Strategy, Tanganyika, 1964* (p. 4)

### IV. A.I.D. Program Goals

A.I.D. will direct its assistance to the achievement of U.S. objectives by helping the Government of Tanganyika in:

1. Assisting in the Africanization, maintenance and improvement of the public service by (1) constructing facilities and assisting in staffing an Institute of Public Administration, (2) providing overseas training programs for senior administrative and executive personnel, (3) providing experts to survey and streamline government operations, and (4) supplying a few U.S. operating personnel to fill posts critical to development.

2. Developing Tanganyika's agriculture in a balanced manner which will increase farm incomes through (1) expanding and staffing an Agricultural College, (2) advising on improvement and arranging training for the Agricultural Extension Service, and (3) providing advisory and training assistance to agricultural and cooperative credit institutions and participation in available cooperative regional training.

3. Supporting the GOT's program of community development primarily by training Community Development workers and providing supplementary assistance to self-help projects.

4. Achieving a three-fold increase over 1961 in the annual number of secondary school certificate candidates by 1968 and achieving a four-fold increase in the annual number of higher school certificate candidates by 1968. Expanding and improving teacher-training facilities and promoting research and experimentation in teacher education practices.

5. Providing loan financing for selected infrastructure projects within the plan.

## CHAPTER 2: DEVELOPING THE CAPACITIES OF INGOS AND LNGOS

### THE EVOLUTION OF USAID'S PARTNERSHIPS WITH NGOS

Note: over the years the nomenclature for private voluntary organizations has changed from PVOs, which referred primarily to U.S. groups, to NGOs, which refers to both US and other national groups. Henceforth we will use the term LNGO for NGOs from the developing world (local NGOs) and INGO for those from the developed world (international NGOs).

With reference to US non-governmental organizations, the 1961 FAA Section 123, as amended, states: "*The Congress declares that it is in the interest of the United States that such organizations and cooperatives expand their overseas development efforts without compromising*

*their private and voluntary nature. The Congress further declares that the financial resources of such organizations and cooperatives should be supplemented by the contribution of public funds for the purpose of undertaking development activities in accordance with the principles set forth in this section.*” However, in the 1960s – its first decade of operation – USAID’s foreign assistance and local capacity development was predominantly bi-lateral (as it still is), and moved along government-to-government tracks. USAID officials dealt primarily with host country personnel – the heads of state, and the ministers and officials of government institutions in developing countries. Within the developing countries in Africa, Asia and Latin America, there were very few or no LNGOs that were interested in development or were seen to be capable of playing effective development assistance roles.

In the mid 1970s USAID made a clear policy and operational commitment to work with NGOs. A paradigm shift took place in USAID’s foreign assistance and local capacity development approach and operations in the mid 1970s. As noted above, the 1973 FAA promulgated “*New Directions*” and an emphasis on meeting “*Basic Human Needs*” at USAID. The huge RIF that took place within USAID during 1972-1973 and congressional directives to keep USAID’s staffing and budget ceilings low going forward, led to drastically different ways of getting the work done. Project/Program implementation work in particular was outsourced to U.S. consulting companies and U.S. NGOs.

A paper published in 1982 laying out the USAID policy toward NGOs recognizes that “*United States private and voluntary organizations (PVOs) have been active in humanitarian work overseas for more than a century... In the past twenty years in particular, PVOs have moved beyond relief, disaster assistance and distribution of food and have directed their energies more intensively toward alleviating the causes of poverty and improving the quality of human life in the Third World – i.e., toward development.*”<sup>12</sup> Many INGOs entering the international development arena in the 1970s began their foreign assistance and local capacity development work delivering humanitarian assistance. They learned how to work with USAID by applying for and getting relatively small grants through the American Hospitals and Schools Abroad Program (ASHA), Title II Food Aid programs and the Ocean Freight Reimbursement Program.

Some INGOs were deeply involved providing relief and assistance in Europe during the post war years and in supporting the European Recovery Program (Marshall Plan) implemented by the USG during 1947-1952. The Catholic Relief Services (CRS) for example, was established in 1943 with the explicit purpose of providing relief and supporting rehabilitation and reconstruction activities. Other INGOs began their work domestically or within the USA and then expanded their Mission overseas. For example, the National Cooperative Business Association (NCBA) was founded in 1916 when it was known as the Cooperative League of America to help primarily U.S. cooperatives share their practices and advocate their interests. In 1944, NCBA formed the Freedom Fund to help cooperatives recover in war-torn Europe. Subsequently, as a USAID partner, the NCBA CLUSA International Development Program has managed over 200 projects in 53 countries in East Asia, Africa and Central America.

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<sup>12</sup> *A.I.D. Policy Paper: A.I.D Partnership in International Development with Private and Voluntary Organizations.* Bureau for Program and Policy Coordination, U.S. Agency for International Development, September 1982, p.1.

During the 1970s and into the first decade of the twenty first century, the U.S. executive and legislative branches have steadfastly supported USAID's partnerships with INGO and private sector implementing partners. However, this support also reflects concerns, particularly about recognizing the importance of protecting the independence of INGOs. *"This authorizing legislation includes a requirement for individual PVOs to obtain at least 20 percent of their funding for international activities from sources other than the U.S. Government. It also places a floor for USAID spending on and through the PVO community of 13.5 percent of the aggregated amount appropriated to carry out the work defined in several sections of the FAA, and there is a target range of 16 percent for certain of USAID's budget accounts. In 1995, the Clinton Administration pledged to channel 40 percent of USAID's development assistance resources through NGOs, both U.S.-based and indigenous. This commitment was made in March 1995 when Vice President Gore introduced the New Partnerships Initiative (NPI) at the Social Summit in Copenhagen. However, a target level of 40 percent has not yet been incorporated into USAID's authorizing legislation."*<sup>13</sup>

The initial contractual nature of the relationship between USAID and the INGOs transformed into a relationship based on collaboration and partnership that was zealously guarded, elaborated and advanced by INGO lobbies, such as InterAction and the Advisory Committee for Voluntary Foreign Aid (ACVFA). The Agency stepped up its efforts eagerly and deliberately to consolidate and grow this partnership. USAID management instruments, such as strategic plans, progress reports, guidance to bureaus and Missions clearly articulated the agency's priority to work with and through INGOs. Special funding mechanisms, in the form of grants and cooperative agreements were applied over time and commonly used to expedite funds disbursement and facilitate operational flexibility on the ground for INGOs. The Office of Private and Voluntary Cooperation (PVC) was created in 1971 to register INGOs and under its multi-faceted PVO capacity development umbrella INGOs also learned how to meet USAID's financial and administrative requirements.

The growth of the USAID-INGO relationship since the 1970s is amply demonstrated by the breadth and depth of INGO international development and local capacity development activity and the vast sums of money that have gone to INGOs. By the 1990s, INGOs implemented a substantial share of USAID projects. INGOs were operating in practically every country that USAID worked in. INGOs implemented programs in all USAID sectors that had significant local capacity development components: agriculture, conflict resolution, democracy and governance, education, family planning, health, etc.

NGOs of both types, local and international, were viewed by USAID as being versatile, adept, nimble, and flexible on the ground. As a community, NGOs were seen to have the broad-based capacities to mobilize technical expertise in all sectors with, most importantly, local knowledge. USAID's BHN emphasis in the 1970s and 1980s melded naturally with the common NGO modus operandi – working at the "grassroots." When USAID turned to support more sophisticated government policy reform and institution building, INGOs stepped forward to undertake this type of specialized work too, across sectors, working for example, with health

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<sup>13</sup> *Office of Private and Voluntary Cooperation, Strategic Plan 1996-2000*. United States Agency for International Development, Bureau for Humanitarian Response, September 1996, p. 6.

ministries, parliaments and municipalities. A CAP LA respondent pointed out that in the case of U.S. INGOs, USAID could exercise greater fiduciary control than with local partners.

As noted earlier, USAID had become increasingly disenchanted with working directly with host country governments by the 1980s. The reasons are attributed to bureaucratic bottlenecks, the slow pace of implementation, corruption, disinterest and apathy on the part of national officials. So USAID turned to partnering with other kinds of organizations in the private and non-governmental sectors of developing countries. The Agency's new partnership directions proved to be a boon for INGOs since USAID regarded INGOs as being the natural allies of local organizations and used INGOs as intermediaries to reach out to LNGOs.

INGOs have predominantly worked through LNGOs and small community based organizations (CBOs) in developing countries. Even well known INGOs with large-scale global operations and their own offices in-country such as CRS, CARE, Mercy Corps, CHF Int'l, etc., worked with and through local organizations. As a result of these implementation imperatives, INGOs have had a tremendous formative and transformative impact on LNGOs. Historically, the LNGO sector in developing countries began to emerge in the 1970s and grew at an accelerated pace in the 1990s and onward through the opportunities for partnership opened up by INGOs and organizations from other donor countries. Many LNGOs were formed by local activists in response to the INGO's demands for local partners or were spun out of organizations established directly by INGOs. INGO country offices served as models for setting up LNGO offices. LNGO staff and volunteers often got project-related technical and management training from INGO staff and consultants. INGOs provided jobs and avenues for career growth to local technical specialists who eventually joined their governments or other donor agencies. Alluding to the emergence of the development industry in developing countries, a CAP LA respondent referred to experienced local INGO staff as *"being huge development resources for their countries. But these people are often invisible because their knowledge and skills are not counted."*

During this period of developing implementation partnerships with U.S. INGOs, USAID Missions had internal units manned by U.S. Direct Hire Staff (USDH) and Foreign Service Nationals (FSNs) dedicated to managing grants made to INGOs. But USAID Bureaus, offices and Missions usually had little or nothing to do with LNGOs. Instead, USAID left it mostly to the INGOs to execute service delivery either through their own staff or in partnership with LNGOs.

In the 1990s USAID placed increasing weight on partnerships with LNGOs and for-profit companies in developing countries. However, the existing modus operandi was not challenged or changed substantially, although some Missions had started awarding small direct grants directly to LNGOs. If local organizations were to be involved more, with greater emphasis on local capacity development, the expectation was that INGOs and U.S. consulting firms would play dominant intermediary roles by controlling funds disbursement, determining program content and directing training and technical assistance for LNGOs. Much of this was dictated by the fact that many LNGOs could not pass the requirements for financial audits needed by auditors. USAID's policy guidance in 2002 reflects this approach:

*“USAID policy is that the Agency must capitalize on the growing role, importance, and capacity of indigenous NGOs:*

- As the responsibility for direct service delivery increasingly shifts from U.S. NGOs to indigenous NGOs, U.S. NGOs have a vital role to play as trainers for, and supporters and facilitators of, indigenous NGO-implemented activities;*
- USAID must actively encourage the formation of effective partnership relations between U.S. NGOs and indigenous NGOs;*
- USAID must facilitate the provision of direct assistance to indigenous NGOs to strengthen their capacity and support their development activities; and*
- USAID must assist U.S. NGOs to build their capacity to assist indigenous NGOs where the assistance will strengthen the ability of the indigenous NGO to function in USAID priority areas.”<sup>14</sup>*

However, the modalities of USAID’s partnerships, including the USAID-INGO-LNGO linear relationships produced their own contradictions, limitations and dysfunctions. The reforms initiated by USAID Forward and IPR are trying to address these limitations and are exploring new avenues for advancing local capacity development by ensuring, for example, that more funds are awarded directly to local organizations. These problems and potential solutions are discussed in greater detail in Chapter 5 and in Part Two of this study.

## **THE OFFICE OF PRIVATE AND VOLUNTARY COOPERATION (PVC)**

### ***PVC’S ROLE AND OBJECTIVES***

PVC demonstrates USAID’s direct efforts to develop the capacities of INGOs and through INGOs, the capacities of LNGOs. USAID established the Office of Private and Voluntary Cooperation (PVC) in 1971. For over 35 years, PVC played a leading role in developing USAID’s partnerships with the ever growing community of INGOs involved in delivering foreign assistance and in strengthening the organizational and technical capacities of INGOs and their Southern LNGO partner organizations. PVC was a small office within USAID, with a relatively small budget. However, it played a unique role with a long reach in championing the causes of INGOs and LNGOs agency-wide. PVC is widely seen to be an important catalyst in “*professionalizing*” international work undertaken by the non-governmental sector.

The PVC Strategic Plan prepared in 1996 comments, “*Traditionally, PVC's support to the PVO community has served as a bellwether of USAID's overall commitment to the USAID/PVO partnership. In FY 1995, PVC's grant programs amounted to \$51 million, of which \$45.5 million was allocated to supporting NGOs and \$5.5 million was focused on assistance to CDOs.*”<sup>15</sup> A

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<sup>14</sup> *U.S. Agency for International Development Policy Guidance: USAID-PVO Partnership.* Bureau for Policy and Program Coordination, Bureau for Democracy, Conflict and Humanitarian Assistance, Office of Private and Voluntary Cooperation, April 13, 1995, Revised August 6, 2002, p.8.

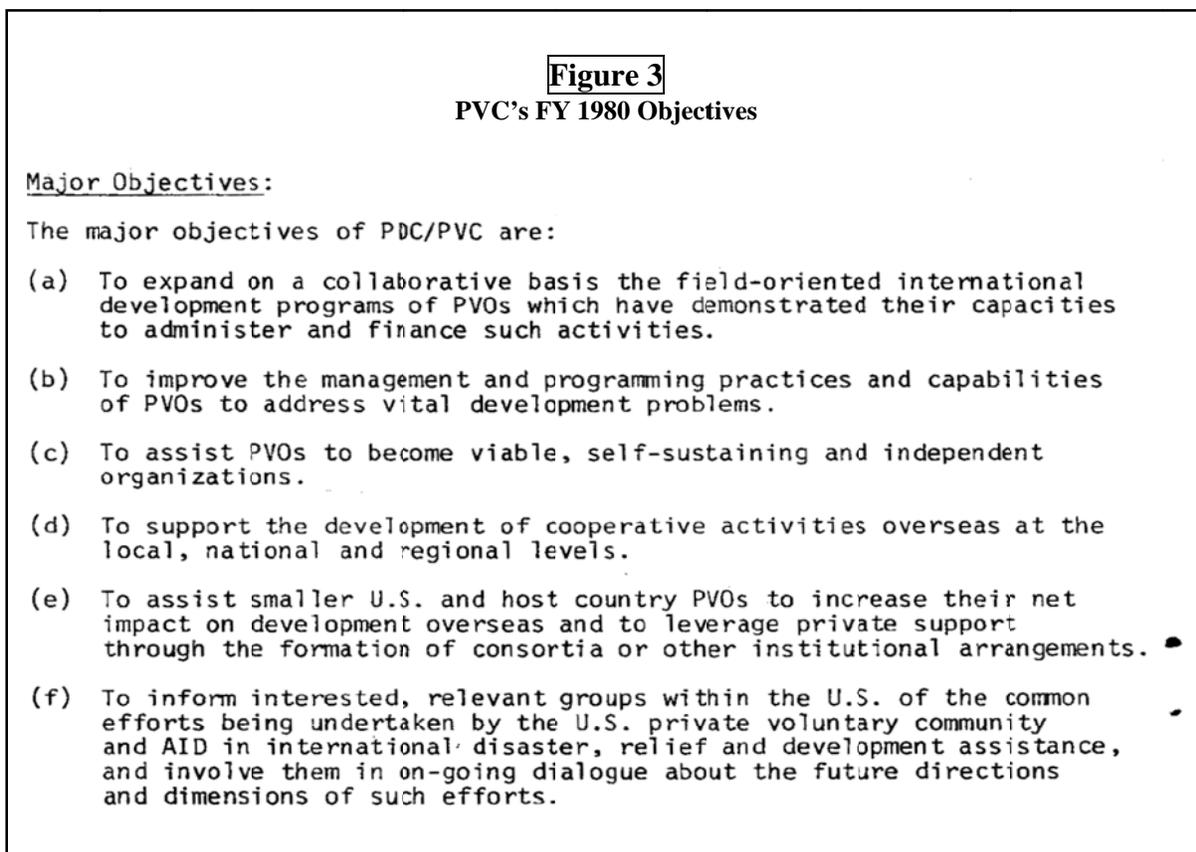
<sup>15</sup> *Office of Private and Voluntary Cooperation, Strategic Plan 1996-2000.* United States Agency for International Development, Bureau for Humanitarian Response, September 1996, p. 6.

large number of NGOs benefited, “As of October 1995, of the 434 U.S. NGOs registered with USAID, 130 were receiving assistance from PVC.”<sup>16</sup>

PVC played a strategic communication and capacity development role that supported USAID’s overall Mission to work with and through INGOs since the 1970s. As INGOs and LNGOs swarmed to partner with USAID, the agency needed to build its own capacity to work with the INGO sector. PVC was USAID’s point of central contact and communication with the growing and vociferous INGO community. PVC took center stage in communicating the agency’s development priorities to the INGO community and training them on meeting the agency’s U.S. federal government financial management and other requirements.

PVC was re-located several times within different AID/W Bureaus and reflected USAID’s changing programming emphases. However, its mission and objectives remained consistent and in fact, resonated with greater clarity and strength over the decades. In 1978, for example, PVC was located within the Bureau for Private and Development Cooperation and in keeping with USAID’s programming priorities, was urging INGOs to meet basic needs in Developing Countries. PVC’s FY 1980 Budget Submission presents its objectives as illustrated in Figure 3.

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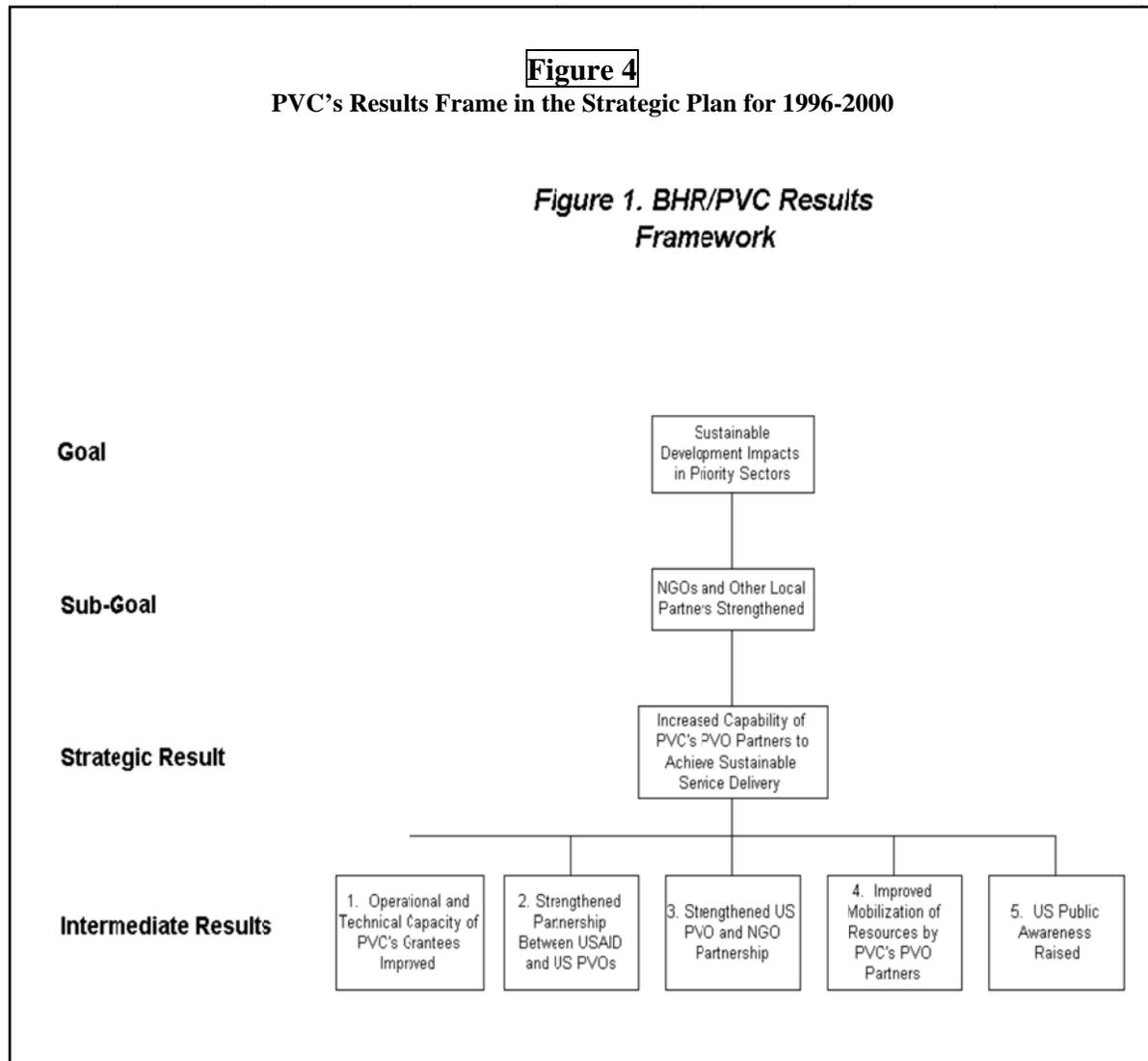
<sup>16</sup> *Ibid.*

<sup>17</sup> *FY 1980 Annual Budget Submission*: Office of Private and Voluntary Cooperation, Bureau for Private and Development Cooperation.

PVC’s strategic plan for 1996-2000 prepared in 1996 for the most part, articulates these same objectives through a results framework illustrated in Figure 4. By then located within USAID’s Bureau for Humanitarian Response, PVC expressed a desire to align itself with the agency’s re-engineering priorities. There is an added emphasis on sustainability. In rationalizing its strategic goal and single strategic objective in retrospect, PVC explains that its *“aim was to focus on capacity building not as an end in itself, but rather as the means, or foundation, for ensuring that grant programs result in the provision of needed goods and services to people in the countries USAID assists. At the level of its strategic objective, PVC’s interest goes beyond the institutional capacity of individual PVOs. What is important from a development perspective is the continuous improvement in the capability of the PVO community as a whole to respond effectively to the full range of challenges facing developing countries.”*<sup>18</sup>

**Figure 4**  
**PVC’s Results Frame in the Strategic Plan for 1996-2000**

**Figure 1. BHR/PVC Results Framework**



<sup>18</sup> *Office of Private and Voluntary Cooperation, Strategic Plan 1996-2000.* USAID, Bureau for Humanitarian Response, September 1996, p. 12-15.

The thematic emphases of PVC's objectives throughout the decades steadily reiterated and amplified its strong commitment to:

- Foster strong, diverse, expanding and enduring partnerships between USAID and INGOs and their local partners;
- Communicate USAID's priorities to INGOs;
- Preserve the independence of INGOs as private and voluntary entities;
- Use INGOs to mobilize non-U.S. government funds for international development based on the FAA requirement for INGOs to show that at least 20% of their funds came from non-U.S. government sources;
- Ensure through the provision of PVC contracted training and monitoring, that INGOs met the U.S. government's accounting and audit requirements;
- Provide grant funds, training and technical assistance to INGOs to build strong internal management systems and become proficient, for example, in planning, performance monitoring and project evaluation.
- Provide grant funds and a safe space for INGOs and CDOs to innovate, venture into new areas of programming, adopt new program models, replicate and scale-up their programs;
- Facilitate the registration of INGOs with USAID;
- Provide information on INGOs and LNGOs to the U.S. Congress, USAID bureaus, office, field Missions and other entities.

## ***PVC PROGRAMS***

During 35 years of operation, PVC led an amalgam of rather disparate grants program. The PVC programs which aimed at strengthening the technical and organizational development capacities of NGOs and their partners in the developing world comprised the Development Program Grants, Operational Program Grants, the Matching Grants Program, the Child Survival Grants, and the Cooperative Development Program.

### Development Program Grants and Operational Program Grants

The Development Program Grants (DPG) and the Operational Program Grants (OPG) represent the first generation of PVC's programs. These two programs aimed at "*professionalizing*" INGO operations and helping them meet U.S. federal government requirements. However, the two grants programs ran along different tracks. DPGs aimed at mainly strengthening INGO U.S. head-office operations to help them develop the financial and administrative management systems necessary to meet USAID's compliance requirements and other current management best practices, relating to for example, board establishment, strategic planning, performance monitoring and program evaluation. It is of interest to note that the DPG provided what is today called "core funding." They "*funded administrative costs that were difficult to finance from foundation or corporate sources where the interest was primarily in the support of projects.*"<sup>19</sup>

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<sup>19</sup> *The Work of the Office of Private and Voluntary Cooperation: Thirty Five Years of Accomplishment*. Paper (not yet published) commissioned by the Office of Private and Voluntary Cooperation, Stark Biddle, 2006, p. 12.

A CAP LA respondent described the OPGs as being “*similar to present-day foundation grants.*” OPGs had an INGO field-based track and were granted to help them execute projects of interest to Missions, but which were proposed by the INGOs. PVC also subsequently introduced the broader Operational Program Grants (OPGs) that went beyond organizational strengthening and allowed funding for a single project in one country. OPGs were funded by Regional Bureaus and Missions.

DPGs and OPGs had limitations. PVC ran only one round of DPGs since DPGs were one-time grants for three years. Only a few INGOs got DPGs and OPGs. The latter were apparently hard to get. When the DPGs ended, INGOs agitated through their newly formed lobbying organization, InterAction, for more grant programs and for grant programs that would allow smaller INGOs to be competitive. A PVC report recalls that in February, 1978, USAID officials met with 180 representatives of INGOs to review alternative funding mechanisms. A CAP LA respondent said a continuing complaint by smaller INGOs was that only the larger INGOs were getting grants from PVC.

### The Matching Grants Program

PVC’s Matching Grants Program (MGP) started during 1978-1979. A CAP LA respondent describes the MGP as “*a quantum leap in PVC’s grant-making history,*” In many respects, the MGP was PVC’s flagship program, exemplifying bold vision, innovative design and a certain willingness to take risks in investing in INGO and LINGO capacity development. Matching Grants were described as “*Comprehensive Program Grants*” since they integrated multiple relationships and maximized capacity development and technical programming flexibility. A CAP LA respondent and former USAID staff member explained, “*We wanted grants that were driven by clear objectives and scopes of work (SOWs). We started by hiring external evaluators to do mid-term and final evaluations. Later, in the 2000s the evaluation money was added to the grants because we wanted the PVOs and LINGOs to be able to do their own evaluations. We wanted the proposals to tell us how the PVOs intended to do capacity development.*” CARE for example had a program called “*Partnership for Household Livelihood Security*” (PHLS) which focused almost entirely on CD.”

The MGP Requests for Applications (RFA) were tweaked during each round of grant-making responding to demands for change over time and hence accommodating, for example, mechanisms to make awards in categories defining large, medium and small INGOs. A CAP LA respondent also mentioned that the MGP accommodated “*Mentoring Grants*” which allowed a large INGO partnering a smaller INGO to apply jointly for a grant.

Matching grants were highly competitive and “*preparation required considerable analysis and careful strategic thinking if the application was to be successful. Second, it required the recipient to provide half of the program costs which for many U.S. PVOs, particularly in the early years of the Program, constituted a daunting task and compelled them to reach out creatively to new funding sources. Thirdly, the Program invariably linked a direct capacity building component such as the establishment of an evaluation function, with a country based program component that could experiment with and test innovative approaches and new insights. Finally and of great significance to PVOs was the fact that Matching Grant funds were multi-year and multi-country*”

and a limited amount of money was made available for core costs, salary costs and headquarters costs.”<sup>20</sup>

The MGP RFAs basically called for field oriented programs to be implemented in 2-6 countries focusing on capacity building in multiple sectors, such as program areas relating to economic growth, population and health, environment, democracy and governance, human capacity development, HIV-AIDS, conflict prevention/resolution, disaster mitigation, post disaster management and information technology. First time applicants were eligible for 3-year grants and more experienced applicants were awarded 5 years. The grants eventually turned into the award of Cooperative Agreements in the 1990s requiring “*substantial involvement*” by USAID, for example, requiring the selection of key NGO personnel, monitoring and evaluation to take place in conjunction with a USAID Cognizant Technical Officer. Applicants were required to be a U.S. NGO demonstrating a minimum track record of 3 years with an external program evaluation and the ability to provide at least a 50% U.S. dollar cash match. Application review criteria generally focused on Program Justification (10%); Partnership Formation Objectives (10%); Capacity Building Objectives (20%); Service Delivery Objectives (15%); Sustainability Strategy (10%); Performance Measurement (10%); Planning Matrix (10%); Program Management (10%). The grant award decision-timeline was on average ten months. PVC administered around 35 Matching Grants each year. About one third of the grants were new grants. In 1993, from its total budget of \$58,847,872, PVC obligated \$14,500,000 for Matching Grants. The chart below summarizes a Matching Grant for Accion.<sup>21</sup>

**Figure 5**

**A PVC Matching Grant for Accion in 1993: A Summary Description**

**Accion International (AITEC)**

**PROJECT DATES: 06/89-05/93 GRANT NUMBER: OTR-0158-A-00-9113-00 PROJECT NUMBER: 938-0158 PROJECT OFFICER: Devorah Miller**

**LOP: 1,503,000 PVC ANNUAL FUNDING LEVELS: FY 89: 300,000 FY 90: 300,000 FY 91: 600,000 FY 92: 300,000**

**PURPOSE:**

To strengthen the capacity of local affiliate organizations in selected Latin American countries to expand their credit and training projects for microenterprises; to innovate and experiment with new approaches to microenterprise assistance; and to share these experiences with the broader development community. AITEC will develop training materials to prepare for and accommodate credit access in secondary towns and rural areas; professionalize efficient methods throughout the program; and train AITEC field staff to assist in credit expansion directed to poor and/or female micro-entrepreneurs.

**COUNTRIES:**

Bolivia, Costa Rica, Ecuador, Guatemala

<sup>20</sup> *Ibid.*, p. 12.

<sup>21</sup> *BHR/PVC Project Portfolio 1994*. United States Agency for International Development, Bureau for Humanitarian Response, Office of Private and Voluntary Cooperation.

## Child Survival Grants

PVC's administration of the Child Survival Grants Program established by Congress in 1985 illustrates *"its leadership role in introducing new approaches and developing programmatic trends."*<sup>22</sup> Unlike the MGP, Child Survival Grants had a narrow sector focus and *"supported U.S. PVOs that worked in the area of primary health care. The Program was sharply focused on lowering the incidence of death from infant and childhood diseases and improving the health status of children and mothers living in deprived areas. High priority was given to support of activities that were sustainable and low cost. While funds were sometimes included for organizational strengthening, particularly in support of health delivery systems, the unequivocal purpose of the Program was to reduce infant mortality."*<sup>23</sup>

Between 1985 and 1999 PVC funded more than 300 child survival programs in 44 countries with more than 35 NGOs. With PVC funds obligated at \$14,433,999 in 1993 (with \$14,500,000 allocated for Matching Grants from the total PVC budget of \$58,847,872), the Child Survival grants represented as large a chunk of grant funds as the MGP. In 1993, PVC was planning to manage around 30 Child Survival Grants annually.

Generally, the Child Survival Grants RFAs were more demanding technically. Applicants were required to be US-based INGOs registered with USAID, demonstrating at least 20% private support and the ability to contribute at least 25% of the total cost of the proposed project from non-governmental resources. Applicants needed to have prior experience in implementing community health related projects and have a formal operational presence in the country where the child survival program was proposed.

The Child Survival Grants Program strove to combine and balance the urgency of providing critical services to children with responding to PVC's INGO and LNGO capacity development objectives. The desired programming areas focused on increasing the organizational, managerial and technical competencies of NGOs implementing programs that measurably improved maternal and child nutrition and health. Countries and/or program sites with under-5 mortality rates higher than 100 deaths per 1,000 live births were prioritized.

Child Survival Grants applications were evaluated competitively on the basis of Budget Information; Executive Summary and Overall Application; Description of the NGO Applicant; Problem Analysis and Strategy Options; Program Approach; Capacity Building; Sustainability; Child Survival Interventions; Performance Monitoring and Evaluation; Management Plan. Child Survival Award decisions were made in 3-4 months compared with the MGP's 10 months on average.

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<sup>22</sup> *Office of Private and Voluntary Cooperation, Strategic Plan 1996-2000*. United States Agency for International Development, Bureau for Humanitarian Response, September 1996, p. 7.

<sup>23</sup> *The Work of the Office of Private and Voluntary Cooperation: Thirty Five Years of Accomplishment*. Paper (not yet published) commissioned by the Office of Private and Voluntary Cooperation, Stark Biddle, 2006, p. 13.

Figure 6<sup>24</sup> illustrates a Child Survival Grant award to World Vision. PVC's project portfolio in 1994 lists several separate Child Survival Grants to World Vision. Possibly, in order to respond widely and speedily to crises on the ground, the Child Survival Grants Program allowed an INGO to operate more than one (up to eight in 1999) ongoing Child Survival programs and Child Survival cooperative agreements (up to two cooperative agreements in 1999). It is worth noting that Missions had little or no role in overseeing these grants.

**Figure 6**  
**PVC Child Survival Grant to World Vision**

**Child Survival & Vitamin A**

**World Vision Relief and Development, Inc. (WVRD)**

**PROJECT DATES: 09/92 -08/95 GRANT NUMBER: FAO-0500-A-00-2042-00 PROJECT NUMBER: 938-0500, 938-0284 PROJECT OFFICER: Rose Robinson**

**LOP: 2,093,735 PVC ANNUAL FUNDING LEVELS: FY 92: 1,943,735 (CS); 150,000 (Vit-A)**

**PURPOSE:**  
To work closely with target communities in Honduras to increase families' ability to manage diseases and to increase local health posts' abilities to provide services. This project is located in 10 peri-urban communities of Tegucigalpa, the capital of Honduras. To train two local NGOs in Indonesia in technical, administrative, and fund-raising capabilities so they can assume responsibility after child survival funding ends. To provide sustainability through strong community involvement and income generating activities in Nigeria. To emphasize expansion of service delivery outreach, skill transfer and social mobilization in Papua New Guinea in order to expand the government's ability to implement their National Health Plan in the project area.

**COUNTRIES:**  
Honduras, Indonesia, Nigeria, Papua New Guinea

### The Cooperative Development Program

In accordance with the FAA of 1961, Sections 111, 123 and 601, USAID has supported cooperative development since the 1960s. USAID's interest and continuing support for cooperative development overseas has been strongly influenced by the success of U.S. domestic cooperatives. The partnerships between U.S. cooperatives and cooperatives in developing countries demonstrate the strong ripple effects of successful models and the benefits of mutual learning.

PVC has awarded grants to cooperatives since its first decade of operation. These grants were initially awarded on a small scale. For example, in 1978 PVC was planning to award five

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<sup>24</sup> *BHR/PVC Project Portfolio 1994*. United States Agency for International Development, Bureau for Humanitarian Response, Office of Private and Voluntary Cooperation.

cooperative grants in 1980. By 2000, PVC was awarding 8-10 cooperative development grants. PVC's Cooperative Development Grants Program remained modest in scale. However, the Cooperative Development Grants Program generated valuable learning and illustrated innovative and realistic approaches to grant-making.

U.S. Cooperatives and recognized cooperative development organizations were eligible to apply for these grants. Unlike PVC's MGP, there was no mandatory formula for matching funds, although applicants were encouraged to propose matching funds. The grants were awarded for a period of 3-5 years and could be extended generally up to ten years. This provisional, extended timeline was propitious for grantees to take action based on learning, create more durable relationships with counterparts and support institutional changes.

The application review criteria during the late 1990s gave weight to development experience or to applicants demonstrating contributions to international cooperative development; applicants proposing activities with potential to add to the theory and practice of cooperative development; applicants demonstrating the commitment to integrate lessons learned into their own programs and the commitment to disseminate these lessons to the larger community of cooperatives; and applicants having the staff with expertise to carry out such activities.

The grants were applied by U.S. cooperative organizations to deliver services in developing countries, such as the provision of credit, agribusiness, housing, small business development, rural electrification and other utilities, etc. The emphasis placed on developing the capacities of both grantee U.S. cooperatives and their local counterparts intensified during and after the late 1990s. PVC encouraged cooperative grant uses such as doing basic feasibility studies; providing advisory services and technical assistance to local cooperatives, LNGOs or governments establishing new cooperatives or improving existing cooperatives; developing, testing and implementing solutions to challenges facing cooperatives, for example, regarding governance, management, cooperative legislation and regulation; and achieving scale.

The Cooperative Development Program survived PVC's closure in 2006 and is now located within USAID's Office of Innovation and Development Alliances, Local Sustainability Division. The Cooperative Development Program retained its mission, grants model and scale of operation. Its budget has increased over time from about 5.5 million dollars in 1997 to around 10 million dollars today. Currently, the Program partners 10 U.S. Cooperative Development Organizations. The Cooperative Development Program also established a line of continuity between PVC and IDEA/LS. An important element in this continuity is the Program's continuing focus on making enduring partnerships between U.S. cooperative development organizations and cooperatives in developing countries a vehicle for mutual capacity development. The Program's current Web page says:

*“The CDP is a five-year competitive grant program that responds to the needs of local, host country cooperatives and other member-owned businesses by utilizing the expertise and resources of long-established U.S. cooperative organizations, their members, and volunteers. The program focuses on developing, implementing and extending workable solutions to key cooperative development challenges, including:*

- *Restrictive cooperative laws and regulations*

- *Policy-based governance*
  - *Raising member financial participation as a major element in self-reliance*
  - *Achieving scale consistent with quality*
  - *Reducing the dependency that can result from external assistance*
  - *Building mutually-beneficial business and trade relationships between U.S. and partner cooperatives*
  - *Expanding access to cooperatives throughout USAID partner countries*
- The program's public outreach also helps raise U.S. cooperative and member awareness of international development efforts.”*

### The Advisory Committee on Voluntary Foreign Aid

For many years, the Advisory Committee on Voluntary Foreign Aid (ACVFA) “secretariat” was located within PVC and its activities were integrated with PVC’s efforts to champion the interests of the INGO community. ACVFA has a long history which pre-dates PVC. In 1946, ACVFA was “*established by Presidential letter to the Secretaries of State and Agriculture, May 15, 1946, to serve under Department of State as liaison between the government and non-public organizations engaged in foreign assistance activities.*”<sup>25</sup> ACVFA was transferred to USAID in 1961 and eventually housed within PVC. The ACVFA Charter requires a Designated Federal Government Official to be the ACVFA Executive Director. So when the ACVFA secretariat was located within PVC, the ACVFA Director was a senior USAID/PVC staff member.

The ACVFA Charter describes the Committee’s objectives and duties as follows:

*To serve as a focal point for relations between the U.S. Government and private and voluntary organizations active in the fields of relief, rehabilitation and development overseas.*

*To assure that the voluntary sector plays a vital and dynamic role in the formulation and execution of foreign assistance programs.*

*Description of Duties: to consult with, provide information to and advise the U.S. Agency for International Development (USAID), and other U.S. Government agencies, as appropriate, on matters and issues needing attention across a wide spectrum of development issues related to foreign assistance in which the U.S. Government and private and voluntary organizations interact.*

*To provide information and counsel to the community of private and voluntary organizations working abroad in relief, rehabilitation, and development on issues of concern regarding their relations with USAID and other U.S. Government agencies. To foster public interest in the field of voluntary foreign aid and the activities of private and voluntary organizations.”*<sup>26</sup>

Throughout its history with PVC, ACVFA performed a central role in supporting PVC’s NGO capacity building work through its communication and outreach functions. The ACVFA Charter requires the Committee to hold meetings within a specified period to facilitate consultation and exchange between the USG and the INGO community. During 2000-2002 for example, ACVFA meetings were held quarterly, usually attracting 250-500 participants. The meetings were

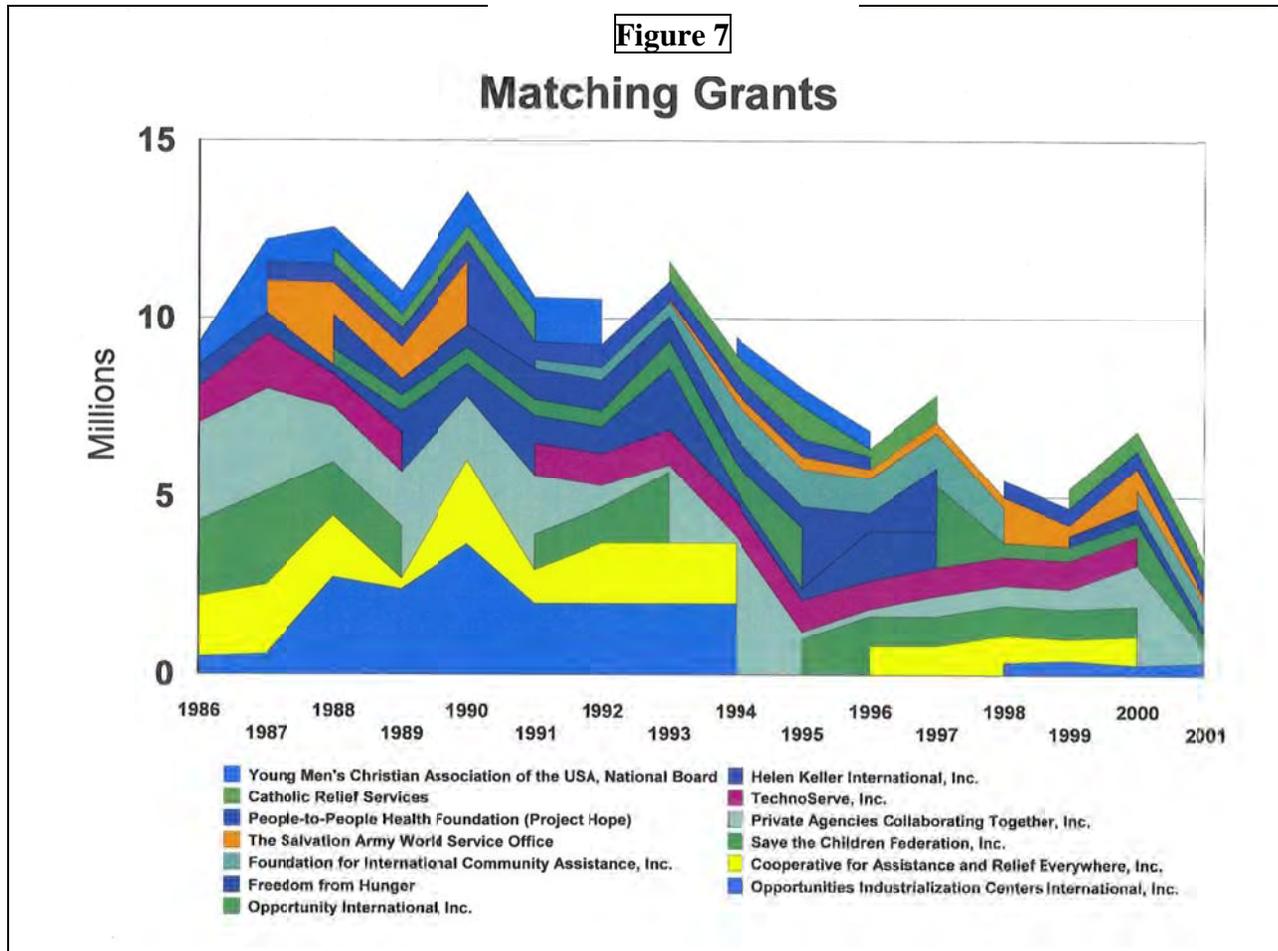
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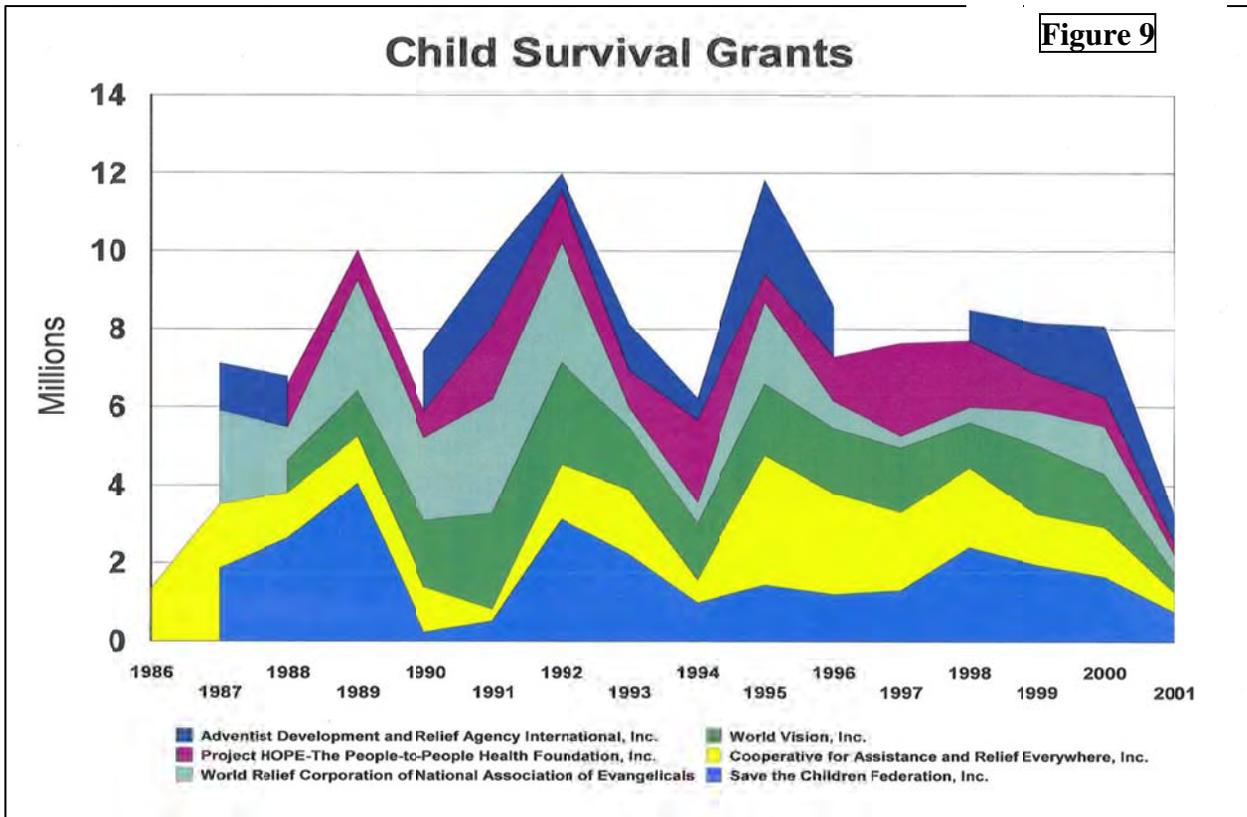
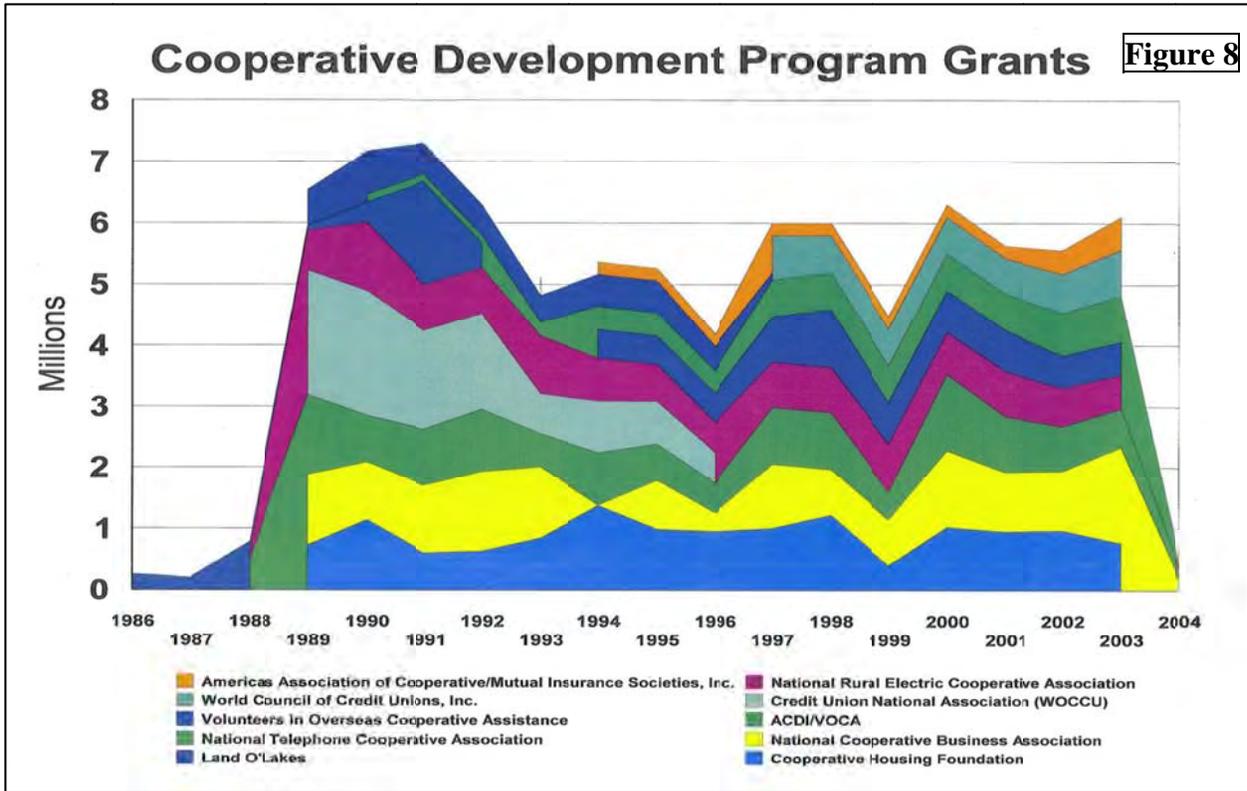
<sup>25</sup> 220.5.6 Records of the President's War Relief Control Board.

<sup>26</sup> *Charter of the Advisory Committee on Voluntary Foreign Aid*. Sections 3 & 4. Filing Date, January 10, 2011.

attended by a wide range of U.S. foreign assistance stakeholders drawn from INGOs, universities, the for-profit sector, LNGO and multi-lateral development organizations. Besides these meetings, the ACVFA secretariat organized numerous other gatherings, such as workshops, conferences and information sharing sessions, where, for example, PVC officials would clarify and answer questions relating to its RFA (Request for Application). ACVFA gave voice and synergy to the PVO community. ACVFA is used by USG and USAID officials to communicate the USG's foreign assistance policies, priorities, programs and opportunities for collaboration to the NGO community. The INGO community uses ACVFA to raise questions and concerns. A CAP LA respondent noted that "ACVFA lost its representative character for NGOs and became more of a political and public relations instrument for USAID after it was taken away from PVC."

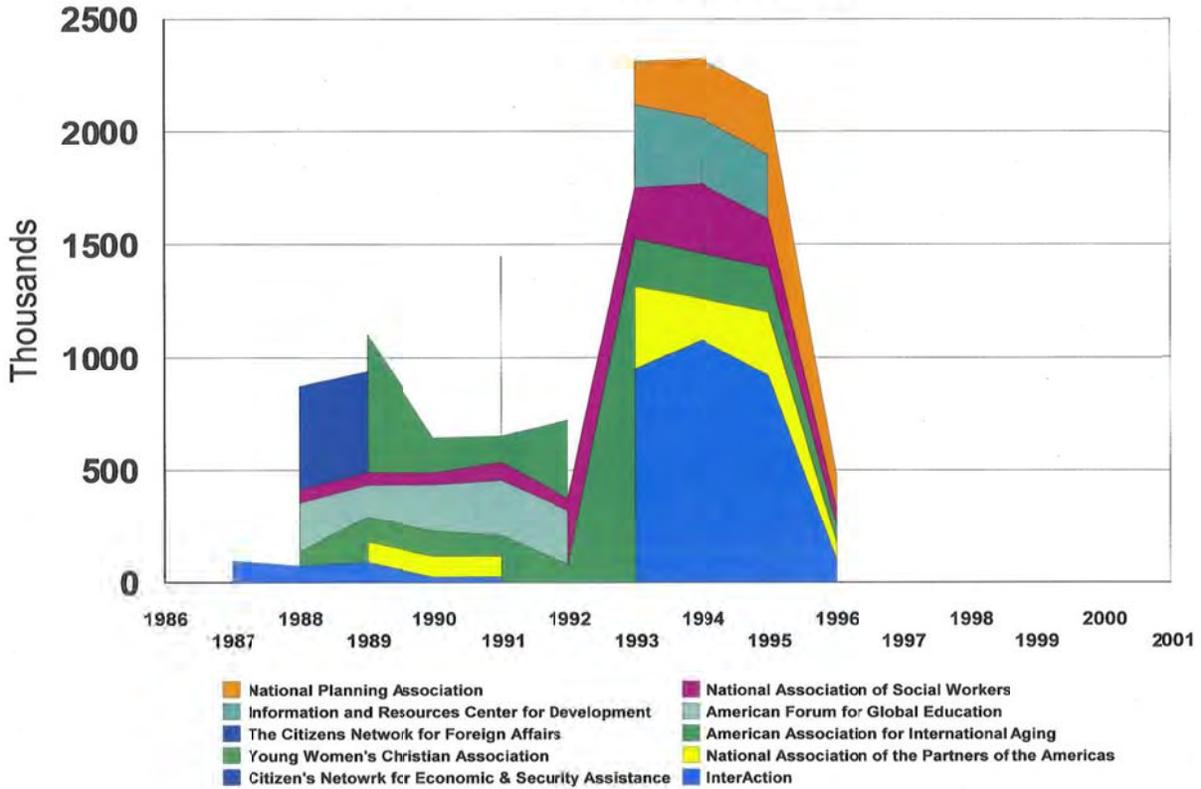
Figures 7 through 13 show how PVC was divided into its various grant programs over the years.





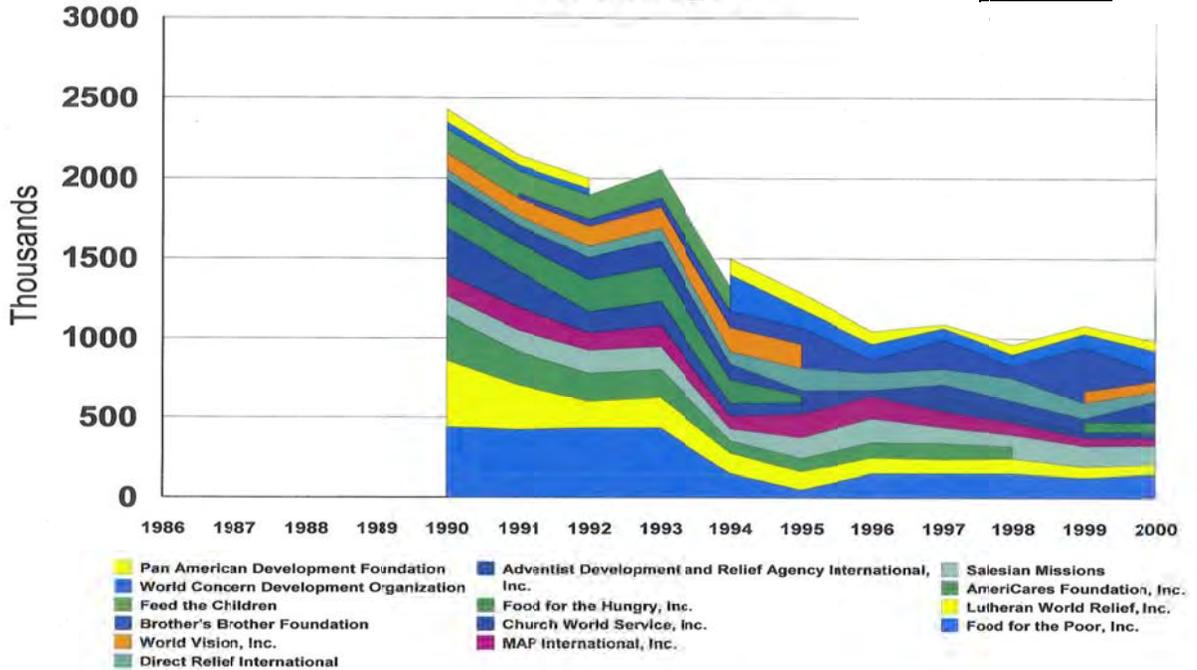
## Development Education Grants

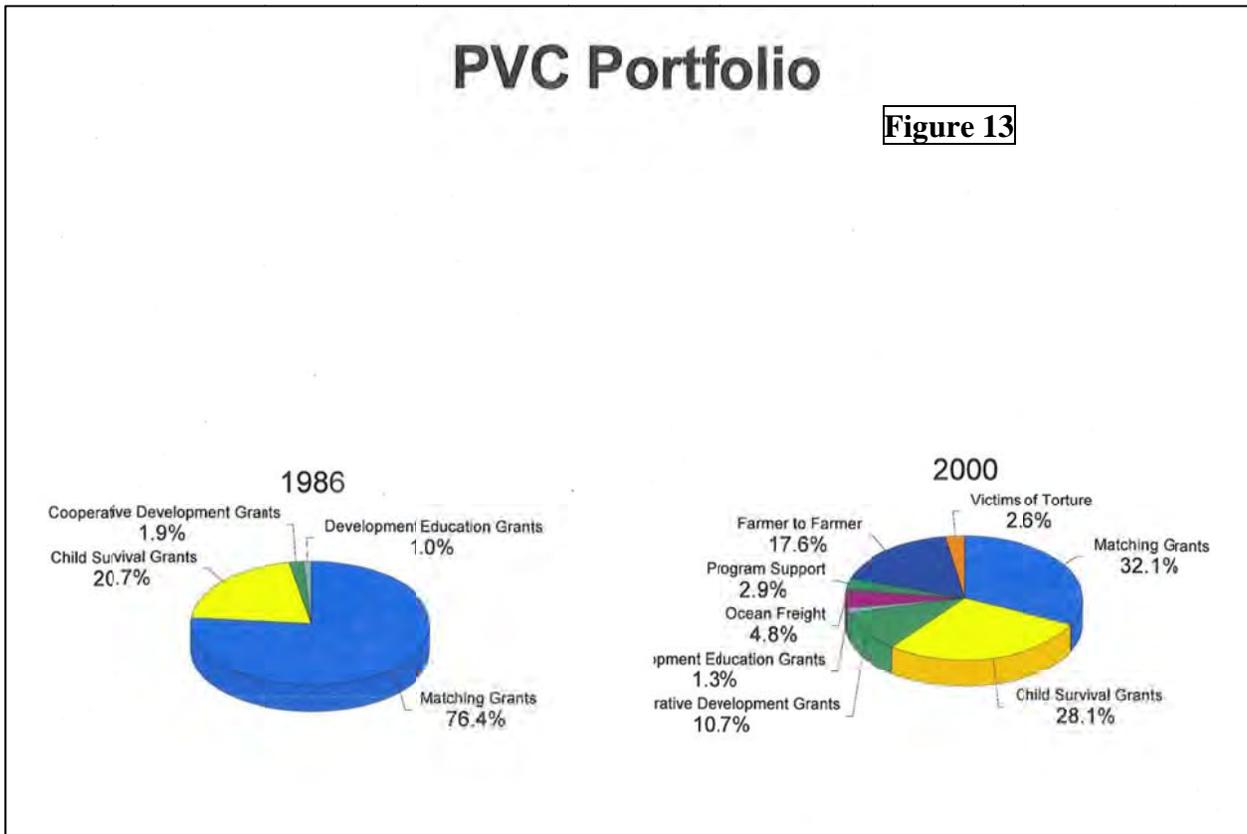
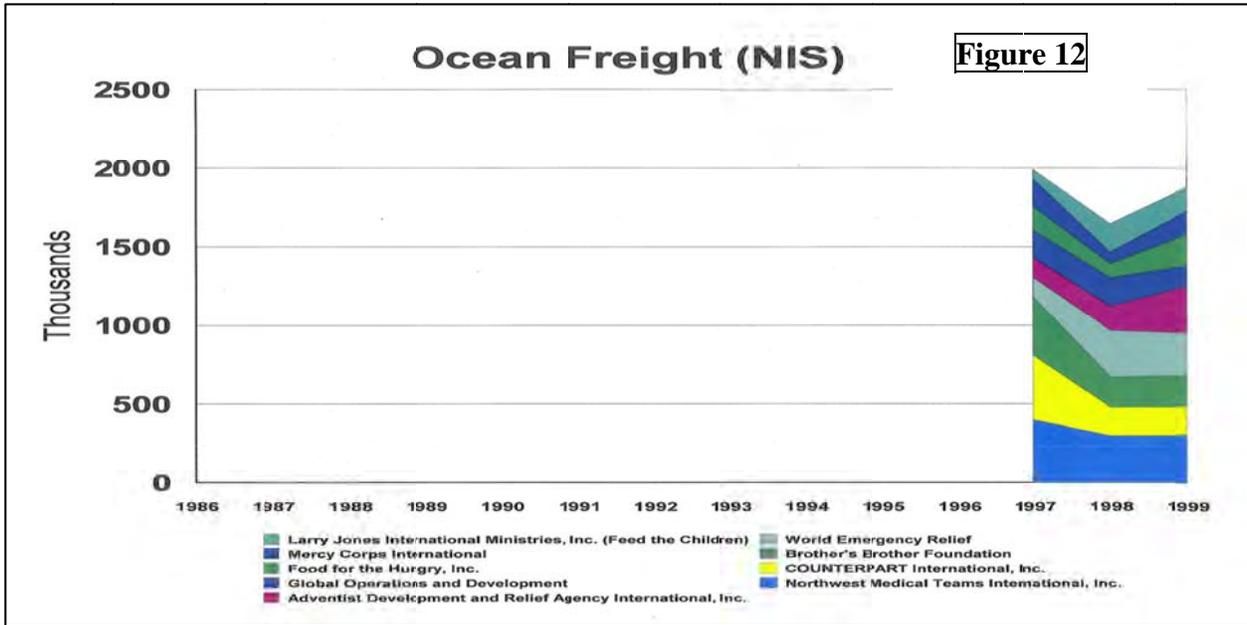
Figure 10



## Ocean Freight

Figure 11





## ***PVC'S IMPACT***

PVC's career was assailed by critiques questioning its role and impact. This discourse was marked by arguments about whether organizational capacity building led to real and measurable results; how much should be invested in capacity building versus service delivery; whether the grants disproportionately benefited large and well known INGOs; whether USAID Missions were adequately involved; whether or not INGOs had succeeded in developing strong LNGOs, etc. However, the prevailing view seems to be that PVC did play a catalytic role in growing USAID's relationship with the U.S. and LNGO communities and building the technical and organizational capacities of these organizations, especially in mainstreaming systematic planning, performance monitoring and program evaluation. PVC's contributions can be broadly categorized as follows:

- Helping INGOs to establish and expand working relationships with USAID
- Providing core support for developing the internal organizational capacities of INGOs
- Supporting technical innovations, program expansion, replication and scale-up by INGOs and LNGOs
- Strengthening working relationships between INGOs and LNGOs
- Facilitating dialogue between USAID and the INGO community

### Helping INGOs to establish and expand working relationships with USAID

PVC served as the agency's point of contact and center for information on INGOs. PVC played a key role in legitimizing and propagating the agency's partnerships with INGOs, both on the policy front as well as practically. For example, PVC managed the agency's INGO registration process. This registration process enabled the Agency to identify INGOs interested in partnering with USAID and certify INGOs meeting the accountability standards necessary for applying for USAID assistance. The Code of Federal Regulations, Title, 22, Part 203 provides the rules that govern INGO registration by USAID. USAID's annual VOLAG report was an important source of information on USAID's INGO partners, since it published the list of registered INGOs along with relevant activity summaries.

PVC also provided a point of entry to nascent, smaller INGOs or to U.S. NGOs working in the domestic sector interested in doing international work. A CAP LA respondent reminisced that some INGOs learned how to apply to USAID by initially applying for smaller grants from the PVC programs with a longer history, such as ASHA and the Ocean Freight Reimbursement Program. By the late 1990s PVC's MGP included selection criteria for awarding grants to small and medium sized INGOs. PVC's policy to debrief unsuccessful applicants helped some INGOs to be successful later in winning grant awards.

### Providing core support for developing the internal organizational capacities of INGOs

PVC's grants provided in-built opportunities for INGOs to develop their internal management systems for institutionalizing strategic planning, performance monitoring, evaluation and training and technical assistance for staff and partners including LNGOs. *"For PVOs like TechnoServe, Matching Grants were transformational and provided for the establishment of advanced capacities such as a policy planning office and later allowed the organization to implement a*

*significant change in basic strategy that improved effectiveness. For small INGOs like the Mountain Institute, Matching Grants helped create basic skills in organizational development and program evaluation and allowed them to experiment with the establishment of new offices in new regions.*<sup>27</sup> Referring to CARE International's use of Matching Grants to venture into recruiting monitoring and evaluation specialists, establish a regional training center and to get into agro-forestry, a new sector for CARE at that time, a CAP LA respondent stated flatly that CARE would never have made these investments on its own. In response to the question of whether these institutions were sustainable, the respondent replied that sustainability is much more than continuing programs. Sustainability is also about instituting fundamental changes in thinking and organizational behavior. Indeed, today, for example monitoring and evaluation have become core and routine functions with dedicated personnel within many INGOs and large LNGOs.

PVC is seen to have moved the needle on INGO and LNGO capacity development. Importantly, PVC recognized that INGOs and LNGOs had evolving needs corresponding to their stage in organizational development, sector and environment. PVC encouraged standards and capacity development methods that eventually became commonly applied standard practices. The Office recommended or made available various types of resources, including technical assistance providers, mentors and tools, such as the Global Excellence in Management (GEM) support service from Case Western University and the Discussion Oriented Self Assessment (DOSA) tool. *"Beyond a common emphasis on access to resources, some PVOs focus on enduring and transparent systems of NGO governance, including such elements as board roles, supervisory practice, and ethics. Leadership development is a major emphasis of the GEM project and is a subset of the management development that is a part of many PVOs capacity building strategies....Tools for capacity assessment such as the OCA and DOSA methods supported by PVC provide valuable mechanisms for organizational learning."*<sup>28</sup>

### Supporting technical innovations, program expansion, replication and scale-up by INGOs and LNGOs

PVC is credited with fostering entrepreneurial and innovative approaches to programming and providing "a safe space" for organizations to experiment with new technical models and practices. As one grantee put it, *"The Grant provided us with critical assistance as we developed and tested our civil society framework that eventually became our overarching theory of change. The support gave us the essential space for thinking, testing and reflection."*<sup>29</sup>

The 3-5 year grants, often holding opportunities for extensions up to 10 years, the encouragement to do comparative programming and learning by investing in several countries simultaneously held tremendous potential for experimentation, program expansion, replication

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<sup>27</sup> *The Work of the Office of Private and Voluntary Cooperation: Thirty Five Years of Accomplishment*. Paper (not yet published) commissioned by the Office of Private and Voluntary Cooperation, Stark Biddle, 2006, p. 16.

<sup>28</sup> *Assessment: PVC's Support of PVO Capacity Building*. Rosalie Huisinga Noreen and Jerry VanSant, April 2000, p. viii.

<sup>29</sup> *The Work of the Office of Private and Voluntary Cooperation: Thirty Five Years of Accomplishment*. Paper (not yet published) commissioned by the Office of Private and Voluntary Cooperation, Stark Biddle, 2006, p. 16-17.

and scale-up. The drawback however, was that these grant programs sometimes spun-off on their own with few or no connections with USAID Mission plans and country programs.

PVC advanced programming by INGOs particularly in the areas of micro-credit, small business development and healthcare. In 1985, PVC sponsored the formation of the Small Enterprise Education and Promotion (SEEP) Network. Through its Child Survival grants, PVC demarcated a health sub-sector within USAID devoted to maternal and child health and nutrition. PVC supported the Child Survival Collaborations and Resources (CORE) network founded in 1983 and the CORCOM (called the Millennium Alliance in January, 2000) network facilitating NGO-private sector partnerships.

### Strengthening working relationships between INGOs and LNGOs

PVC was originally established in 1971 to serve the INGO community, but increasingly its work was directed toward strengthening partnerships between INGOs and LNGOs. This direction produced results. INGOs' PVC grants documents reveal that INGOs started to invest in either forming or increasing the organizational and technical capacities of their LNGO partners across sectors and in many countries. By the 1990s and into the next decade, PVC made partnerships with LNGOs a pre-requisite for funding. This resulted in the rapid expansion of INGO-LNGO partnerships. For example, in 1997, "53 percent of the NGOs had NGO partners; by 2002, 76 percent had NGO (LNGO) partners"<sup>30</sup>

The accent placed on INGO-LNGO partnership reached a peak in PVC's Strategic Plan for FY 2003-7. PVC's single strategic objective for 2003-7 states, "*PVC Strategic Objective 1: Enhanced NGO (LNGO) capacity to deliver development services in select USAID countries.*" The plan rationalizes this priority at considerable length. In summary it explains, "*PVC's new strategy reflects Agency policy toward NGOs and PVOs, implements the recent USAID reorganization, and incorporates the views of the PVO community. The strategy supports the Agency's goal of democracy and good governance strengthened. A strong, independent and self-reliant NGO (LNGO) sector can become a powerful force for change by delivering services in critical sectors, partnering with business to develop socially responsible programs, and advocating for governments to do more to meet the needs of the poor and marginalized. In the future, PVC's resources will be devoted primarily to the capacity building of NGOs and other local counterparts.*"<sup>31</sup>

### Facilitating dialogue between USAID and the INGO community

The location of ACVFA within PVC contributed enormously to PVC's outreach efforts. ACVFA helped to bring the INGO community together and fostered common purposes. However, there were critics who questioned ACVFA's neutrality and ability to represent the INGO community effectively owing to the government's involvement in its administration.

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<sup>30</sup> *Ibid.*, p. 26.

<sup>31</sup> *A Strategic Framework for the Office of Private and Voluntary Cooperation: FY 2003-7.* USAID, Washington DC, December 2002, p. v.

PVC closed its doors around 2007. There are different views on the reasons for this closure, including the perception that INGOs were seen to have graduated, no longer needing an office dedicated to their capacity development. The agency's partnerships with INGOs and LNGOs were seen to have now become mainstreamed by its bureaus and field Missions. While many INGOs had grown and become well established, the reality is that non-profit organizations in many countries continue to face serious challenges that INGOs could not or would not resolve. Pointing to INGO-LNGO relationships that were marked by LNGO dependency, observers note that in some respects, INGOs were part of the problem.

## **THE DEVELOPMENT GRANTS PROGRAM (DGP)**

The Development Grants Program (DGP) is a part of USAID's newly established Office of Innovation and Development Alliances (IDEA), an office under USAID's Administrator, along with other programs that concentrate on local capacity development and partnerships. With the closure of PVC, the baton for taking the lead role on strengthening INGOs and local organizations passed to IDEA/LS. For example, tasks like registering INGOs and preparing the VOLAG reports were entrusted to IDEA.

A CAP LA respondent described the DGP as a "*predecessor to IPR.*" Indeed, DGP is a path-breaking direction in USAID's grant-making. Through DGP, the USAID AID/W IDEA Local Sustainability Division (LSD) partners missions to award funds directly to "*local*" or indigenous organizations as well as INGOs. The DGP has risen to the continuing challenge to define local organizations eligible to apply for a DGP grant:

*"For the purpose of DGP award eligibility, the definition of a local organization also includes regional organizations that meet the following criteria:*

- *Be organized under the laws of a country in the region;*
- *Have its principal place of business in the region;*
- *Be majority owned by individuals who are citizens or lawful permanent residents of the region or be managed by a governing body, the majority of whom are citizens or lawful permanent residents of the region; and*
- *Not be controlled by a foreign entity or by an individual or individuals who are not citizens or permanent residents of the region.*"<sup>32</sup>

The DGP goes beyond the mandate of PVC's grants portfolio since PVC directly awarded grants only to NGOs and expected NGOs to take the initiative to partner and develop the capacities of LNGOs. Unlike PVC which worked directly with NGOs, the DGP also works directly with Missions, an important change, since in the past Missions had been far less involved in such work. The DGP filled the non-governmental sector capacity development vacuum left by PVC's closure, but considering the DGP purpose and grants model, this vacuum is being filled in a significantly different way toward changing USAID's grants models and culture.

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<sup>32</sup> *Development Grants Program – DGP Request for Applications # RFA-OAA-12-000025.* June 1, 2012, p. 15.

The DGP was established in 2008 by Section 674 of the Consolidated Appropriations Act of 2008. A congressional initiative spearheaded by Senator Patrick Leahy and Timothy Rieser, a congressional staff member, led to establishing the DGP. Leahy and Rieser responded to the continuing demands by smaller NGOs for more funding and programming partnership opportunities with USAID as well as the growing perception that assistance to local organizations needed to graduate to a new level.

In June, 2012, the RFA announcing DGP-4 describes the DGP program as follows:

*The United States Agency for International Development (USAID) established the Development Grants Program (DGP) as a small grants program to increase the number and quality of NGO (both local and U.S.-based) implementing partners who can meet the needs of the communities they serve and contribute to the accomplishment of the Agency's goals and objectives. The DGP is closely aligned with Agency Initiatives to strengthen and sustain civil society by strengthening capacities of LNGOs and US PVOs to address today's pressing development challenges. The objectives of the DGP as presented in this Request for Applications are:*

- 1. Broadened participation in USAID programs of LNGOs (especially key local Intermediary Organizations with potential to generate systemic and scalable high impact development) and US PVOs with experience and expertise relevant to priority USAID and partner country development objectives;*
- 2. Expanded numbers of LNGOs and US PVOs with planning, management and service delivery systems adequate to implement USAID-funded activities, and adequate organizational capacity to sustain development activities beyond USAID and DGP support; and,*
- 3. Measurable contributions by LNGOs and US PVOs to the achievement of the development objectives for participating USAID Missions' country programs, in particular as they pertain to Agency priorities and initiatives.”<sup>33</sup>*

The congressional vision for the DGP anticipated a grants-making design that would maximize grantee leadership and innovation by inviting proposals addressing any kind of development gap or problem. In practice however, the first rounds of DGP grant-making bore the imprints of agency earmarks. At the Mission level, the DGP RFAs were also shaped by USAID's country strategies and results-frames. Overall and across Missions however, the DGP grants portfolio in entirety supported a wide range of activities, such as women's empowerment, microfinance, entrepreneurship including microenterprise, water supply and sanitation, hygiene, dairy farming, democracy and governance, civil society engagement, environmental protection and meeting the needs of vulnerable populations.

The health sector grants were reviewed by USAID's Global Health Bureau. It's noteworthy that during its second competitive cycle, DGP left out health sector grants based on the understanding that the Global Health Bureau runs a similar small grants program. This break-away reflects the tensions inherent in running multi-sector oriented grants and is reminiscent of PVC's history. PVC's Child Survival grants program for example, was moved to the Global Health Bureau and its Farmer-to-Farmer program was consolidated with agriculture activities elsewhere in the Agency.

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<sup>33</sup> Development Grants Program Description in RFA Synopsis posted on grants.gov website date 06/01/2012.

During its first cycle in 2009, the DGP distributed \$50 million in appropriated funds, followed by \$40 million during the second cycle. In its fourth cycle starting in 2012, the DGP anticipates distributing around \$30 million. The DGP is a small grants program allowing for grants of up to \$2 million over five years. The DGP evaluation conducted in 2010-2011 estimates grant amounts based on visits to 50% of the DGP first cycle grantees: \$200,000 or less – 22.5%, \$201,000 - \$500,000 – 61.3%, \$ 1,000,000 - \$1,500,000 – 12.9%, 2,000,000 – 3.2%. The evaluation remarks that *“The range of grant size is wide; from \$100,000 to \$2,000,000. But close to two-thirds are in the \$200,000 to \$500,000 range.”*<sup>34</sup>

The DGP model has a two-stage selection process. During the first stage applicants propose concept papers and short-listed candidates proceed to submit a full application. The DGP has special provisions to accommodate first time applicants, *“Applicants under consideration for an award that have never received funding from USAID will be subject to a pre-award audit to determine fiscal responsibility, ensure adequacy of financial controls and establish an indirect cost rate.”*<sup>35</sup>

The partnership between IDEA LSD and the Missions reflects the interplay of different roles and the division of tasks in an effort to leverage the comparative advantages of respective AID/W and field roles and locations:

*“USAID Missions will negotiate awards and administer all grants and Cooperative Agreements awarded under this DGP RFA. Each participating USAID Mission will review applications submitted for the DGP and will lead the selection, negotiation, issuance and administration of its awards. Following award, the Recipient will be assigned an Agreement Officer’s Representative (AOR) [formerly known as the Agreement Officer’s Technical Representative (AOTR) or Cognizant Technical Officer (CTO)] in the Mission who will have USAID technical management responsibility for the award and will be the point of contact for the recipient. The Agreement Officer (AO) and the AOR will be responsible for receiving reports and processing any modifications to awards. The Mission will ensure that the Recipient will have ongoing guidance, support and monitoring by Mission staff, and regular capacity assessments and responsive training and technical assistance through local providers to strengthen organizational capacities.*

*IDEA/LS provides overall guidance and technical support in response to requests from Missions, ensures transfer of funds to Missions as appropriated by the Congress and allocated by USAID. IDEA/LS does not participate in the review of applications unless participating USAID Missions request involvement in the technical review process.”*<sup>36</sup>

In aiming at creating funding opportunities for smaller U.S. INGOs and LNGOs having limited or no previous experience in working directly with USAID, the DGP opens the door potentially to a new constituency and cadre of partners for USAID. By making direct awards to local

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<sup>34</sup> *DGP Global Program Evaluation: A mid-term, real time, learning-oriented evaluation.* Thomas Dichter, April 4, 2011, p. 18.

<sup>35</sup> Development Grants Program – DGP Request for Applications # RFA-OAA-12-000025. June 1, 2012, p. 3.

<sup>36</sup> *Ibid.*, p. 11.

organizations the DGP places greater emphasis on USAID's partnerships with local organizations than PVC. The DGP elevates LCD as a primary goal and is exploring new approaches to capacity development. The DGP for example, is interested in mobilizing the services of local intermediary organizations and experts in providing training and technical assistance to grantees. Its fourth cycle RFA requires applicants to submit their own capacity development plans. The DGP is exploring more effective modalities for providing training and technical assistance to local organizations. The DGP is also taking action to make programming changes based on the findings and recommendations made by the 2011 evaluation. This evaluation is particularly instructive for the Agency in revealing problems faced in making grants to non U.S. organizations and implementing AID/W-Mission partnerships.

### **CHAPTER 3: USAID'S APPROACHES TO LOCAL CAPACITY BUILDING**

From a historical perspective, the evolution of USAID's local capacity development efforts demonstrates two broad approaches, Concentrated and Embedded:

The first (concentrated) approach has a primary emphasis on strengthening the LNGO. The second (embedded) is two-pronged, supporting a technical objective, such as health care, but also giving assistance in technical capacity related to the sector, and to some extent organizational strengthening. Many of these are selected and funded by AID/W, but some are selected and funded at the Mission level.

The evolution of these two models is being shaped by two important developments at USAID. First, there is increasing collaboration if not joint programming between AID/W offices and Missions. For example, the PVC Matching Grants Program which operated from 1975 to 2007 made direct grant awards to INGOs with little or no consultation with the Mission. It was the responsibility of INGOs to get concurrence from Missions for their local capacity development programs. The Matching Grants Program was in fact criticized for not always supporting the Missions' country strategies and Missions claimed they were not always fully briefed on the objectives of these activities. In contrast, the IDEA DGP established in 2008-9 is designed to enable voluntarily participating Missions to run their local DGP competition and take the lead in selecting and managing their LNGO and INGO DGP grantees. Looking back at the 1960s and 1970s, a CAP LA respondent reminisced that *"In those days, the USAID Mission Director was incredibly powerful. The Mission Director had direct access to, for example, the President, Prime Minister, Ministers and high-up officials in a country. The Director had great freedom to make decisions without being constrained by much oversight."* Missions today are more connected with AID/W offices with Washington often taking a lead role in determining overall policy and managing program coordination globally. Missions have decision-making power, too, in buying into or applying for AID/W funds disbursed by the LCD programs run out of AID/W. Funding mechanisms, such as the Leader with Associate Agreements are helping Missions to buy-into AID/W coordinated, but country-owned programs. Of course, the majority of programs are still funded and implemented by Missions.

Another important development is that USAID is making partnerships with a wide range of organizations as demonstrated, for example, by the Global Development Alliance program started in 2001. When USAID was founded in 1961, its mission was to lead the USG's international development work. Today, there are many other USG agencies with their own niche international development programs. USAID is seeking strategically to share its significant international development experience with other agencies, mobilize the special expertise of other agencies and leverage funds and other resources through partnerships. PEPFAR and Feed the Future are helping to mainstream "Whole of government" approaches with Missions collaborating actively to enable "country-led" needs assessment, project designs, implementation and monitoring.

Examples of capacity development models are given below. The examples have been selected to highlight the evolution of other important aspects of USAID's local capacity development efforts, such as the Agency's growing interest in developing capacity for innovation and engaging private sector for-profit companies in capacity development work. This section also highlights smaller scale, niche capacity development strategies, such as USAID's support for volunteer programs.

## **CAPACITY DEVELOPMENT (CD) APPROACHES**

Examples of concentrated approaches where the focus is on strengthening the NGO include PVC's Matching Grant program and the IDEA Development Grants Program. Approaches that are multi-pronged (embedded) with a focus on improving technical abilities while also assisting in capacity building include the Child Survival and Health Grants program (CSHGP) managed by USAID's Bureau for Global Health, Office of Health, Infectious Disease and Nutrition. CSHGP has evolved from PVC's Child Survival Grants program. This program was established by the U.S. Congress in 1985 to reduce maternal and child morbidity and mortality in developing countries. Organizational and technical capacity development for improving the health and nutrition of mothers and children has always been an important program objective from the beginning, but the capacity development objectives have in fact, taken center stage over time. The CSHGP RFA issued in March 2012 for example, offers to disburse up to \$13,500,000 through up to eight cooperative agreements. This funding level is modest. However, the grants model suggests that the purpose is to leverage these funds through partnerships, and the multiplier and ripple effects of research, learning and capacity increases for participating NGOs, LNGOs and for the global child and maternal health protection sector in general.

There are two grants categories under this RFA defined by different capacity development purposes. Under Category 1: *Scalable Solutions to Challenges: Advancing Learning and Evidence (SCALE)*, the grantees are expected to "strengthen the role of international NGOs and their partnerships with research institutions (academia) and national and local government leadership to advance the science of implementation and scale up of nationally relevant solutions" relating to maternal, new born and child health, social and behavior change and family planning integration.<sup>37</sup> Category 2 is the "New Partner Category" offering up to 25% of

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<sup>37</sup> Request for Application (RFA): Child Survival Health Grants, Program Fiscal Year 2012 (CSHGP FY12), RFA-OAA-12-000008. USAID, Bureau for Global Health, Office of Health, Infectious Disease and Nutrition (HIDN), Issue date, March 15, 2012.

the awards. The New Partner Category was established to meet USAID's IPR objectives for establishing new direct partnerships, in this case, U.S. NGOs and LNGOs new to the CSHGP.<sup>38</sup>

### Attracting New Partners

The IDEA Development Innovation Ventures (DIV) program and Global Development Alliance (GDA) program are examples of attracting new groups to work with USAID. These programs are important because they highlight growing USAID emphases which have promising implications for capacity development, such as supporting innovation and private sector for-profit engagement.

### Development Innovation Ventures

In October 2010, USAID launched Development Innovation Ventures (DIV) within its new Office of Innovation and Development Alliances (IDEA). DIV represents a USAID programmatic response to President Obama's call for "*development related innovation*" expressed in the U.S. Global Development Policy and reiterated by the USAID Forward Initiative. Facilitating innovation and mainstreaming its findings, practices and products is an important driver of capacity development. In this respect, DIV's emphasis on innovation, replication and scale-up has a sense of déjà vu for USAID in connecting historically with similar capacity development emphases made, for example, by PVC's Matching Grants Program and Child Survival Program. However, its statements of intent suggest that DIV has a bolder, more ambitious vision. DIV is purportedly poised to take innovation, replication and scale-up to a whole new level and a potentially larger plane of operation. For example, in inviting applications from a wide range of participant organizations, DIV goes beyond NGOs and LNGOS. The DIV Annual Program Statement (APS), April 2012 recognizes that "*development breakthroughs can come from anywhere*"<sup>39</sup> from the dreams, hopes and creative energies of diverse organizations. DIV opens the door of competition wide in welcoming applications from diverse organizations such, "*U.S. Non-Governmental Organizations (NGOs); Non-U.S. NGOs; U.S. private businesses; Non-U.S private businesses; Business and trade associations; International organizations; U.S. colleges and universities (public and private); Non-U.S. colleges and universities (public and private); Civic groups.*"<sup>40</sup>

DIV holds a multi-faceted and expansive vision of innovation. Innovations are seen to be:

- New solutions to development challenges
- Efforts at identifying existing evidence based innovations and taking them to scale
- Replication of programs or program elements that have demonstrated empirical success
- Increasing the cost-effectiveness of current interventions

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<sup>38</sup> *Afghanistan Parliamentary Assistance Program Evaluation: Final Report. August 2012.* Produced by USAID Afghanistan and prepared by Democracy International, p. 6-14.

<sup>39</sup> *U.S. Agency for International Development FY2012 & FY2013 DEVELOPMENT Innovation Ventures Annual Program Statement (APS), APS # APS-OAA-12-000004, Issuance Date: April 13, 2012, Closing Date: April 12, 2013.* p. 7.

<sup>40</sup> *Ibid.*, p. 8.

DIV is equally open about the types of innovations to be funded. It intends to be receptive to new methods, technologies, and business models for changing the thinking, problem solving approaches and practices in any program area. DIV also encourages improvements, modifications and further evolution in existing models. The DIV APS currently posted gives examples of the types of innovative solutions encouraged:

- *“New tools for more effective agriculture extension, and testing for the most effective way to reach scale;*
- *New approaches for sanitation demand creation and sanitation marketing;*
- *Behavior change approaches drawing on insights from psychology and behavioral economics;*
- *Solutions that advance equality between females and males, and empower women and girls to participate fully in and benefit from the development of their societies;*
- *New methods to reduce absenteeism among frontline health and education workers;*
- *Testing proof of concept for a solar lighting system distributed by local entrepreneurs at a price/service point that induces wide adoption;*
- *A rigorous evaluation for a larger scale innovative project that will itself be funded by other partners where the evaluation will demonstrate the magnitude of development outcomes and the cost-effectiveness of the project, and such evidence will help the project reach scale.”<sup>41</sup>*

DIV wants to inspire and support improvement, novelty and changes in thinking, behavior and scale with the potential to impact millions. There is also a heavy emphasis on rigor in developing, testing, and evaluating innovations.

DIV expects to distribute roughly \$20 million in awards in relation to the Annual Program Statement posted in April 2012. The DIV program model defines its categories according to DIV’s perceptions of the different stages of rolling out an innovation, with each stage offering a typical funding amount and timeline:

- **Stage 1: Proof of Concept** – Stage 1 applicants propose a plan for responding to a particular development challenge, explaining advantages over alternatives and by defining a “pathway to scale” in terms of adoption by private sector and or public sector partners. Stage 1 grants have a \$100,000 ceiling and a 2 year timeline.
- **Stage 2: Scaling and Impact Evaluation** – Stage 2 funding is for scaling-up innovations that have demonstrated small scale success. Stage 2 innovative solutions require an analysis of cost effectiveness and a rigorous impact evaluation component. The funding ceiling for Stage 2 innovations is 1 million dollars over a 4 year timeline.
- **State 3: Transitioning to Large Scale** – Stage 3 funding is for innovative solutions demonstrating evidence of large scale implementation success that are ripe for adoption in a country or replication in at least one other country. Applicants are required to provide rigorous evaluation based evidence of success and scale. Applicants are also required to describe their innovation venture partnerships with government or with the private sector and indicate the interests of these partners. The ceiling for Stage 3 funding is 15 million dollars with a timeline of 5 years.

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<sup>41</sup> *Ibid.*, p. 4-5.

The DIV has a two-stage application process. Applicants first submit a Letter of Interest. Candidates that are short-listed based on a competitive review are invited to submit a full application. This two stage application process has the potential to reduce the application process burden for less competitive applicants.

### Global Development Alliance

The 1970s heralded USAID's strong interest in mobilizing and developing the capacities of NGOs based within the USA as well as in aid recipient countries. USAID's policy emphases in the 2000s express a similar enthusiasm for getting private for-profit companies engaged in international development programs, leveraging corporate resources for development and building the capacities of companies to do development work.

Since the 1960s, USAID has worked steadily in concert with the multilateral development banks to support economic policies and reforms in aid recipient countries for creating economies that are open to foreign trade and private investment. The key partners targeted by USAID in the 1960s and 1970s were the governments of aid recipient countries. However, the Agency's expressed interest today is to attract and leverage private businesses having the potential to generate economic growth and distribution. In his speech to the USAID Public-Private Partnership Forum in October 2011, USAID's Administrator Rajiv Shah said, "*Amidst the seismic changes in today's world, aid shouldn't serve as a substitute for private capital.... And as Secretary Clinton recently highlighted in her speech at the Economic Club of New York, foreign aid must work more collaboratively with a much wider range of partners—foreign governments, interagency stakeholders and American companies, bringing together a wider set of tools to knock down economic barriers and create a level playing field.*"<sup>42</sup>

The Global Development Alliance (GDA) is a mechanism for mobilizing the for-profit private sector as a key USAID development partner. Since the GDA seeks non-traditional partnerships or hitherto undervalued partners, such as private sector companies, the GDA is held up as a new business model for the twenty-first century by USAID. The GDA also demonstrates the agency's recognition of changes in the flow of funds to aid recipient countries. By the end of the twentieth century for example, 80% of the investments in aid recipient countries came from the private sector. USAID is looking to leverage these funds for international development, including local capacity development purposes.

The GDA grew out of an embryonic public-private partnership concept developed within USAID in 2001. A GDA Secretariat was established and eventually moved to the Office of Innovation and Development Alliances (IDEA). The defining characteristic of a GDA is that one or more partners must be a private sector actor or organization, such as:

- *Private businesses, financial institutions, entrepreneurs, venture capitalists, and investors*
- *Foundations and philanthropists*
- *Other for- and not-for-profit non-governmental entities*

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<sup>42</sup> *Remarks by Dr. Rajiv Shah, Administrator, USAID on "Embracing Enlightened Capitalism."* USAID Public-Private Partnership Forum, Washington, DC, October 20, 2011.

*In addition, USAID welcomes and encourages the participation of a wide range of other organizations, including but not limited to, public international and regional organizations, bilateral and multilateral donors, host country governments, U.S. and non-U.S. colleges and universities, pension funds, civic groups, Diaspora communities, and other U.S. government agencies.*<sup>43</sup>

The GDA has developed over 1000 partnerships since 2001. A GDA partnership calls for 1:1 contributions in-kind or in cash; common goals; and jointly defined solutions to development problems, including capacity development problems. The 1:1 resource leverage is described as being different from a Matching Grant cost share mechanism, since the GDA wants partners to co-create the entire GDA program and not just a part of the program. Prospective GDA applicants are encouraged to consult with a Mission or a Bureau/Technical Office to develop a programming proposition; submit a concept paper to a Mission or Bureau/Technical Office for review and if requested by the Mission or Bureau/Technical Office, to submit a full application. The GDA gets about 80-100 concept papers annually with a large proportion of applications coming from multi-national corporations. The GDA has a long arm. Non-U.S. parties and organizations based in other countries are eligible to apply for a GDA.

The GDA grants have gone through a process of evolution. The first generation of GDA partnerships that started up from 2001-2003 received incentive grants to establish private-public partnerships. The second generation of GDA grants (during 2006-11), looked at the “*Triple Bottom Value*” and emphasized Corporate Social Responsibility. The third (and current) generation of GDA grants aims at leveraging business interests benefiting vulnerable populations, such as poor women or disabled persons.

The GDA has developed over 1000 partnerships since 2001. For example, the Copperbelt Outgrower Initiative is a GDA project for diversifying economic activities in Zambia’s Copperbelt. “*The goal is to ultimately work with a total of 4,000 smallholders producing high value crops tied to agribusinesses who not only see them as suppliers, but also as partners in their value-chain.*”<sup>44</sup> This GDA partnership brought together diverse organizations, such as the Coffee Board of Zambia, Mopani Copper Mines Plc, Barclays Bank Zambia, Care International Zambia, and the Kalushi Municipal Council. The contributions made by each partner are reported as follows:

*“The Coffee Board of Zambia initiated support to the community at Ipafu (Chingola) to establish an irrigated coffee scheme for 30 households. The Coffee Board continues to support the farmers with technical assistance and inputs, particularly fertilizers. Extension support services by the Coffee Board and Zambia Coffee Growers’ Association are yet to commence. Mopani Copper Mines Plc has provided substantial support to smallholder farmers, including land clearing, erection of earth dams, irrigation equipment, farm management and extension services, transport, beehives, planting materials, seed, fertilizers, etc. CARE International in Zambia has provided support for electrification of the Chibote production site. Kalulushi Municipal Council has provided land for agricultural development at Chibote and Lukoshi in addition to lobbying*

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<sup>43</sup> USAID/IDEA/GDA Website: 2012 GDA APS

<sup>44</sup> *Copperbelt Outgrower Initiative: A Global Development Alliance Program for the Diversification of the Copperbelt. Third Quarterly Report, Year 2, April – June, 2006.* DAI subawardee ZATAC Limited, p. 7.

*for machinery used in construction of the road network within the production funds and providing funds for diesel. Barclays Bank Zambia Plc provided support for electrification of the Lukoshi production site.”<sup>45</sup>*

### **OTHER EMBEDDED CD EXAMPLES**

The embedded CD (ECD) approach illustrates a design where technical and organizational capacity development forms a component of the main program which has other primary objectives. The ECD model that appears to be gaining traction at USAID currently has a specific sector orientation and its programs reflect different types of collaboration between AID/W offices and Missions. The Feed the Future Initiative is an example of this type.

Another type of ECD approach has a specific sector orientation with programs initiated, designed and managed primarily by Missions. USAID/Nepal’s Malaria Eradication project in the 1960s is an example.

#### **Support for Malaria Eradication by USAID/Nepal**

In the early 1960s Malaria was a major health hazard and impediment to livelihoods and community well-being in Nepal. Malaria was the first widespread communicable disease combated by the Government of Nepal. The USAID Mission stepped forward to help the Government of Nepal through a bilateral agreement. While the primary purpose of U.S. assistance was to help the Government of Nepal to eradicate Malaria, there were also capacity development benefits for Nepal. USAID committed to provide:<sup>46</sup>

- U.S. technicians to help Nepal’s Malaria Eradication Board to bridge Nepal’s shortage of trained staff. The Americans comprised Entomologists and Malaria Specialists, Malaria Control Advisors and Sanitarians. In addition to providing urgently anti-Malaria services in Nepal, the U.S. technical experts also coached and mentored their Nepali counterparts
- Dollar-source commodities, such as insecticides, compression sprayers, cartographic supplies, microscopes, entomological supplies, drugs, office equipment
- Participant grants for training Nepalese public health personnel in the U.S. for a period of 6-22 months
- Funds to meet a portion of the local expenses for combating Malaria

### **USAID’S SUPPORT FOR VOLUNTEERS**

Volunteerism and service are hall marks of America’s democracy. Both on the domestic and international fronts, the USG too, has encouraged and enabled the deployment of U.S. citizens

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<sup>45</sup> *Ibid.*, p. 11.

<sup>46</sup> *Technical Assistance Project History and Analysis Report for the Malaria Eradication Project*. Memo from USAID/Kathmandu, Sent April 25, 1965.

volunteering to deliver services, including training and technical assistance services for organizations and communities in need. USAID's predecessor the International Cooperation Agency, for example, operated the International Volunteer Services (IVS) in the 1950s. Since the 1980s, USAID has supported two volunteer programs, the Farmer to Farmer program and the Small Projects Assistance Program. These programs demonstrate the passion, energy and creative genius that volunteers can bring to a program. Although both programs are driven by strong capacity development purposes, they suffer the limitations that typically bedevil volunteer programs. Volunteers usually create small scale changes. The benefits to people served generally happen in small increments. Volunteer programs typically face intrinsic difficulties in keeping up momentum and ensuring program sustainability.

### ***THE FARMER TO FARMER PROGRAM (F2F)***

The Farmer to Farmer (F2F) program was first authorized by Congress in the 1985 Farm Bill. The program is funded through Title V of Public Law 480. F2F is managed by USAID and was originally a part of USAID's Office of Private and Voluntary Cooperation. F2F was piloted in 1985 and established in 1986. In 2003, F2F was moved to the USAID's Agriculture Office within the Bureau for Economic Growth, Agriculture and Trade (EGAT). Today, F2F is located within USAID's Bureau for Food Security (BFS) and has been renamed by Congress as the John Ogonowski and Doug Bereuter Farmer to Farmer program. Evaluations suggest that this program has been effective in providing short-term technical assistance to host individuals and organizations in aid recipient countries.

Within USAID, the F2F program demonstrates a distinctive local capacity development model for enabling individuals and organizations in host developing countries to get on-site help from U.S. agricultural experts. F2F volunteers are typically senior and experienced agriculture specialists drawn from U.S. agribusinesses (30%), universities (30%), and American Farmers (25%). Volunteers also come from U.S. cooperatives and non-governmental organizations. Retirees comprise around 20% of the volunteers.

To date, approximately 12,000 Americans have completed F2F assignments in 80 countries. Volunteers average 2-3 weeks in-country. This timeline narrows their window of opportunity. However volunteer work-plans are prepared toward providing timely assistance to meet pressing needs on the ground and to have longer term capacity development impacts. Volunteers transfer U.S. expertise and technologies by providing advice and training, and helping with decision-making, design, planning and assessment work relating to agriculture. For example, volunteers have designed packaging, greenhouses and other farm buildings and helped to determine pesticide and fertilizer rates as well as feed formulas for fish and cattle. The types of recipient country entities getting assistance from volunteers are cooperatives and other agriculture associations, agribusinesses, universities, LNGOs and private farmers. Evaluations also suggest that F2F is adapting to and embracing value chains together with other USG and USAID programs and providing technical assistance to close gaps in value chains. The vignette below presents the experience of a couple of F2F volunteers in Jamaica:

*“Peter’s F2F assignments have been to provide advice on controlled environment cropping, hydroponics production, greenhouse management, integrated pest management, harvesting and post-harvest handling of produce. He co-authored the first edition (draft) of the Manual “Greenhouse Production in Jamaica.” He and Christine visited farms, made recommendations regarding production procedures, and conducted training sessions on production procedures and marketing plans.*

*On one of her assignments, Christine conducted horticultural therapy training for staff at a school for handicapped students, a prison, and submitted a training plan such a program to the director of an orphanage.*

*Peter describes his experience with the F2F program in pretty simple, but meaningful, terms. My goal in each project was to act as a catalyst to initiate cooperative positive action which would be continued by the hosts after I had left. The majority of times I felt that the goal had been reached.”<sup>47</sup>*

F2F works with and through U.S. grantees, mainly NGOs tasked with recruiting, deploying and managing the activities of volunteers. Currently there are four organizations implementing the core F2F programs. In addition F2F has started a Special Program Support project to fund volunteers through new organizations in about 10 countries. The grantees submit tentative proposals which are finalized with input from USAID’s Missions. The program aims at complementing the work of USAID Missions and other USG agencies. NGOs, such as Winrock International, ACDI-VOCA, CFNA and Partners of the Americas have contributed to develop and operate F2F over the years. Evaluations conclude that F2F has been successful in aligning with other USG and USAID agriculture development programs, such as the Feed the Future Initiative.

A USAID review in March 2009 of all known evaluations and F2F program reports covering over 50 evaluations summarizes the main findings.<sup>48</sup> The review points out that the recommendations have recurrently emphasized the need for F2F programs to concentrate activities in specific sectors and regions to increase coordination, impact and measurability of results. F2F has been challenged to target low-income farmers and smaller institutions. Frequent changes in Mission strategies and staff have also been challenging. There is a need for more impact evaluation.

### ***THE SMALL PROJECT ASSISTANCE PROGRAM (SPA)***

The Small Project Assistance Program (SPA) is a partnership between USAID and Peace Corps that started in 1983. The joint agency programming goals that drove the project in 1983 are operative today. SPA is now located within IDEA/LS. Currently, SPA is guided by a Participating Agency Partnership Agreement (PAPA). A memorandum in 1983 describes how USAID intended to use SPA to fund *“low cost, high impact projects at village level. These Projects would be developed and implemented by Peace Corps Volunteers (PCVs) with*

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<sup>47</sup> John Ogonowski and Doug Bereuter *Farmer-to-Farmer Mid-Term Evaluation for the 2009-2013 Program*. Weidemann Associates, Inc. under The RAISE PLUS IQC (TO #20), May, 2012, p. 101.

<sup>48</sup> *Summary Meta Review of Reports on the Farmer-to-Farmer Volunteer Programs*. Gary Alex, March 3, 2009.

*community members. This approach will facilitate local self help efforts by combining the PCVs' knowledge of local conditions with and established working relationships at the community level with AID's resources."*<sup>49</sup>

Toward meeting its first goal to train men and women of developing countries, Peace Corps posts have used SPA funds for local capacity development purposes. SPA money is used to train PCVs' counterparts, partners and beneficiaries along with some PCVs. The training usually runs from 1-5 days focusing on Program Development and Management (PDM) and training on technical topics relating to the sector based activities of the Peace Corps post. These sector based and/or cross cutting thematic activities focus on enhancing competencies relating to teaching English as a second language, healthcare, agriculture development, environmental protection, youth engagement, HIV-AIDS prevention, information technology and gender equity.

A part of the SPA funds are allocated as grants to PCVs. These grants are usually made through a competitive process managed by a post. The small grants have been used creatively by PCVs mostly for educational, advocacy and skill building purposes such as workshops, seminars, retreats, summits, youth camps, small conferences, exhibitions, marathons, celebrations and advocacy events. The grants have been used to purchase resources or for small-scale construction that can make a significant difference to improve learning and the quality of life at the grass roots, such as cisterns, latrines, garden tools, laboratory equipment, computers and libraries for schools. The following case study describes a SPA project in Senegal<sup>50</sup>: *"Case study 3: The villages of Mbadiène and Gneine are located around 7 kilometers from Linguère. The majority of the population is involved in animal husbandry and there is one primary school that serves the children's education needs of both villages. A Peace Corps volunteer conducted an SPA project in environmental education at the primary school level. At a meeting set up by the PCV, the needs of the local community were listed in order of priority. The teachers identified environmental education as one of the most pressing needs in order to improve the management of resources, as well as the improvement of nutrition through the availability of fresh garden produce. Based on these priorities a project was developed, focused on training teachers in gardening techniques with the aim of transferring these skills to their students."*

## **CHAPTER 4: FUNDING AND ORGANIZING**

### **FUNDING LOCAL CAPACITY DEVELOPMENT**

USAID has historically faced a funding management dilemma. The Agency has to meet the U.S. federal government's transparency and accountability requirements in spending U.S. taxpayer money. But to do so, USAID has to ensure that its rules and regulations are met and development assistance objectives achieved in remote, uncertain and even unknown situations that are sometimes beyond the Agency's control. The evolution of USAID's funding mechanisms reflects the Agency's continuing efforts to resolve this dilemma as its development assistance

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<sup>49</sup> Memorandum to Peace Corps and AID Staff: Small Projects Assistance Program, January 28<sup>th</sup> 1983.

<sup>50</sup> Peace Corps Senegal Small Project Assistance Evaluation. A&B Consulting, August 2012, p. 23.

priorities and implementing partnerships change. USAID's funding mechanisms have evolved from loans and grants made directly to host country governments, to channeling development assistance mainly through contracts to U.S. firms and the grants and cooperative agreements awarded to non-profit organizations. Since 2010, the USAID Forward and IPR reforms are seeking to empower local organizations through direct funding. Modified funding mechanisms, such as Fixed Obligation Grants (FOG) and Simplified Grants are being advocated as being more suitable for local organizations.

A CAP LA respondent highlighted the fact that at USAID, a single office, the Office of Acquisitions and Assistance (OAA), manages contracts as well as grants and cooperative agreements. This is unusual in the USG where contracts management and grants management are often handled by separate offices. This means that at USAID, a Contracts Officer has to master the principles, rules and regulations relating to funding for non-profit as well as for-profit organizations. However, this broader scope of work and experience could help Contracts Officers to be flexible and creative in finding solutions to, for example, LCD funding problems. This is important since OAA staff work with program staff to make funding decisions. However, CAP LA respondents report complaints from both parties. Some program staff members view OAA as an obstacle while OAA staff members want to be kept more closely apprised of programming plans and want program staff to better understand the government's accountability requirements. A CAP LA respondent thinks that joint training for Contract Officers and program staff would help to enable them to work together more productively.

USAID's funding mechanisms supporting LCD fall into three categories: (1) Procurement contracts with for-profit organizations; (2) Grants and cooperative agreements awarded to U.S. non-profit organizations registered with USAID; (3) Mechanisms for funding local organizations. These categories however, rest on the fundamental difference between contracts and grants/cooperative agreements. Through contracts, the USG buys goods and services that it requires, as spelled out in a contract. Grants and cooperatives agreements fund assistance toward achieving public purposes already supported by the not-for-profit awardee. Grants and cooperative agreements do not include fees or profit payments. Contracts are agreements between buyer and seller clearly specifying deliverables. Contracts are favored by for-profit companies. Similar to other government agencies, the majority of USAID contracts are won by for-profits. While non-profit organizations may and occasionally do apply for contracts, non-profits have little incentive to apply for contracts since contract requirements are more demanding. Also, non-profits prefer to pursue their missions for doing public good rather than sell their services. This helps to preserve their integrity and credibility. If non-profits choose to compete for and get contracts, they are not eligible to receive fees i.e. profits.

## ***LOANS AND GRANTS TO GOVERNMENTS***

In the 1960s, USAID started with basically two development assistance programs, a loan program and a technical assistance program based on a government-to-government approach. A CAP LA respondent remembers, that "*the loans were huge, \$100,000,000 was normal*" and were often for infrastructure. These loans were usually concessionary in character with interest rates of 1-2%. The loans were also high profile with the President of the U.S. approving each individual

loan. In the 1960s and early 1970s, USAID Missions were well staffed, with each Mission having Ph.D. level economists. Prior to making loan decisions, there were very detailed studies done, primarily of the economy, focusing particularly on gap analyses relating to budget shortfalls, import-export gaps and balance of payment deficits.

The loans mainly supported investment in capital goods, especially physical infrastructure construction seen to be essential for development. Technical expertise was provided directly by USAID staff specialists and experts drawn from U.S. organizations, such as U.S. universities and Land Grant Colleges. By the 1970s, USAID shifted from making loans to making grants to recipient country governments and by the 1980s, the Agency greatly reduced its loans as well as its infrastructure support. The loans and grants made to recipient country governments by USAID were governed by “Buy America” rules. These rules ensured that the purchase of U.S. goods and services with the development loan and grant money resulted in significant amounts, as much as 80% sometimes accruing to the USA.

## ***CONTRACTS***

USAID used procurement contracting mechanisms since its inception. Contracts increased in number and expanded in volume and complexity over time. USAID’s RIF in mid 1970s and the Agency’s scale back of loans and grants provided directly to recipient country governments by the 1980s led to increased use of contracts for getting local capacity building and other development work done.

Contracts are essentially awarded to for-profit entities, with the vast majority of contracts being awarded to U.S. companies. Congress and hence the U.S. government has always favored partnerships with the for-profit private sector. These partnerships are seen to support American entrepreneurship and growth in U.S. businesses and private sector employment as opposed to big government. To fund local capacity development work, USAID has commonly used contracts, such as Cost Reimbursement Contracts and Indefinite Quantity Contracts (IQCs). These types of contracts were seen to be more suitable for accommodating the uncertainties and risks of programming for results in developing countries. However, USAID Forward and IPR want to reduce USAID’s cost of doing business and increasing competitiveness. So now, the Agency favors less expensive Fixed-Price contracts and reducing pre-competed contracts.

### **Cost-Reimbursement Contracts**

The Federal Acquisition Regulation (FAR) Subpart 16.3 defines a Cost-Reimbursement contract as follows:

#### ***“16.301-1 Description.***

*Cost-reimbursement types of contracts provide for payment of allowable incurred costs, to the extent prescribed in the contract. These contracts establish an estimate of total cost for the purpose of obligating funds and establishing a ceiling that the contractor may not exceed (except at its own risk) without the approval of the contracting officer.*

#### ***16.301-2 Application.***

*Cost-reimbursement contracts are suitable for use only when uncertainties involved in contract performance do not permit costs to be estimated with sufficient accuracy to use any type of fixed-price contract.”<sup>51</sup>*

In Cost-Reimbursement contracting, for the contractor, “*costs drive the revenue... There is no revenue without cost. Cost reduction results directly in revenue reduction.*”<sup>52</sup> Cost Reimbursement contracts have the potential to increase the cost of getting work done for the government. However, this mechanism was seen to accommodate the uncertainties of USAID’s local capacity development work since this type of contract has a general statement of work, i.e. “*The statement of work in a cost-reimbursement contract is generally broader or more ambiguous than that of a fixed-price contract.*”<sup>53</sup>

In the 1990s and continuing into the 2000s USAID favored the Cost-Reimbursement Level of Effort contract model which is based on the assumption that the level of effort determined represents the best possible effort by the contractor in a situation where there is little or no control over actual outcomes. For example, a family planning education program may or may not lead to smaller family size. USAID also uses the Cost Reimbursement Completion contract model when concrete deliverables can be determined, such as physical infrastructure items or the number of training events.

#### Indefinite Quantity Contracts (IQC)

A CAP LA respondent said that the use of Indefinite Quantity Contracts (IQC) by USAID evolved from a type of contract called the “Mother/Child” contract where the “children” were the task-orders issuing periodically from a main contract. IQCs are usually used when a recurring need is anticipated and the precise delivery times and quantities are seen to be uncertain or unknown. IQCs solicit very broad statements of work at the outset, followed by periodic solicitations relating to specific task orders. USAID awards IQCs on a competitive basis to several contractors who subsequently compete for task orders. These are commonly used for design, evaluation, and studies and have the advantage of allowing relatively short turn-around times to provide technical assistance to the field, since the major competition has already taken place. Fixed-Price contracts hold more risks for the contractor while cost-reimbursement mechanisms increases risk for the USG.

### **GRANTS AND COOPERATIVE AGREEMENTS**

Procurement contracts reflect the most common type of agreements and working partnerships between the U.S. government and private entities. Since the 1970s, as USAID reached out to engage the U.S. non-profit sector in delivering international development assistance including local capacity development, the use of grants and cooperative agreements has proliferated. A CAP LA respondent pointed out that USAID made an effort to be inclusive. For example,

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<sup>51</sup> FAR Subpart 16.3: Cost-Reimbursement Contracts. [https://www.acquisition.gov/far/html/Subpart%2016\\_3.html](https://www.acquisition.gov/far/html/Subpart%2016_3.html)

<sup>52</sup> *Government Contracting: Do You Recognize the Difference Among Government Contracts?* By John E. McCormick, in *Contract Management*, July 2004, p. 45.

<sup>53</sup> *Ibid.*, p. 46.

USAID's Office of Procurement was changed to the Office of Acquisition and Assistance, a more inclusive term covering the grants and cooperative agreements awarded to NGOs as well as contracts. USAID also established an Acquisition and Assistance Ombudsman, a facility that was particularly useful to its grantees who unlike contractors cannot not take legal action to challenge the Agency's decisions.

The Federal Acquisition Regulations (FAR) do not apply to competitions for grants and cooperative agreements. Grants and Cooperative agreements are sometimes described as "*non-standard*" agreements that are governed by the Federal Grant and Cooperative Agreement Act (FGCA), 31 U.S.C. §§ 6301-6308. USAID's Automated Directives System (ADS) devotes Chapter 303 to describe the Agency's policies, guidance, procedures and standards relating to grants and cooperative agreements.

ADS 303.1 states that "*USAID provides assistance to U.S. or non-U.S organizations, individuals, nonprofits, and for-profit entities*" and lists "*Institutions of higher education, Hospitals, Non-profit non-governmental organizations and Commercial organizations*" as organizations that can be awarded grants and cooperative agreements. While for-profit/commercial organizations are eligible to apply for grants and cooperative agreements, it is USAID's policy not to award profit under grants and cooperative agreement instruments. Hence, grants and cooperative agreement mechanisms are seen to be intrinsically appropriate to engage non-profit organizations since these organizations pursue missions benefiting public and philanthropic causes. Also, grants and cooperative agreements are described as instruments of assistance, signifying a public purpose-oriented collaborative relationship between giver and recipient, rather than the strictly commercial nexus of procurement contracts.

U.S. NGOs applying for USAID assistance are required to register with USAID. This involves meeting the USG's and USAID's financial and administrative requirements. Also, applicants under consideration who have never received funds from USAID are subject to pre-award audits. However, USAID is gradually relaxing registration requirements to help new U.S. NGOs and LINGOs to get USAID assistance.

USAID at first used the grants mechanism and since the late 1970s moved to adopt cooperative agreement mechanisms. CAP LA respondents see the cooperative agreement as having evolved into variants, such as Leader with Associate Awards. Grants are imbued with the spirit of a gift. While subject to competition, grant recipients are subject to the least amount of control. Grants by nature are intended to facilitate initiative, creativity and programming flexibility for grantees. Requirements are usually restricted to periodic reports and evaluation.

Cooperative agreements are often described by RFAs as being "*synonymous*" with grants, but in principle, they are different. A cooperative agreement allows USAID to provide more technical input described as "*substantial involvement.*" Substantial involvement relates to USAID's role in for example, reviewing and approving implementation plans; approving specified key personnel; reviewing and approving relevant scopes of work and the recipient's monitoring and evaluation plan.

The Leader with Associate Award (LWA) is a cooperative agreement with a more complex and usually larger scope of work with provisions for the Leader to get more work and funds in the future. The Modernizing Agricultural Education and Training Systems Program (MAETS) RFA, for example, states, “*Subject to the availability of funds, USAID intends to award a five-year Leader Award for up to \$6,250,000 with up to 25 percent of this from Mission and other office buy-ins... Demand for services through Associate Awards will depend on Mission interest... The ceiling for combined Leader and Associate Award funding is \$72.25 million, not including funding for activities in USAID-designated Critical Priority Countries.*”<sup>54</sup>

A CAP Learning Agenda participant said that the LWA is a mechanism used only at USAID. The LWA was fashioned by USAID apparently for “*budget convenience*” to help Missions to obligate funds to a specific purpose and to reduce the Agency’s administrative burden of managing multiple competitions. The drawback is that the LWA limits competition for long periods, since the Leader has the opportunity to access associate awards that are allowed to continue beyond the life of the Leader award.

USAID has found ways of partnering America’s non-profit organizations through grants and cooperative agreements. As a result, USAID’s aid recipients have been able to tap into the public service commitments, passions, talents and creative energies of America’s non-profit organizations leading to the emergence and strengthening of civil society organizations in developing countries. INGOs have played a major catalytic role in helping these organizations to access America’s research, new thinking and tools.

However, the application of these mechanisms is widely seen to be problematic by USAID staff as well as implementing partners. The conceptual blur making grants synonymous with cooperative agreements and the Agency’s move to awarding more cooperative agreements rather than grants over time is viewed with concern. Even USAID’s grants programs have transitioned to awarding cooperative agreements. For example, PVC’s Matching Grants program and the Child Survival Grants program initially awarded grants, but later awarded cooperative agreements. According to some interviewees for this paper, cooperative agreements have been vulnerable to heavy handed and obstructive management by USAID staff. CAP Learning Agenda respondents also agree that cooperative agreements can bring out the best from grantees only if they are predicated on trust and mutual respect, with USAID playing a sensitive, unobtrusive role as facilitator and partner. A CAP LA respondent also highlighted the need for cooperative agreement language to tone down “*substantial involvement*” by getting rid of current requirements for approval by USAID staff.

## **FUNDING LOCAL ORGANIZATIONS**

USAID’s evolution in widening and deepening its relationships on the ground with local organizations is reflected in its changing approaches to funding local organizations. In the beginning, owing to its focus on partnering recipient country governments, USAID seldom if

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<sup>54</sup> *Modernizing Agricultural Education and Training Systems Program (MAETS) Request for Application, RFA No. USAID-Washington-BFS-11-000003-RFA. Issued June 6, 2011, p. 1.*

ever funded local organizations directly. A CAP LA respondent involved in USAID's financial management operations in the 1970s said, "I don't remember local NGOs. It's only in the late 1970s that we (USAID) started funding organizations outside the government." In the 1970s and 1980s however, USAID's main approach to helping LNGOs was through INGOs. USAID increased funding to INGOs and they channeled funds through sub-grants to LNGOs for service delivery, relief and LCD activities. A USAID funding mechanism that supported this channeling is the Umbrella Grant Mechanism (UGM) well demonstrated in South Africa ten years ago and adopted subsequently by other Missions. UGMs awarded funds to INGO intermediaries who passed on funds as sub-grants to LNGOs.

A CAP LA respondent commented that contracts for LCD were rarely awarded to local organizations. Missions generally awarded these contracts to U.S. entities. However, Missions gradually moved to funding LNGOs directly by the 1990s, mainly to implement service delivery and relief activities through small grants and cooperative agreements which are seen to be more suitable for LNGOs since they have less stringent management requirements and reduce liability for the USG.

Examples of mechanisms for funding local organization used by Missions and supported by IPR:

- **Simplified Grants:** The estimated value of each grant is \$500,000 or less with a term of no more than one year. A Simplified Grant may not be amended to either add funds or extend the date beyond one year from the original date of the award. A Simplified Grant may not be long enough for technical and organizational capacity building.
- **Fixed Obligation Grants (FOG):** FOGs are being awarded to LNGOs with little USG experience and assessed as being high risk. FOGs are used when the Agreement Officer (AO) is confident that USAID can define the accomplishment of the grant purpose through agreed-upon milestones. FOGs may not exceed \$500,000 per year with payments made by USAID based on the verification of milestones reached by the grantee. FOGs have more potential for local capacity building since they extend for more than one year and can target capacity development milestones.
- **Blanket Purchase Agreement/Purchase Orders:** Used to procure local technical capacity development services from universities, audit firms, management consultants, civil society organizations and professional organizations.<sup>55</sup>

At AID/W, the interest in developing the capacities of local organizations gathered strength and reached new highs in the 2000s, resulting in programs providing direct funding for local for-profit and non-profit organizations in collaboration with Missions, such as the DGP, DIV and GDA. These AID/W programs are housed today within USAID/IDEA, created in 2011.

In working with INGOs, USAID faced challenges in ensuring that grantees and cooperative agreement holders meet the USG's accountability, transparency and other business standards, since these implementing partners had little control over their partners and environments in developing countries. These challenges are seen to become even more formidable when working with local organizations. However, USAID is coming up with solutions. The Agency has taken an important step in defining local organizations eligible for USAID funds. The Non-U.S.

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<sup>55</sup> Adapted from USAID's presentation on *Building Local Capacity through Acquisition and Assistance*, LCD Training, South Africa, March 2012

Organization Pre-Award Survey (NUPAS) Guidelines state: “*To be considered a “local” organization, an entity must:*

- *Be organized under the laws of the recipient country*
- *Have its principal place of business in the recipient country*
- *Be majority-owned by individuals who are citizens or lawful permanent residents of the recipient country or be managed by a governing body, the majority of whom are citizens or lawful permanent residents of a recipient country*
- *Not be controlled by a foreign entity or by an individual or individuals who are not citizens or permanent residents of the recipient country”<sup>56</sup>*

The NUPAS Guidelines illustrate the tools and other kinds of technical support USAID is providing Missions to help Missions meet USAID’s acquisition and assistance requirements while expanding their working relationships with local organizations on the ground. The NUPAS Guidelines developed with input from AID/W and field offices, seek to help Missions decide whether a local organization has the capability to properly manage funds from USAID: “*The 29 evaluative elements represent those items most critical in the formulation of a responsibility determination before a grant is awarded to a non-U.S. organization. Agreement Officers (AOs) may select areas for review that are critical in making a determination for a particular award. (For instance, if there will be no procurement associated with the award, there is no need to do an extensive procurement policies and systems check.) Missions are encouraged to make changes to the NUPAS to more closely align to their particular needs.”<sup>57</sup>*

## **IMPLEMENTATION AND PROCUREMENT REFORM (IPR) CHANGES**

In his message to USAID staff in August 2010, USAID’s Administrator Rajiv Shah declared: “*Today, we are poised to build on our legacy as one of the world’s premiere development agencies and make new progress toward our ultimate goal of creating the conditions where our work is no longer needed... This is our time. And now we must seize this historic opportunity to modernize and strengthen our Agency.... I am more convinced than ever that we can, and must, make these important changes in the way we do business.”<sup>58</sup>*

The USAID Forward and IPR initiatives want to take Agency’s LCD efforts to new levels of achievement, by making necessary changes in the Agency’s culture and implementation mechanisms. At the policy and planning level, USAID Forward’s reform goal is to “*Create the conditions where aid is no longer necessary in the countries where we work and be development entrepreneurs in pursuit of this goal.”* The six IPR objectives described in August, 2010 which are indicative of IPR changes anticipated for achieving this goal are described in Figure 7.

USAID Forward has led to consultation and brainstorming agency-wide with several Working Groups addressing different aspects of IPR and producing recommendations, metrics, guidance

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<sup>56</sup> *Non-U.S. Organization Pre-Award Survey Guidelines and Support: Additional Help for ADS Chapter 303. V. 1.4*, New Reference Date: 06/28/2012, Responsible Office: USAID/M/OAA/P, p. 4.

<sup>57</sup> *Ibid.*, p. 3.

<sup>58</sup> *USAID Forward: Strengthening, Optimizing, Streamlining*. Executive Message (AID.ES) (USAID) USAID/General Notice, ADMINISTRATOR A/AID sent Wednesday, August 4, 2010 to all staff.

and other tools to help USAID offices, Missions and partners to implement LCD. The Agency has produced for example, an LCD Mapping Tool, the Non-U.S. Organization Pre-Award Survey (NUPAS), and Organizational Capacity Assessment (OCA) tools.

Indicators have been designed at various levels to measure LCD progress made by Missions. For example, the targets set for direct funding support to partnering country systems and for local for-profit and non-profit organizations for the Agency are 20% in 2013 and 30% by 2015. Missions have some leeway in setting their own targets depending on in-country circumstances. A required F indicator will measure the total number of direct awards to local not-for-profit and for-profit organizations against the backdrop of agency targets. Another required F indicator will measure the percent of Mission awards with LCD objectives or activities requiring regular reporting on capacity building metrics.

## **Figure 14**

### **USAID's Implementation Procurement and Reform Objectives – August, 2012**

***Objective 1: Strengthen partner country capacity to improve aid effectiveness and sustainability.***

- Increase use of reliable partner country systems and institutions that meet certain minimum standards and enhance USAID governance programs to provide support to partner countries in strengthening public accountability.

**Medium-term target:** By FY 2015 USAID will increase obligations of its program funds from less than 10% to 20% through partner country systems in at least 25 countries.

***Objective 2: Strengthen local civil society and private sector capacity to improve aid effectiveness and sustainability.***

- Work closely with our implementing partners to ensure that in all of our programs there is a focus on strengthening the capacity of local entities; and
- Increase the number of partners and percentage of total dollars conveyed through direct grants and contracts with local organizations.

**Medium-term target:** By FY 2015, USAID will increase its direct grants to local nonprofit organizations from 2.46% to 6% of its program funds and will increase the number of partners from 424 to 1000. By FY 2015, USAID will increase its direct contracts to local private businesses from 0.83% of its program funds to 4% and will increase the number of partners from 322 to 600.

***Objective 3: Increase competition and broaden USAID's partner base.***

- Increase the number of prime contract awards and percentage of total dollars obligated to U.S. based small and disadvantaged businesses and small NGOs;
- Decrease both the number and/or dollar value of large pre-competed contracts and increase the number of full and open competitive contracts and grants.

**Medium-term target:** In FY 2015 USAID will obligate 5% of its program funds through contracts with US small and/or disadvantaged businesses and will increase the number of partners to 300.

***Objective 4: Use USG resources more efficiently and effectively.***

- Increase the number of fixed price contracts where feasible and appropriate;
- Decrease the use of certain procurement methods that OMB has classified as “high risk” when more cost effective contract alternatives are available.
- Harmonize procurement approaches with other US government agencies working in the same substantive areas, such as HIV/AIDS, Maternal Child Health, etc.

**Medium-term target:** By FY 2015, USAID will increase the percentage of fixed price contracts for commodities and equipment to 75% and for other types of contracts to 20%.

***Objective 5: Strengthen collaboration and partnership with bilateral donors, multilateral and international organizations to increase synergies and avoid duplication.***

**Target:** Over the next 15 months USAID will revise Agency policies and guidelines to facilitate working with bilateral and multilateral donors in co-funding of projects and contributions to multi-donor trust funds.

***Objective 6: Rebuild USAID's internal technical capacity and rebalance the workforce. (This objective will mainly be carried out under the Talent Management Reform plan led by HR which will be announced in the Fall/Winter of 2010)***

The IPR Objective 2 Working Group through its Policy and Regulation Sub-Working group is focusing on breaking down barriers to funding local organizations while ensuring that the USG's accountability standards are met. The solutions include for example, revising the Standard Provisions for NGOs, creating a new ADS chapter on implementation through local organizations, and revising ADS chapters 303, 310 and 312. These steps have helped to channel larger sums of money to grantees in less time. FOGs and Simplified Grants are being encouraged. The DGP for example, is now awarding FOGs. As a result of amendments approved to ADS Chapter 303 on "*Grants and Cooperative Agreements to Non-Governmental Organizations*" in 2011 by Administrator Shah, the funding ceilings for FOGs and Simplified Grants were raised to \$500,000 per year.

USAID is assessing the strengths and weaknesses of new models for disbursing funds to local organizations to achieve LCD with accountability (as required by USG). These models include the following:

- Umbrella Local with a Local Prime managing sub-awards and providing training and technical assistance (TTA) to local organizations
- Phased models that start with an intermediary non-local Prime and then transit into direct USAID funding for local organizations with TTA continued by the non-local Prime
- Tiered models where a non-local Prime makes sub-awards to local Intermediary Service Organizations (ISO) who in turn provide sub-awards and TTA to local organizations
- Inverse models with Local Prime making sub-awards to another local or non-local organization to provide LCD services
- Parallel models where USAID makes direct awards to local organizations and at the same time makes an award to either a local or non-local TTA provider

USAID AID/W programs and Missions have started to implement IPR recommendations. An example of the "*Phased*" model can be found in the Request for Proposal (RFP)<sup>59</sup> for US-Haiti Feed the Future Partnership: Northern Corridor. The objective "*Increase Agricultural Incomes,*" has four intermediate results, including "*Capacity of Local Organizations Strengthened.*" During the first three base years, the prime contractor will build the capacity of local organizations so that at least five of them are eligible to receive direct USAID funding and carry out agricultural development activities in the fourth and fifth years (the two option years). If the five local organizations are not found to be eligible, the contractor will be financially penalized by not receiving its full fixed fee payment in the fourth and fifth years. During the fourth and fifth years, the role of the prime contractor shifts to coordination and support of these local organizations, though the Prime may also retain responsibility for implementation of some components of the project.

## **USAID'S ORGANIZATIONAL STRUCTURE**

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<sup>59</sup> U.S.-Haiti Feed the Future Partnership: Northern Corridor, Solicitation Number: SOL-521-12-000021, February 14<sup>th</sup>, 2012, Agency for International Development, Overseas Missions, Haiti USAID-Port Au Prince.

The evolution of USAID's organizational structure reflects its mission and its changing priorities, regarding the Agency's contributions to foreign policy, investment in regions and countries, programming interests, and need to align with the USG's rules, regulations and systems. USAID was established in 1961 and by 1965 it had developed an elaborate organizational structure which retained a distinctive internal organizational logic during ensuing decades. USAID is led by an Administrator who reports to the Secretary of State and is appointed by the U.S. President. The Administrator is supported by a Deputy Administrator and Assistant Administrators in charge of Bureaus and offices.

USAID bureaus fall into two broad categories relating to (1) support services, and (2) operations. Bureaus providing support services play a watchdog role as well as implementation roles in ensuring the application of the USG's policies, rules and regulations agency-wide. Examples of USAID bureaus providing agency-wide support include the Office of Personnel/Human Resources, the Office of the General Counsel, the offices managing procurement and assistance funding, and the Office of Equal Employment Opportunity. Support service offices also affect the Agency's LCD work and outcomes. Take USAID's personnel policies for example. A CAP LA respondent said that the reduction in experienced Foreign Service Officers at USAID owing to the reduction in force (RIF) in the 1990s and the increased conversion of Foreign Service positions to General Service (GS) positions over time was detrimental to the Agency's LCD efforts because Foreign Service Officers are seen to be more sensitive to and knowledgeable about changes on the ground because they serve overseas for most of their careers. To bridge staffing shortages caused by the RIF, it is estimated that USAID applies about 22 mechanisms to recruit contractors who perform many staff functions. These recruitment mechanisms have created a dynamic personnel situation. On the one hand the Agency has more flexibility to recruit people with international development expertise and experience. On the other hand, these technical specialists may not have the authority necessary to make key decisions.

Operational Bureaus fall into two broad categories: (1) technical and (2) regional. The technical bureaus, which include Basic Food Needs, E3, DCHA, and Global Health, backstop Mission projects, write policy papers, periodically provide technical support to the field, and sponsor many of the service contracts mentioned above, such as the IQCs and LWAS. Regional Bureaus, as mentioned below, represent geographical areas. The structure of these operational units tends to be trifurcated, broadly addressing three types of functions: (1) regional and country coordination functions, (2) sector based technical assistance and service delivery functions, (3) central management functions.

### ***REGIONAL AND COUNTRY COORDINATION***

Regional Bureaus help to communicate the Agency's priorities and policies to field offices, and facilitate funding and implementing programs in aid recipient countries. A Regional Bureau coordinates a cluster of field Missions located in a particular geopolitical region. Regional Bureaus assist in planning and managing a region's budget, communicate the Agency's policies, priorities and regulations to Missions, help connect Missions with Agency offices and other agencies and backstop field offices. Regional Bureaus also provide sector based technical assistance. Each Bureau has a corps of technical experts backstopping Missions, providing policy guidance and technical assistance to Missions and helping Missions to connect with the

Agency's Technical Bureaus, other government agencies, and bi-lateral and multi-lateral partners.

From a LCD perspective, the country configurations of Regional Bureaus are important. These configurations reflect countries getting LCD assistance and other development assistance from USAID. Budget decisions are critical and contingent on a number of factors, most importantly, the U.S. foreign policy weight given to a particular region or country. USAID's organizational structure in May 1965 for example, highlights the Agency's strong interest in East and South Asia. Two of USAID's four Regional Bureaus in 1965 were devoted to Asia as demonstrated by the large Bureaus for the Far East, and the Near East and South Asia. The focus on Asia dipped subsequently and Asia was even joined with the Near East and with Europe in a single Bureau by 1990 (Figure 10). By 1999, USAID had added a new Regional Bureau - the Bureau for Europe and the New Independent States (Figure 11) which later merged into the Bureau for Europe and Eurasia in 2005 (Figure 13). In 2011, USAID added a new sub-regional Office of Afghanistan and Pakistan Affairs and one new Bureau, the Bureau for the Middle East. USAID's Bureau for Africa and its Bureau for Latin America and the Caribbean are present in all the organizational charts, through the different decades.

## ***SECTOR BASED TECHNICAL ASSISTANCE AND SERVICE DELIVERY FUNCTIONS***

In May 1965 there were two USAID bureaus, the Office of Technical Support and the Office of Technical Cooperation and Research, providing technical assistance and support for research across a number of key programming areas, such as Institutional Development, Engineering, Public Administration, Public Services, Public Health, Agriculture, Community and Rural Development. These programming areas embodied LCD components. USAID's government-to-government approach is reflected by these operational units which were organized to help recipient country public sectors and build capital intensive infrastructure using the technical assistance expertise of direct hire USAID staff.

Subsequently, technical assistance projects and programs tended to be clustered by sector within Bureaus, commonly referred to as "Technical Bureaus." As USAID moved to outsource service delivery and technical assistance, a process which has accelerated and expanded since the 1970s, the Technical Bureaus supported the technical aspects of managing relevant funding mechanisms, such as contracts awarded mainly to companies, and grants and cooperative agreements awarded to NGOs since the 1970s and local organizations in the 2000s, although most contract, grant and cooperative agreements are managed by field Missions. USAID's Technical Bureau specialists also help to backstop posts, providing technical assistance as needed. They coordinate with technical specialists located in other parts of the Agency, such as within field offices, in the Regional Bureaus and in the Central Management Offices (such as offices leading agency policy and planning).

The names and the organizational structures of the Technical Assistance Bureaus have changed since the 1970s. A CAP LA respondent recalls: *"During those years there were efforts to omit the large technical bureaus and have technical experts reside within the regional bureaus. This effort went back and forth over time and seems to have been an effort the power of the technical*

*offices in order to make technical expertise more relevant to regional and local needs. At present it would seem that the technical offices with their big IQCs and LWA mechanisms dominate.”*

In October 1979 (Figure 8) for example, the Agency’s technical and organizational capacity development activities and also development service delivery activities were managed primarily by the Bureau for Development Support and the Bureau for Private and Development Cooperation. The Bureau for Development Support housed offices dedicated to programming areas, including nutrition, agriculture, rural development and development administration, science and technology, engineering, housing, energy, education, health, population and an Office of International Training. The Bureau for Private and Development Cooperation included PVC.

In June, 1984 (Figure 9) for example, development service delivery and technical assistance functions were managed by the Bureau for Science and Technology which had Directorates managing sector-based program offices. For example, the Directorate for Food and Agriculture supervised the Office of Agriculture and the Office of Nutrition. Compared to the 1970s, this Bureau had a new office, the Office of Forestry, Environment and Natural Resources. PVC was moved into the Bureau for Food for Peace and Voluntary Assistance. In 1979, the Agency had a Bureau for Private Enterprise which had a Cooperatives and Small Business Development Division.

By 1999, the technical assistance functions were mostly concentrated in the Bureau for Global Programs, Field Support and Research. The sector program offices were grouped within five Centers: the Center for Democracy and Governance (established in the mid-1980s), the Center for Population, Health and Nutrition, the Center for Economic Growth and Agriculture Development and the Center for Human Capacity Development. PVC was located within the Bureau for Food, Disaster Assistance and Crisis Management.

In contrast, in 2011 the Agency had several Bureaus managing technical assistance: the Bureau for Food Security, the Bureau for Economic Growth, Education and Environment (E3), The Bureau for Democracy, Conflict, and Humanitarian Assistance, and the Bureau for Global Health. This chart also depicts the Office of Development Partnerships.

A CAP LA respondent referred to *“Big pendulum shifts in the way technical services were delivered, with AID/W mainly taking the lead sometimes and Missions taking the lead at other times. USAID has gone from centralization to decentralization. Now there are mixed models.”* In the 1960s and 1970s, Missions had greater discretionary power in making service delivery and LCD funding decisions in-country. By the 1980s, USAID ran big centrally and vertically administered technical assistance programs/projects out of its Technical Bureaus, with the Technical Bureaus carrying weight in making decisions about program implementation and country funding allocations because *“the money sat in the Technical Bureaus”* said a CAP LA respondent. This respondent criticized the *“empire building”* inclinations of some the powerful AID/W technical assistance offices. The Agency is moving toward more decentralized *“mixed models”* with the Regional and the Technical Bureaus working in partnership with field offices. However, role differentiation is emerging in these partnerships. AID/W offices are typically taking the lead in mobilizing funds and issuing program guidance centrally. Missions are making decisions and managing country-based investments regarding funds allocation, program design and partnerships. These collaborative relationships between AID/W technical assistance offices

and Missions are demonstrated by IQCs and LWAs which enable field offices to “buy-in” or purchase the technical assistance they want from centrally managed technical assistance service providers.

### ***CENTRAL MANAGEMENT FUNCTIONS***

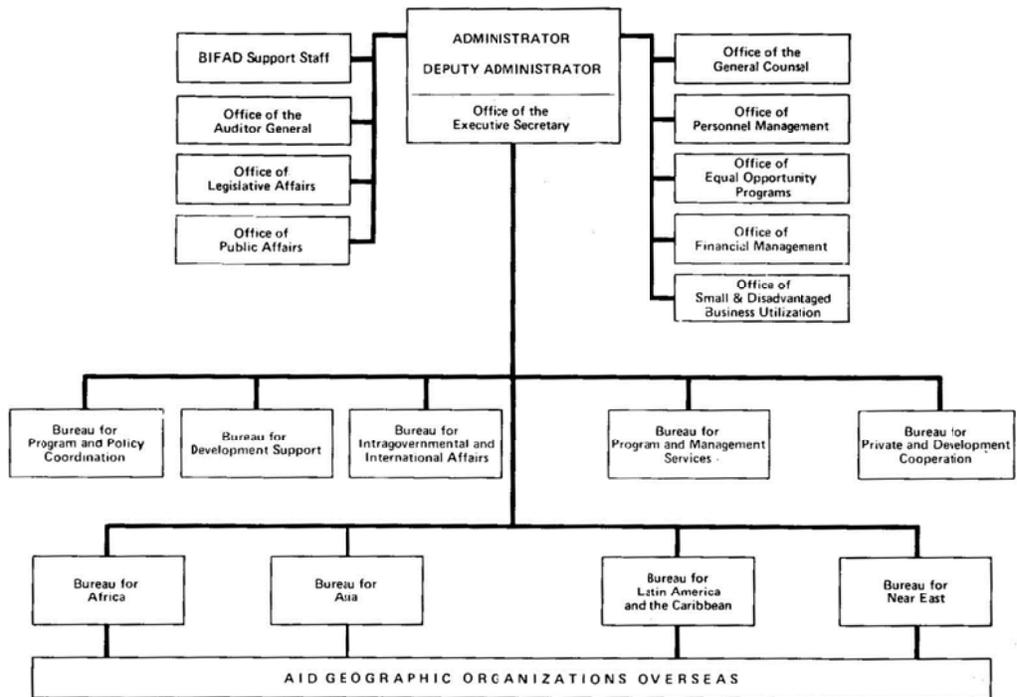
The central management functions that have remained at the core of USAID’s AID/W operations are policy development, planning, budget management, evaluation, donor coordination, congressional/legislative affairs, intergovernmental and public affairs, information, data management and communication, etc. Like the Technical Bureaus, the central management bureaus and offices also have counterparts in the Regional Bureaus and vice versa, such as staff supporting policy, planning and evaluation operations within Regional Bureaus. Initiatives by these offices have also shaped the Agency’s LCD decisions, funding, planning and results assessments. For example, a CAP LA respondent pointed out that when the Office of Policy and Program Coordination (PPC) was moved from USAID to the Department of State’s Bureau for Foreign Assistance in the mid-2000s, the quality of field office planning declined in the Agency. The new Office of Policy, Planning and Learning (PPL) established in 2010 is developing strategic planning and program design guidance toward standardizing strategic planning at USAID and helping operational units bring greater discipline and rigor to their LCD work.

USAID’s Missions and other field offices occupy a broad row at the bottom of each organizational chart (Figures 8-14). These field offices are the ultimate recipients of information, such as guidance on new policies and requirements for doing planning, budgeting, reporting etc., cascading from the Agency’s many AID/W support service units and operational units. It is the Missions who identify the development problems locally, and fashion the AID responses, negotiate with the host country, and manage development activities. There is a two-way interaction in which overall policy is set by Washington, communicated to the field, and then operationalized there. At the same time, some CAP LA respondents for this historical study have noted that multiple and always pressing AID/W demands creates excessive work for the Missions and the situation is often exacerbated by poor communication between AID/W and the field.

**Figure 15**

USAID Organization Chart, October 1979

**Agency for International Development**



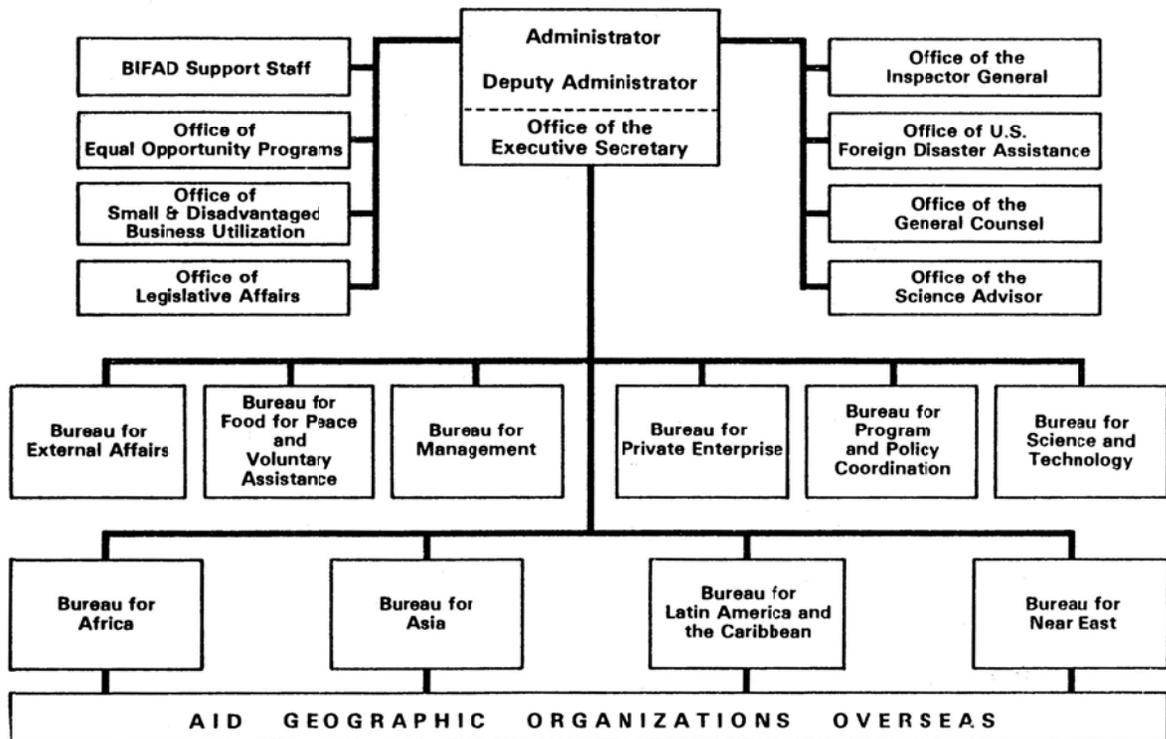
October 1979

15

**Figure 16**

USAID Organization Chart, June 1984

### Agency for International Development



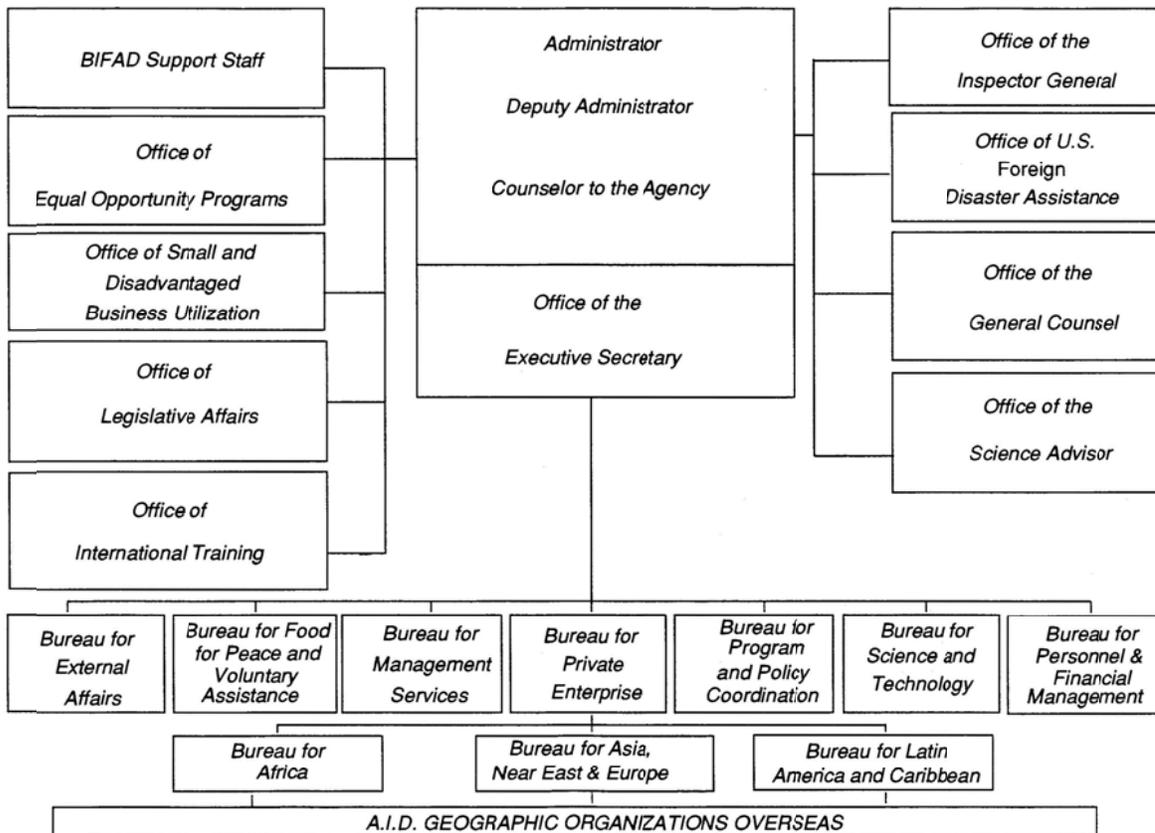
JUNE 1984

03

**Figure 17**

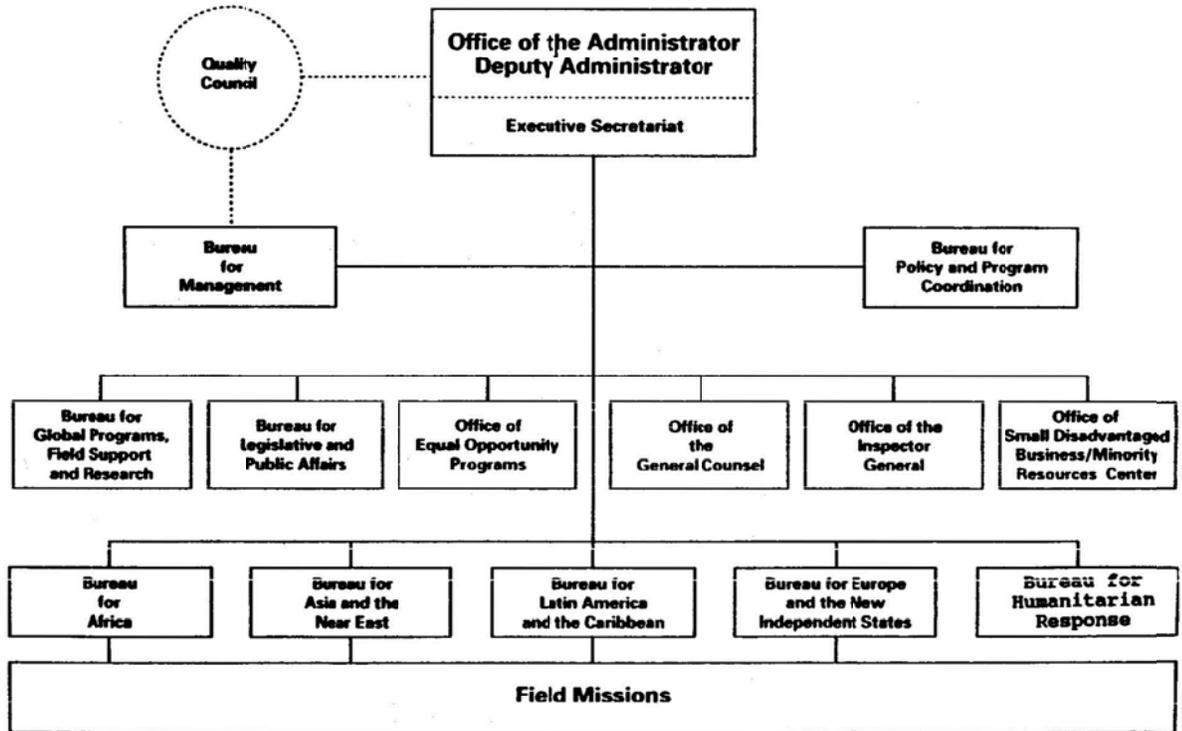
**USAID Organization Chart, 1990**

**AGENCY FOR INTERNATIONAL DEVELOPMENT**



**Figure 18**

**USAID Organizational Chart, October 1993**  
**AGENCY FOR INTERNATIONAL DEVELOPMENT**



October 1, 1993

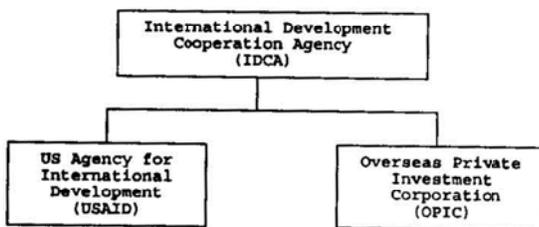
A-3

5

**Figure 19**

**USAID Organizational Chart, 1999**

**International Development Cooperation Agency (IDCA)**



**INTERNATIONAL DEVELOPMENT COOPERATION AGENCY (IDCA)**

Director J Brian Atwood 6.09-010, RRB  
Deputy Director Harriet C. Eabbitt 6.09-025, RRB

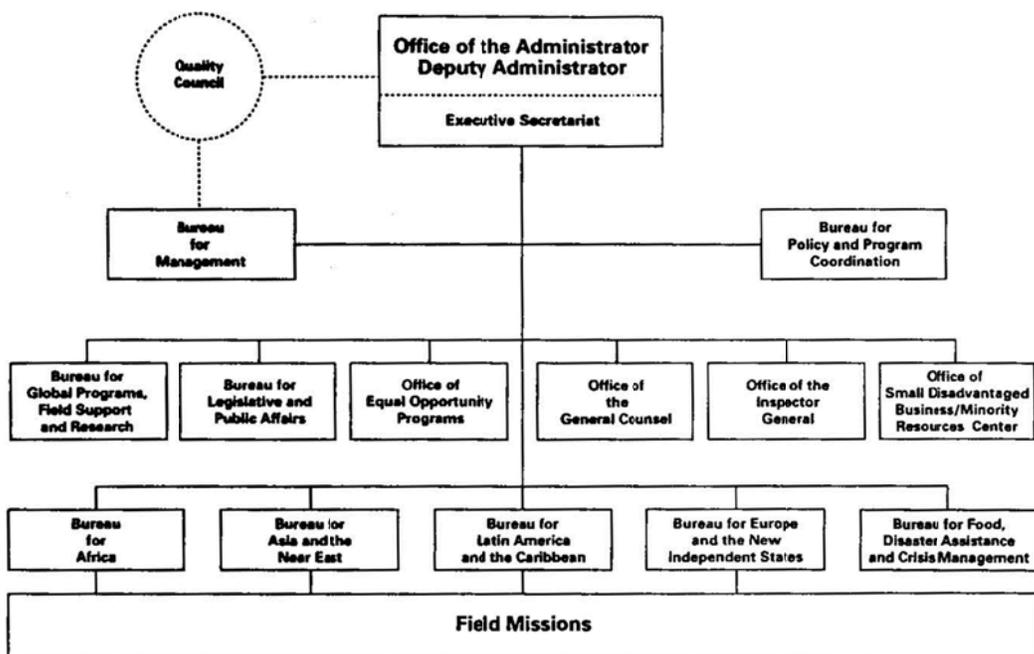
202-712-4040  
202-712-4070

**DEVELOPMENT COORDINATION COMMITTEE (DCC)**

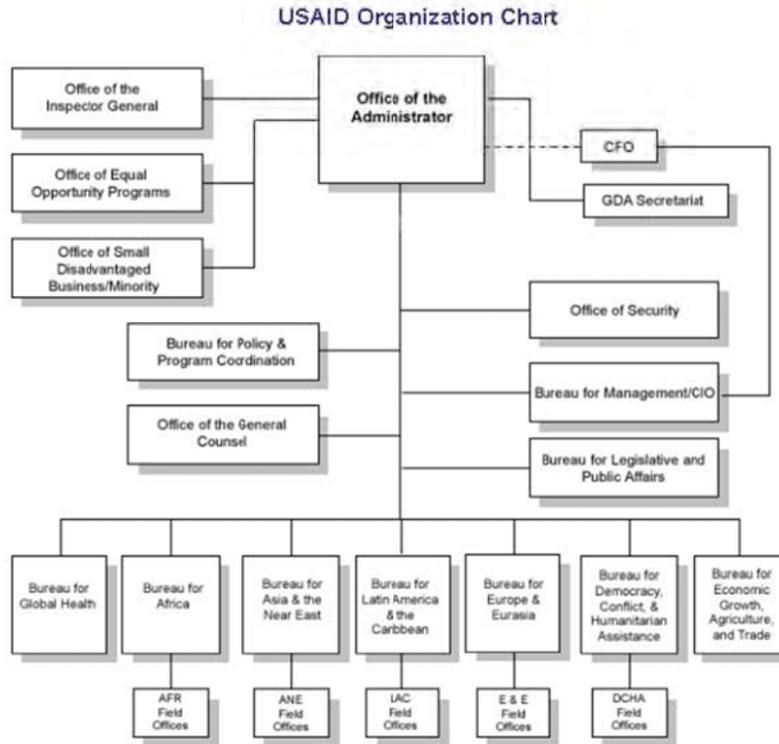
Chairman J Brian Atwood 6.09-010, RRB

202-712-4040

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)**



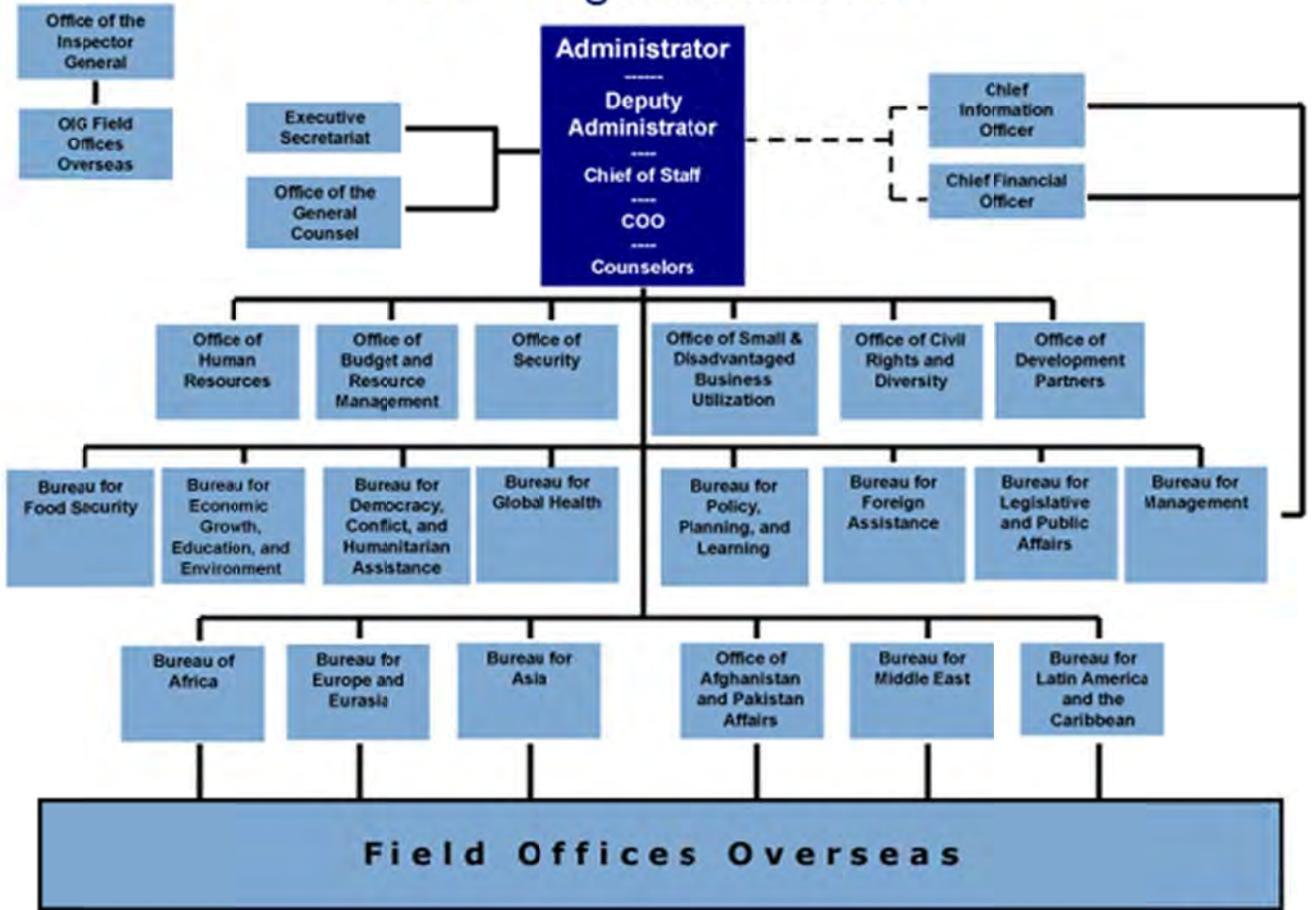
**Figure 20**  
**USAID Organizational Chart, 2005**



**Figure 21**

USAID Organizational Chart, April 2011

# USAID Organization Chart



As of 04/29/2011

## CHAPTER 5: QUESTIONS, ISSUES AND REFORMS

*Capacity weaknesses are arguably one of the most challenging constraints not only to greater aid effectiveness but to the whole development effort as well*

– Cairo Workshop on Capacity Development: From Concepts to Implementation, Workshop Report. 28-29 March 2011, Cairo, Egypt –

### LOCAL CAPACITY DEVELOPMENT METHODS

Practically every USAID program and project has a training and technical assistance (TTA) component. Over the decades, across its various bureaus, offices, Missions and sectors, USAID has funded assorted TTA programs implemented by legions of service providers and other partners. However, the Agency's efforts have led to veritable TTA sprawl, with activities becoming increasingly dispersed, fragmented, disconnected and buried in information silos. Also, it is not clear whether the Agency's providers, bent on retaining their competitive edge, are sharing all their resources. The Agency's evaluations have not typically paid adequate attention to analyzing TTA methodologies and outcomes. As a result, the TTA methodologies and TTA results of USAID projects lack coherence and visibility.

Another important question is whether USAID is over-reaching itself. Does USAID have the budget and the staff to effectively manage its vast spread of activities? The international development environment or "Aidscape" has changed substantially today. *The number of development actors has expanded considerably since USAID was established in 1961. Fifty years ago, there were only a handful of bilateral donors, of which USAID was by far the largest. Today, official development assistance flows through 263 multilateral agencies, 197 bilateral agencies, and 42 donor countries.*<sup>60</sup> Toward making the biggest development impact in a space that is shared by many actors and also considering its growing budget constraints, should not the Agency focus on recognizing and pursuing its comparative advantages? This involves making investments according to what the Agency does best by clearly demarcating its programming sectors and ensuring that learning systems including types of project assistance and LCD are delivering desired results.

USAID Forward and its timely agenda for streamlining operations and enhancing cost-efficiencies could help to unify the Agency's articulation of local capacity development priorities and bring a greater degree of quality assurance to bear upon its sprawling efforts at supporting learning. In the context of LCD this is a tricky exercise, since the challenge is for providers to be highly responsive to local learning needs and to apply effective local learning methods while taking advantage of global cutting edge learning methods.

If LCD is a top priority for USAID, then USAID must unify and institutionalize effective learning agency-wide. This does not mean subjecting LCD methodologies to sterile norms and

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<sup>60</sup> USAID Policy Framework 2011-2015, USAID, p. 10.

restrictive bureaucratic controls. Instead, through review and reflection, the Agency could define standards and make available guidance and incentives to help both U.S. and local providers to mine local knowledge and home-grown practices and to customize their methodologies sensitively to develop individual competencies and institutional capacities that are expressly needed on the ground. The Agency's activity managers and evaluators would need greater direction and support from the Agency to acquire the knowledge and skills to do quality assurance of local learning activities as an integral part of their LCD monitoring and evaluation efforts. The Agency's newly created Office of Policy, Planning and Learning could play a pivotal role in helping its activity managers to ensure quality learning/TTA for LCD. Other resources, such as a centrally backed searchable database online LCD Tracker tool could help USAID staff and providers to access information on the agency's LCD work by programming area, country, learning methodology, etc. as well as access resources produced by outstanding learning programs. This type of tool would facilitate sharing LCD methodologies and resources across USAID's offices, Missions and partner organizations. AID should also consider re-instituting its Development Studies Program, in which mid-level officers were routinely sent to a six-week course that focused on development problems. Given the huge influx of new foreign service officers, and the fact that this course has not been given for at least fifteen years, it seems imperative that such a learning experience take place, to ensure that officers share a common experience and background in development issues. With the Agency's renewed focus on local capacity development such a workshop would do much to inform its workforce and stimulate new interest in LCD. The Development Studies Program, if held in one of USAID's partner countries, could include a two week practicum on working with and identifying local partners.

USAID's project assistance efforts and results also lack visibility because TTA has not yet become a monitoring and evaluation priority at USAID. A CAP LA respondent commented, *"So you tell people to do capacity development, but you don't measure it so it gets disconnected. There is a real need to do baseline assessments for capacity and to measure organizational change over time. USAID AID/W and Missions are putting more emphasis on capacity building at the planning stage, so the intent is there, but there is no follow-through with measurement. It is hard to legitimize activities that are not measured."* The absence of baseline measurement and follow-up impact assessment of project assistance and institutional changes in organizations getting help from USAID is a major impediment to understanding and acting upon LCD results (if any). In a memo to the USAID Administrator, a member of a USAID team researching the USAID LCD activities in four countries during August 2010 exclaims, *"No impact, no accountability: I was shocked by what I found. We spend a huge amount of money on 'capacity-building' with no impact assessment, no accountability, and no system for even charting progress in the capacities of local entities."*<sup>61</sup> IPR findings reveal that USAID's information management systems, are lacking: *"Phoenix does not currently capture umbrella mechanisms and sub-awards. Therefore, the data presents a picture that undervalues the amount of local activity whose funding originates from us though it is managed by intermediaries."*<sup>62</sup>

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<sup>61</sup> *Capacity Building & Local Organizations*. Memorandum to Raj Shah from Ari Alexandar, September 3, 2010.

<sup>62</sup> *Ibid.*

## **TTA CONTENT AND METHODS**

CAP LA respondents are critical about the type and quality of TTA delivered to local partners. They point out that the TTA provided to USAID's local grantees for example, is narrowly focused, dictated primarily by USAID's own needs rather than actual grantee needs, and is of limited use or no use to local partners. "*Capacity means capacity to meet USAID's requirements, little else*" remarked one respondent. Typically grantees are fed staple fare relating to managing USAID awarded funds, starting up grant funded activities, monitoring, reporting, evaluation, fund raising, sustainability, diversity, gender equity, etc. "*This is stuff they can read up on their own, we don't need to spend millions of dollars*" scoffed another respondent. However, realistically, local partners will need some form of orientation on meeting USAID's requirements depending on their prior experience. As USAID turns to funding local partners directly, the question now is who should be doing this orientation and other TTA, INGOs and U.S. contractors or local intermediaries? Furthermore, once they have mastered AID's financial reporting requirements, there will still be needs for organizational strengthening to improve their long-term sustainability – perhaps most importantly, their ability to raise funds and retain local staff.

Regarding program models instituted and human competencies and organizational capacities defined by USAID, questions continue to be raised about usefulness, relevance, cultural appropriateness, and sustainability. For example, referring to a complex M&E system installed in Nigeria which is very expensive to maintain, a CAP respondent exclaimed, "*There is no way the Government of Nigeria will be interested in taking over this system. They won't pay for it.*" The roots of these problems are seen to run deep into the history of U.S. cold war strategies. Critics of development assistance maintain that foreign donors provide the kind of aid that meets their own interests. U.S. LCD assistance continues to be viewed by influential left-of-center radical thinkers as a neo-colonial enterprise to recruit allies from among developing countries by spreading American culture and implanting U.S. type institutions.

As with TTA content, there is growing skepticism generally about the effectiveness of standard TTA methods and tools. In an interview with a National Public Radio (NPR) host on November 17<sup>th</sup>, 2012, Calestous Juma, the author of "*The New Harvest, Agricultural Innovation in Africa*"<sup>63</sup> observed that workshops, seminars, conferences and the like were not effective in motivating learning and behavior change in African agriculture personnel and farmers. These events, said Juma, mainly help providers to count their outputs and demonstrate delivery of agreed upon services. In contrast, Juma said that a video demonstrating a fellow African farmer's success is far more effective in persuading other farmers to change the way they work. In future then, it is important for USAID to thoroughly re-think the pedagogy behind TTA tools and methods that are funded and encourage providers to be more creative in their methods, to base their TTA on a deeper understanding of learning, as well as to draw upon local culture and expertise.

Donor agencies have for too long dictated to local organizations. What is needed now is support for local organizations to develop their own tools. The intention of USAID Forward and

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<sup>63</sup> *The New Harvest, Agricultural Innovation in Africa*, Calestous Juma, Oxford University Press, January, 2011.

instruments developed by AID/W reflect these ideas, and to some extent seem to be being applied. The question is whether the TTA tools of U.S. based providers will make sense to local users, especially users belonging to organizations with organically evolved structures and work-styles that are different from Northern organizations. To help such organizations, the Agency is developing simple, easy to understand guiding LCD principles and criteria which should help local organizations to adapt existing learning evaluation tools or produce their own tools. As mentioned above, workshops and study programs that would emphasize these new approaches in the field would greatly improve the ability of foreign service officers to implement these capacity development ideas.

### **INGOS: COMING OR GOING?**

The USAID Forward and IPR reforms are getting mixed reactions from NGOs. While efforts to streamline business are welcomed, INGOs are also ‘seeing the writing on the wall’ in USAID’s burgeoning interest in funding local organizations directly and refashioning instruments for phasing-in more management and TTA responsibilities for local organization. However, it is clear that INGOs – especially a small group of 25 or so organizations that have effectively cultivated the art of winning awards – have benefited substantially from the international development business. Critics wonder aloud whether the hundreds of millions of dollars channeled through INGOs over the decades have produced commensurate results. In the short and medium term, INGOs will play a critical role in transitioning local organizations to become effective USAID partners. However, in the longer-term, the work and influence of U.S. organizations may wane. InterAction’s message to USAID makes sense:

*“InterAction members firmly support USAID’s objective to strengthen local capacity. Promoting country ownership and empowering local organizations to ensure the success of poverty reduction programs have been core values of the U.S. NGO community for many years. In order for implementation and procurement reform to be successful in meeting its objectives, however, USAID needs to rethink how it related to both local and international civil society. USAID must engage with local NGOs in a way that takes full advantage of their extensive country knowledge and relationships with local communities, and support them in a way that allows them to lead the development process in their countries. Similarly, USAID must view U.S. NGOs not as costly alternatives to local organizations, but as mission driven partners that bring significant resources, experience and support for foreign assistance. Though we may share different goals, USAID, U.S. NGOs and local organizations have different strengths; all must be able to bring these strengths to bear if we are to collectively make progress on addressing complex development challenges.”<sup>64</sup>*

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<sup>64</sup> *Procurement for Country Ownership and Better Results: Recommendations for Improving USAID’s Procurement and Implementation (IPR) Reform.* Interaction Policy Paper, September 2012.

## COUNTRY OWNERSHIP

When asked to identify a significant USAID LCD activity, a perplexed CAP LA respondent exclaimed “*everything we do builds local capacity.*” But is this really so? Critics argue that the individual competencies and institutional capacities built with foreign donor help are those that are valued and dictated by donor preferences, rather than country priorities. The LCD demands made by the High Level Fora on Aid Effectiveness basically contradict conventional thinking and the entrenched practices of donor agencies. These LCD demands issue from the core principle of country ownership. In Paris, France (2005); Accra, Ghana (2008) and Busan, South Korea (2011), participating nations and multilateral agencies endorsed “*Country Ownership*” as a central pillar of development. “*Country Ownership means that developing countries determine and implement their own development policies to achieve their economic, social and environmental goals. All development actors — parliaments, central and local governments, CSOs, research institutes, media and the private sector — should actively participate, and donors should respect country decisions and support efforts to increase local capacity.*”<sup>65</sup> Donors are expected to “*align behind these objectives and use local systems,*” to be transparent and to coordinate their activities to help a country.

Looking back at the broad sweep of donor assistance, a history defined by USG’s leadership, it seems we are in a different place now. The 21<sup>st</sup> century consensus on Aid Effectiveness places aid recipient countries in the center of development policy and action with national governments at the helm. This thinking is more nuanced and in some respects quite different from the conventional assumptions underpinning ‘progress’ and change. Bolstered by theories of modernization, progress was seen to be epitomized by the technological, industrial and political practices of the advanced industrial nations. Although their grip is weakening, these assumptions continue to justify the leadership roles and the sometimes high pressure interventions of Northern and Northern backed multilateral donor agencies.

The reality is that country ownership practice is far behind country ownership rhetoric. USAID has strongly supported the Aid Effectiveness Forum-endorsed agreements. USAID Forward initiatives are striving to turn the Paris Declaration, Accra Agenda for Action and Busan Partnership agreements into action. In doing so, the Agency faces formidable, but not insurmountable challenges relating to policy and programming constraints, organizational constraints and difficult partnerships with developing countries. It is also important to understand that just investing more resources in directly partnering local organizations will not necessarily achieve the country ownership envisaged by the Forum on Aid Effectiveness.

## ***POLICY AND PROGRAMMING RESTRAINTS***

This report points out that the U.S. national and global interests driving U.S. international development assistance have remained relatively constant over time. In fact, U.S. national

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<sup>65</sup> *Improving Aid Quality: The Paris Declaration and the Accra Agenda for Action.* 4<sup>th</sup> High Level Forum on Aid Effectiveness, Busan South Korea, November 29 – December 1, 2011.

security concerns have heightened, and the need to invigorate the American economy through U.S. global leadership in technological innovation and international trade has become even more urgent. In this context, some CAP LA respondents point out that it is important for USAID to continue explaining how it supports self-serving U.S. foreign policies to get U.S. public and political support for development assistance. Others disagree. They emphasize the need for drastic changes in USG and USAID thinking, policy and communication. They agree that to achieve country ownership, both donor agencies and local organizations will have to change their mindsets and behavior.

Country ownership requires that donor-partner nation relationships and interactions at all levels be grounded in mutual interests, mutual respect, trust and shared benefits. Partner governments and other local organizations are as much USAID's primary stakeholders as are U.S. taxpayers and the Congress. To establish its commitment to country ownership, USAID will need to involve local partners to a much greater degree, getting more country partner input on a much wider range of opportunities and challenges, including for example, local partner input for preparing Mission strategic plans.

There are promising changes underway within USAID to mainstream country ownership. USAID is creditably moving in the direction of designing programs specifically to be transferred to local owners. Facilitating country ownership will need highly focused and concerted agency-wide changes in the long-term running parallel to continuous reform impact assessment and learning. USAID's planning and management instruments must give greater voice, leadership and responsibility to aid recipients. While Mission plans and projects are prepared in consultation with prospective beneficiaries, the voices of local partners still do not come through strongly enough in the plans.

Translating local stakeholder consultations into plan and programming content is a difficult exercise which requires change management skills. A CAP LA respondent emphasized the urgent need for USAID to use change management specialists widely and intensively. This respondent pointed out the need for USAID to apply mechanisms from the start to transit programs to local owners. For example, by using "Total Cost of Ownership" models, future programming costs could be calculated to get a better understanding of the responsibilities and obligations for future local owners.<sup>66</sup> USAID would need to experiment with new kinds of programming interventions, by involving for example, the huge diaspora communities that are being increasingly recognized as important international development resources.

## ***ORGANIZATIONAL CONSTRAINTS***

Facilitating country ownership involves cultivating local knowledge and networks, such as getting to know and developing working relationships with in-country opinion-leaders and development practitioners. As the Global Evaluation of the DGP noted, and as has come out in

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<sup>66</sup> Total Cost of Ownership (TCO) modeling is a tool that systematically accounts for all costs related to an information technology (IT) management decision. TCO includes all costs, direct and indirect, incurred throughout the life cycle of an asset, including acquisition and procurement, operation and maintenance and end-of-life management.

some of the CAP LA Country studies, local grantees often complain for example, that it is difficult to communicate with USAID staff. As confirmed by IPR consultations, USAID staff must be ready to spend a lot of time with local grantees and potential grantees. USAID staff would also need to acquire and apply technical support skills. If USAID undertakes a more retail approach to LCD and direct funding to a larger number of LNGOs, there will also be a need for more staff, whether FSN or USDH, to carry out these new approaches.

The recent DGP evaluation points out that “*Virtually every Mission brings up the management burden. It seems indeed to be real. “Local organizations need more hand-holding; continuous support – we cannot provide that.” As one AOTR in Ethiopia put it: “It’s a very awkward process especially since they are going through a learning process and there is no one here to teach. We are not set up to do this.”*”<sup>67</sup> Overburdened by the AID/W requirements cascading from multiple AID/W units and limited by short tours of duty, stringent security restrictions, staffing shortages and sometimes, the lack of necessary technical expertise, USAID field office staff struggle to cope. These problems have undermined local grantee programming and results. The DGP evaluation asks “*If the project is poorly designed, unfeasible, unlikely to be sustainable, etc., why then was it funded? ... Are these questions not being asked because it is inconvenient to ask them? Or are they not being asked because USAID Missions are staffed with people with little experience in technical areas; and/or with little understanding of development itself? And/or are they not being asked because bureaucratic imperatives get in the way of such questions – personnel feeling that their role is to check off boxes in a matrix?*”<sup>68</sup>

By all accounts, the many AID/W bureaus interacting with Missions often create confusion and also distraction from the important in-country work at hand. Facilitating country ownership and working directly with local organizations present challenging transitions for the Agency. IPR would have to continue to develop methods for reducing work load, especially at the Mission level, establishing clear lines of communication, providing appropriate and timely TTA and easier methods for funding local organizations.

## **DIFFICULT LOCAL PARTNERSHIPS**

Country ownership is easier said than done, especially if recipient country governments and other local organizations function within country environments marked by corruption, repression and violence. In these cases, who are the real country owners? However, if USAID decides to invest in a country, then it must find a way to establish a strong and productive working relationship with the government in collaboration with other donors. The CAP LA learned that working closely with governments having questionable reputations is not regarded as a priority for USAID field offices, at least partly because it can give the impression that the USG is validating these governments. The alternative is to just work mainly through non-profit and for-profit organizations. However, this is a poor alternative which usually produces limited LCD outcomes and has potential to undermine a country’s sovereignty and weaken its government further (as in the case of Haiti). Creating environments that enable change would have a much

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<sup>67</sup> DGP Global Program Evaluation (A mid-term, real time, learning-oriented evaluation), Thomas Dichter, April 4, 2011, p. 40.

<sup>68</sup> *Ibid.* p. 13.

larger ripple effect than one-on-one LCD relationships with local organizations in some instances, but this implies acceptance from the government. A CAP LA respondent challenged the use and effectiveness of LCD, “*Development deficits are about imbalances in power and not deficits in capacity development. Voice and space are equally important.*” This respondent draws attention to the limitations of LCD and suggests that continuing investments in civil society empowerment to allow people to act freely is very important.

## **PARTNERING LOCAL ORGANIZATIONS**

### ***NEW ELITES AND NEW DEPENDENTS***

In partnering local organizations, the big opportunity as well as the big challenge USAID faces is to develop its own ability to work with a variety of local organizations eager to support their country’s development. Direct partnerships with local organizations will involve taking risks. A CAP LA respondent suggested that the Agency should approach local partnerships and LCD with an open mind and spirit of enterprise, treating its LCD investments as development venture capital, rather than expending energy struggling to properly regulate local organizations in circumstances defying control. However, as demonstrated by on-going IPR actions, USAID is treading cautiously in dealing with risk.

Through IPR, USAID is relaxing, streamlining and simplifying regulations and procedures as permissible, within the accountability parameters of the USG. These reforms relate to funding mechanisms, RFAs, USAID funded project management requirements, etc. IPR is attempting to make it easier for local organizations to apply for USAID assistance. However, even these simplified instruments may pose formidable challenges for most local organizations. So it is important for USAID to continue working on making it much easier for local organizations to apply, get awards and manage their U.S. funded activities. Through pilots, monitoring and assessment, USAID needs to learn continuously to improve its mechanisms for working with local organizations

USAID’s direct funding for local organizations will have an impact on the resource base, relationships, learning, growth and political status of local organizations involved in development. As matters stand, only the larger and more experienced non-U.S. organizations are likely to have the political savvy and organizational capacity to get USAID awards. By funding these ‘eligible’ local organizations, USAID runs the risk of either creating or elevating an elite group of local organizations. These elite organizations may become highly dependent on USAID largesse. These elite organizations may also enmesh smaller organizations in satellite relationships based on sub-awards and TTA. Also, by getting labeled as recipients of USG money, USAID-supported local organizations could become targets of local anti-U.S. political actors. In order to minimize elitism, dependency and negative labeling USAID could:

- Work closely with relevant recipient country government authorities to get buy-in, and to collaboratively design and administer USAID programs funding local organizations directly;
- Develop the capacity of recipient country governments to work with local organizations as development partners and to fund local organizations;

- Design programs to simultaneously fund large, medium and small local organizations, adjusting funding mechanisms and management requirements by category to facilitate participation by a variety of local organizations. For example, in funding very small organizations, USAID could arrange for an external provider to provide financial management services
- Provide LCD support for local organizations to become professional providers of capacity development services
- Make TTA in fund raising and funding source diversification a staple LCD element

### ***GOING WITH THE FLOW***

USAID's organizational development work thus far is premised for the most part on American concepts of what non-profit or for-profit organizations should look like in terms of organizational structure, functions, personnel, procedures and results. The majority of organizations doing or interested in doing development work in aid recipient countries are quite different, with the exception of a small proportion of larger organizations intentionally modeled on their Northern counterparts. For example, some local organizations could be staffed by family members. Many community based organizations go through active-dormant cycles depending what's going on in their communities. Other organizations have few or no full-time staff members. However, these organizations have the potential to make significant development contributions at the grassroots. This means that USAID would need to be much more open-minded and flexible in order to establish the rapport needed to help local organizations. The Agency faces a learning curve in understanding local organizations and would need to ramp up its efforts to research and learn more about local organizations.

## PART II: PRESENT DAY

Diane Skelly Ponasik, Consultant

8/30/2012

## INTRODUCTION

This study was drafted by Dr. Diane Ponasik, who is a retired USAID Foreign Service Officer. It is targeted at present USAID activities in local capacity development and documents the objectives, programs, projects, broad methods and achievements of local capacity enrichment now being undertaken by other USAID bureaus. It explores various types of local capacity development or training and technical assistance (TTA) provided by USAID and gives an evaluation of the costs and benefits of each kind of TTA.

Specifically the scope of work called for a review of the New Partnership Initiative (NPI), the Bureau of Environment and Economic Growth's (E3) Human and Institutional Capacity Development Policy, DCHA's Office of Conflict Management and Mitigation, DCHA's Center of Excellence on Democracy, Human Rights and Governance, the Office of Small and Disadvantaged Business Utilization, E3's Poverty Reduction and related programs, Feed the Future, and the staff of Implementation and Procurement Reform Objective Two staff.

The Ponasik study was undertaken between April 15 and August 30, 2013. It involved review of evaluations, project reports, RFPs, USAID Forward documents, policy papers, contractor reports, and interviews with over twenty USAID officers (predominantly civil service rather than foreign service) and contractors. The paper discusses the types of LCD/technical assistance that are or have been applied: long term participant training, short term participant training, long term expatriate technical assistance, short term expatriate technical assistance, long and short term local assistance, U.S. workshops, in-country workshops, and various forms of peer-to-peer assistance, which can include U.S. volunteer programs as well as in-country mentoring from local people in the value chain, and lead farmers or producers.

The paper concludes with a rough estimation of the relative costs and benefits of these types of assistance. Long term U.S. technical assistance tops the list as the most costly. While this assistance can be valuable, as shown in the body of this study, it is best used sparingly to manage technical assistance given by local resources, to assist in identifying them, in overseeing and briefing local providers, and eventually transferring skills to the local providers. Short term expatriate technical assistance falls into this same costly category, but can be valuable in transfer of skills, especially in training local intermediary associations and NGOs so that they can take over these functions. Where the U.S. consultant is not fluent in the local language, however, the process of using translators in training can be tedious and can interfere with the learning process. The provision of long and short term technical assistance by local providers is much more cost effective and should be favored as much as possible, not just because it is less expensive, but because it lessens dependency on foreign assistance and builds capacity locally.

Although short-term training or a workshop in the United States is expensive, these funds are often well-spent if they expose host country planners and officials to new ideas and innovations that can be carried back to their countries and implemented. Institutional strengthening long-term relationships, many lasting 30-40 years, have proved valuable to both partners, enhancing Americans' understanding of different cultural realities, while expanding the technological expertise of the host country recipients. They are also proving to be efficacious in expanding the funding opportunities of host country institutions. Peer to peer training calling on U.S.

volunteers, with the example of Farmer to Farmer, can be valuable in solving very specific problems, but in many cases could be shortened, to avoid putting a burden on the host family. As in institutional partnerships, these peer to peer interventions have a strong cultural exchange component as well as a technical one. They should be used judiciously to complement other activities when a specific technical skill is needed, and care should be taken to ensure that their input is widely disseminated.

In the short run there will be costs involved with the new approaches to local capacity development. Mission staff, both US and FSNs, need to be fully involved in identifying and working with local NGOs, many of whom will need continual advice and training in how to work with USAID and other donors. Most, if not all, Missions are not staffed up at present to respond to these needs, as mentioned in the body of this paper and resources will have to be found to improve this situation. Additionally, more training of local US and FSN staff will be needed to ensure that the new concepts and approaches are fully understood.

It should be noted, as a caveat, however, that all the work of both studies was carried out in Washington and to a great extent revolves around centrally-funded projects intended to assist Missions in executing the USAID Forward mandate to increase local capacity. It therefore reflects an AID/W viewpoint that may not completely capture USAID missions' impressions and experiences.

## **CHAPTER 1: NEW PARTNER INITIATIVES**

New Partner Initiatives (NPI) is a \$200 million Presidential Initiative announced in 2005 that was widely used in USAID Global Health to implement the President's Emergency Plan for AIDS Relief (PEPFAR) activities in the 15 countries selected for the project.<sup>69</sup> In keeping with the All Government policy, many USG agencies were involved, but USAID, the Department of Health and Human Services, Health Resources and Services Administration (HRSA), and the Centers for Disease Control (CDC) had the bulk of implementing responsibility. It was overseen by a much larger government group composed of Department of Defense, Office of Global AIDS Coordination (OGAC) at the State Department, and Peace Corps, in addition to those mentioned earlier. It used an innovative LCD approach in order to encourage inclusion of smaller NGOs – U.S., international and local – with the goal not only of addressing HIV/AIDS and Orphans and Vulnerable Children (OVC) concerns throughout the developing world, but also to strengthen the ability of smaller indigenous NGOs or Community Based Organizations (CBOs) to work more effectively in their home countries and to become 'grant worthy' in their own right. A prerequisite for selection of these partners was that they had not received more than \$5 million from USAID previously, and had experience in the AIDS/HIV sector. The NPI was centrally funded, which meant that the funds for all these activities came from AID/W and did not require drawdown on a Mission's budget, although it did require a commitment of personnel to monitor the activities.

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<sup>69</sup> Guyana, Haiti, Cote d'Ivoire, Nigeria, South Africa, Namibia, Botswana, Mozambique, Zambia, Kenya, Rwanda, Ethiopia, Uganda, Vietnam and Tanzania. Of these, all received grants except Guyana. Guyana did not submit any eligible proposals so it was dropped.

There were two procurement actions. The major one was to select the New Partners, as described above. They received the bulk of the funds and were responsible for implementing the PEPFAR program. A second action was to award a contract to a US firm who would be responsible for providing technical assistance to these new partners to build their capacity to work with USAID. They received about \$18 million. This was a Leader with Associates contract (LWA).

The awards to new partners were divided into three Rounds, the first beginning in December 2006. An Annual Program Statement (APS) was drafted and circulated world wide asking for five-page responses to the APS description. A board of 29 reviewers, led by OGAC, and composed of the government agencies listed above, reviewed these submissions and selected the most responsive. According to USAID, all the submitters received a response from the Board explaining either why they were not selected, or if they were, they received a longer response listing their strengths, asking some sections to be expanded upon, and suggesting other parts be dropped since they were not relevant to the agreement. Input from the field<sup>70</sup> indicates, however, that many of the losing NGOs did not receive any communication or feedback.

There were a total of 700 responses of which 47 proposals were accepted. These NGOs, in turn, either carried out the work themselves, or in many cases sub-granted to indigenous NGOs in the target countries. In total during the five years of implementation there were 55 grantees of which 47 worked with USAID, and 8 with CDC, and 219 implementing partners, or indigenous NGOs in the 14 recipient countries. In Round One all but one grantee was to an indigenous NGO, in Round 2 all but one grant was to an international NGO that had not previously worked with USAID, and in Round 3 all grantees were international NGOs that were new to USAID. It was not clear why USAID's later awards were primarily to international, rather than local, NGOs, but grant management may have been an issue, as the international NGOs, while still meeting AID's desire to have new partners, would have been able to work more closely with the local NGOs assisting them in meeting AID requirements for reporting.

In Round One (2006) all proposals were reviewed in Washington and all award decisions were made at AID/W. In Round Two (March 2008) Missions were consulted, and in Round Three (December 2008) Mission input was more aggressively sought and heeded. This was important, since Missions would have the main responsibility for monitoring implementation of these activities. These phases ran somewhat concurrently, each for a three year period. The receiving Mission was required to provide an Agreement Officers' Representative (AOR). AID/W says that the increasing Mission involvement reflected early findings that Missions often did not view these projects as an integral part of their portfolio, since both funding and selection was done by AID/W, and they did not always have the means or commitment to monitor them closely.

All NGO partners selected for cooperative agreement awards received pre-award training from the Prime or Leader Contractor, in compliance with USG requirements, and conditions precedent to receiving the award. During Year One the prime contractor – either the Academy for Educational Development (AED) or John Snow International (JSI) – gave them training in compliance, financial management, and monitoring and evaluation. Various assessments of the strengths and weaknesses of the groups were taken to identify their organizational needs. According to field visits<sup>71</sup> this was often done as a self-assessment. This Organizational Capacity

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<sup>70</sup> Communication from Thomas Dichter's fieldwork.

<sup>71</sup> Information from Thomas Dichter's fieldwork.

Assessment became the basis for strengthening their organizational capacity and after that a Technical Capacity Assessment determined other kinds of technical assistance they needed.

The compliance training started with a 3-5 day launch on what it means to be a USAID recipient. This introduced them to the realities of dealing with USAID financial requirements and made them understand how important it was. This was then followed by compliance training regionally.<sup>72</sup> The regional focus allowed NGO sub-partners with more experience to assist others in the training. Where common issues were identified the prime contractor addressed these in NPI Connect newsletters where they discussed common themes like how to deal with VAT, drafting small business plans, indirect costs. These newsletters were jointly drafted by JSI and AED, although they were paid for by AED (now FHI360).

For partners who needed more help, JSI also gave training on sub-grant management: how to work with sub-partners, how to manage and monitor – that is, to have good valuable contracts with sub-partners and what to do if they were noncompliant. Some also needed training in Negotiated Indirect Costs Rate Agreements (NICRA). Training was also held on the State of the Art in organizational development, and NGOs were assisted in developing a long-term vision and an action plan for the next 20 years.<sup>73</sup>

The capacity development goals of the NPI were to strengthen governance, improve management of the implementing partners, to improve their financial record keeping, to assist in staff retention, to install monitoring and evaluation systems and learn to use them for reporting and project design, to identify sources of funding and successfully approach them, and to learn the value of networking.

Various documents consulted indicate that good progress was made on achieving the capacity development goals of NPI. Among other achievements, NPI partner organizations have:

- Chartered their own partnerships for sustaining the future. For example, they are collaborating with national and local governments, universities, private sector organizations, technical associations and networks, other donors, and communities.
- Achieved significant organizational growth and development. This partly is evidenced by their collective progress shown in capacity-building assessments at the start and finish of NPI.
- Successfully transitioned to other (non-NPI) sources of funding. Several NPI partners have transitioned to U.S. government in-country team oversight. And the majority of partners have received or will receive funding from other sources to continue and expand their HIV and AIDS mitigation efforts.<sup>74</sup>

Perhaps most important, implementing partners commented on the pride they felt in being direct recipients of AID funds. Some were recognized by their governments as agencies to be used for implementation, participatory governance was introduced, grantees were taught the importance of data collection and its use in planning. These organizations are delivering assistance in preventing HIV/AIDS and assistance to orphans and vulnerable children directly rather than as

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<sup>72</sup> Information from John Snow Inc. interview.

<sup>73</sup> Interview with Barbara Mudd, JSI.

<sup>74</sup> *New Partners Initiative End of Project Report* 2012 p. 2.

organs of international NGOs and the assumption is that over time they will be able to assume more and more of this responsibility.

On the downside, some indigenous groups commented that fundraising remains a major issue. Others found that the 3 year implementation period was not sufficient to institutionalize the new skills.<sup>75</sup> Conversely, an inside evaluation by JSI found that:

*In terms of sustainability, all but one of the sampled partners (note that this is a sample of 8 out of the 47 partners- comment added) showed an increased and diversified funding base. Some of the recent funding opportunities consisted of multi-year funding, which was unusual before the NPI project. Most NPI partners developed a resource mobilization strategy and strengthened their links with the USAID mission in their respective countries. This evaluation found that NPI partners managed and complied with USG regulations and requirements due to NuPITA<sup>76</sup> support. It was also noted that improved partner recognition was coupled with increased visibility through strengthened technical networks, including participation in specific policy forums and working groups. 4 of 8 sampled partners succeeded in hiring new staff in addition to those hired under NPI, and 6 of 8 were found to have a costed strategic plan in place. Partners reported the most beneficial aspects of NuPITA support to be the following: trainings (including M&E, referral networks, and close-out); organizational capacity assessments and technical capacity assessments; tailored, on-site technical assistance; and on-site placement of advisors.<sup>77</sup>*

There is no disaggregated information on how many of the first group of indigenous or local NGOs were able to achieve sustainability. Funding considerations: USAID was appropriated \$188 million of the \$200 million for this undertaking. Of that, \$17 million was contracted to JSI or AED/FHI 360, or about 10 percent. The rest was to fund the NPI initiative. In sum, 55 new NGOs were brought in as new partners (of which 47 were under the USAID funding mechanism) and over five years there were 215 sub-grants given by the partners to local groups (in some cases a partner might have given 36 sub-grants, in other cases none, or very few).<sup>78</sup>

## **CHAPTER 2: THE BUREAU FOR ECONOMY, EDUCATION AND ENVIRONMENT**

The Bureau for Economy, Education and Environment is known as E3. Economic Growth is a primary concern of USAID since it drives development and reduces poverty. Many other bilateral and multilateral development agencies have reduction of poverty as their overarching strategic statement, and, indeed it is a goal of the Millennium Challenge to reduce poverty around the world by 50% in the next 25 years. USAID also supports this goal but prefers to state it more strategically, in terms of *how* poverty can be reduced. While other bureaus also address poverty alleviation, through education, improvements in health, governance, and basic food

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<sup>75</sup> GRACE Annual Progress Report for New Partnership Initiative Reporting Period October 2009-September 2010, p.7.

<sup>76</sup> New Partners Initiative End of Project Report 2012 USAID, CDC, HRSA.

<sup>77</sup> Exploring the Effects of Holistic Capacity Building: NUPITA Case Studies in Capacity Building: Capacity Building with NPI Advisors: Building Trust and Reaping Results 2011, JSI, p.2.

<sup>78</sup> New Partners Initiative End Of Project Meetings Report, January 2012.

production, E3 has adopted ‘broad based growth’ as its goal, meaning growth that includes major income groups, ethnic groups, and women, and that significantly reduces poverty.<sup>79</sup> In addition to agricultural growth, this strategy includes improving policies and institutions that support markets.<sup>80</sup> Overall USAID is aiming for a growth rate of 2% a year.<sup>81</sup>

E3’s major approach to local capacity development is through the value chain. This methodology is used to improve the lives of poor farmers as well as micro and small entrepreneurs by helping them attain economic growth. This methodology explores all aspects of agriculture from the field to local and export markets exploring both horizontal and vertical links to see how they could be expanded or improved. USAID uses this methodology with the very poor, where the goal is first simply to make them self sufficient, and then after that is accomplished to see how they could form links with the market through cash crops or micro and small businesses and hopefully continue from there to larger markets.

The value chain approach has been applied in many countries. In Ethiopia the Productive Safety Net Programme Plus (PSNP Plus) is a USAID-funded project that aims to assist chronically food insecure households to graduate out of the government of Ethiopia’s safety net program (PSNP) by improving their access to financial services and functioning markets. The goal is for these households to become food sufficient and also have enough surplus to protect them from emergencies. Its inputs were facilitating access to easier credit, improving water and sanitation, opening up market opportunities, and making whatever lessons were learned from this project widely available. Over 27,000 families were organized into cooperative production units and the project gave them training in financial literacy, business skills, group formation, record keeping, and leadership. They were also provided with technical training in production technologies, post-harvest handling, and product quality, grading, and marketing.<sup>82</sup> Although it is not clear in all cases who gave the training, the project recruited local businesses and associations to partner with producers. It also held forums bringing together farmers, traders and government agencies to discuss issues and opportunities for collaboration.

A recent evaluation of this project found, however, that the efforts of the small producer groups to sell to markets were not very successful due to issues with quality control and their unpredictable volume. It also found that the very poor producers were not that motivated to take the step beyond subsistence and enter the market because of the substantial risks involved. Evaluators concluded that the short-term period of this 3 year project was simply too short to allow for all the changes that needed to be made by these very poor producers, who are notoriously risk-averse, with good reason. Additionally, this points out the need for in depth business analyses to give more certainty that there would be sufficient profitability and viability for these production groups.

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<sup>79</sup> *Has Recent Economic Growth Been Broad-based and Inclusive? Review and Analysis of the New World Bank Poverty Data*, Michael Crosswell, May 17th, 2012, p.2.

<sup>80</sup> *Economic Performance and Prospects: Review and Analysis of the New IMF Growth Estimates and Projections* Michael Crosswell, May 30th, 2012, p.7.

<sup>81</sup> *Ibid*, p.1.

<sup>82</sup> *The Integrating Very Poor Producers into Value Chains Field Guide*. October 2012, p.114.

Similar efforts using the value chain approach have been implemented across Africa, as well as in Latin America and Asia. USAID's Poverty Reduction by Increasing the Competitiveness of Enterprises (PRICE) is a 5-year project that works with the Government of Bangladesh (GoB) and the private sector to remove constraints that hinder the competitiveness of the horticulture, aquaculture, and leather products sectors. A strategic decision was made to focus project resources on three high value crops (potato, eggplant and mango) in the Northwest and Southwest of the country. Sales of PRICE-assisted SMEs and farmers increased by \$39.3 million during the year, close to the \$40 million target. As a result of PRICE interventions, almost 9,600 new jobs were created, private sector investment grew by \$1.9 million, and over 2,200 farmers and SMEs gained access to finance. PRICE placed a great deal of emphasis on training, with more than 4,600 mostly horticulture and aquaculture farmers receiving assistance to improve their management practices, and over 23,000 receiving different types of technical training. Over 3,100 persons participated in workforce development programs during the year, most of them in the leather products sector.<sup>83</sup> Training was carried out by skilled local consultants who were selected by the project's knowledgeable local staff. Lead farmers in the areas, usually community leaders, acted as mentors. The 2-3 day training using demonstration plots was carried out as close as possible to the farm areas, but farmers who had to travel were reimbursed with a small stipend. PRICE's activities have led to increased yields, safer integrated pest management practices, improved post-harvest storage, and greater use of eco-friendly inputs and techniques. As a result of interventions in the reporting period, horticulture sector partners increased sales by more than \$6.4 million; the project helped to create 2,656 jobs, and investments in fixed assets increased by approximately \$377,000.

In Paraguay the Vende II project used the "value chain" concept to link (largely) agricultural producers, the buyers of their produce, the processing firms that converted these products into finished, marketable items, and the ultimate consumers, whether domestic or foreign. An estimated 10,000 farmers were connected to project activities, mostly through assistance in using improved seeds and agricultural practices. Sales and exports connected to the project were more than twice the original target, and exceeded the revised targets of \$94 million in sales and \$64 million in exports. Nevertheless, the project evaluation concluded that without changes to the policy environment it would be difficult for small producers to benefit, since they were unable to obtain permits allowing them to sell to large city supermarkets. The supermarkets appear to have varied significantly in their enthusiasm for the program, some highly interested in stocking more Paraguayan products, while others saw the difficulties in dealing with a larger number of suppliers and the logistical problems involved.<sup>84</sup> Another point made here and in other evaluations is that the people who benefited the most from these interventions were those who had participated in Vende I, of which this was a follow-on. In other words, the longer time frame allowed more people to institutionalize the new training and benefit.

In Burkina Faso, the project linked its livestock program to a microfinance institution which provided credit to women for their livestock activities while the project continued to provide technical assistance as needed. In addition, the project intended to support poor households that could not afford the 20% down payment required by the village banks. The results of analyses

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<sup>83</sup> *Poverty Reduction by Increasing the Competitiveness of Enterprises - Bangladesh*. Annual Report Oct 2009 - Sep 2010 p.1.

<sup>84</sup> *Paraguay Poverty Reduction Program: Final Evaluation 2010 (Vende II)*, p.2.

confirm that the project reached the poorest women. However, the study also shows that the interventions were not enough given the widespread poverty among women in the project villages. The special microcredit lines (FACAP) conceived for the most vulnerable women did not target the poorest adequately which allowed many women above the poverty line to benefit from credit and the project's special technical assistance. As a result of this inadequate targeting and technical assistance, it appears that the Zondoma project did not target the poorest women in the project area as intended. This points out the importance of correctly identifying the group, if the intention is to reach the very poor.<sup>85</sup>

An important element of value chain implementation is what USAID refers to as 'facilitation'. This focuses on changing relationships between actors in the value chain or introducing new ways of doing business that increase the local availability of needed goods and services. This approach focuses less on direct interventions and more on using local firms or companies (referred to as Lead firms) and linking them to training or other ways to work with local producers and connect them to markets. Another type of facilitation is, in the case of very poor farmers, to use SMART Subsidies, which are either financial or in kind, in which the project offers in kind or financial support, hidden from the producers, either to entice traders or firms to extend their services to remote areas, or to buy down risk through assisting the government to give food or asset transfers to poor producers, on a phase out basis, just long enough for them to make the transition to full subsistence. Facilitation also identifies more successful producers in the area and encourages them to become mentors to the poorer farmers. Another method used is bringing together production groups for more exchanges of information.

### **CHAPTER 3: HUMAN AND INSTITUTIONAL CAPACITY DEVELOPMENT**

*“Human and Institutional Capacity Development (HICD) is a USAID model of structured and integrated processes designed to identify root causes of performance gaps in host country partner institutions, address those gaps through a wide array of performance solutions in the context of all human performance factors, and enable cyclical processes of continuous performance improvement through the establishment of performance monitoring systems.”<sup>86</sup>*

HICD is a new approach to training that emphasizes both human and institutional strengthening. USAID continues to have participant training, usually sponsored by AID contracts, which focuses on improving the technical skills of individuals involved in the ministries or projects the contractor is working with. HICD, however, is different in that it provides a more holistic training aimed at improving USAID's host country partner institutions, ministries, or private sector organizations. The training is focused more on improving the organizational capacity of the institution rather than a technical specialty.

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<sup>85</sup> *Assessment of Women's Access to Microcredit for Poverty Reduction in Rural Burkina Faso*, FFP/R/Dakar March 2011, p8.

<sup>86</sup> *Human and Institutional Capacity Development Handbook*, p.7.

USAID employs a behavioral engineering model that examines six critical areas of the partner institution:

- **Information:** to ensure that employees have clear job descriptions, that a system exists to channel information and feedback to them, that there is a performance management system in place
- **Resources and Tools:** that materials, tools and support are adequate for the employee to perform, and the work environment is conducive to work
- **Incentives:** that incentives and a reward system are in place, jobs are fulfilling and career development possibilities exist
- **Knowledge and Skills:** that employees have the right skills and are correctly placed to use them, and that they understand each other's jobs
- **Capacity and Motives:** that employees are motivated to do the work

(Note: this seems to overlap with the Organizational Capacity Assessment that is being administered to other kinds of local organizations, as discussed in NPI and elsewhere).

The approach assumes that institutions are systems and as such can be improved with measureable results. It relies heavily on experts with Certified Performance Technologist designation from the International Society for Performance Improvement and/or Human Performance Improvement certification from American Society for Training and Development and has as a major goal to create trainers with this capacity in the host country.

USAID has been involved in institutional capacity development since its inception in the 1960s, but this version claims to be different because, rather than placing advisors to work side by side with counterparts in a ministry or institution, the HICD approach is aimed at the senior managers who are expected to buy into the analysis and take ownership of the institutional changes that are needed.

USAID is now in the process of procuring advisory services to assist Missions in implementing HICD, which is supposed to be included in all its projects dealing with capacity development of institutions, such as universities, ministries, professional organizations or non-profits. The RFP calls for five Indefinite Delivery Indefinite Quantity (IDIQ) contracts to be let with a ceiling of \$300 million for buy-ins from Missions. Proposals will be accepted from private, for-profit and non-profit organizations, non-governmental organizations (NGOs) including universities, research organizations, professional associations, and relevant special interest associations. Faith-based and community organizations are also eligible for award. USAID encourages proposals from potential new firms. Because the services are now in the competition process, it was not possible to obtain any information about this policy aside from what is given in the HICD Handbook and the RFP. Therefore the information given here is drawn from those 2 sources.

The RFP places priority on identifying and training personnel within targeted institutions so that in the future they will be able to carry out these Behavioral Engineering Assessments, (which we assume are similar to the Organizational Capacity Assessments) and even be certified by the International Society for Performance Improvement or similar. It also covers identifying in-country training institutions and transferring these skills to them so in the future they can undertake this work. Where possible the contractors are to sub-contract with these firms to do the

work. It stresses the importance of installing performance measures at the beginning so the institution will be able to measure its progress.

The contractor in some cases will have to start at the very beginning and establish a dialog to create an enabling environment for capacity development among country players. As this RFP is aimed particularly at Critical Priority Countries, this will be undoubtedly be an essential first step in many cases.

## **CHAPTER 4: DEMOCRACY, HUMAN RIGHTS AND GOVERNMENT**

Center for Excellence, Office of Conflict Management and Mitigation, and Cross Sector Program<sup>87</sup>

DCHA, specifically DRG or the Democracy, Human Rights and Governance section, is all about local capacity development. It has become a leader in the USAID Forward initiatives centering on LCD, including the IPR and developing tools to assist other bureaus to undertake the assessments needed for LCD.

DRG has rightly identified that without a political environment that allows NGOs, and particularly CSOs to function freely and legally, much of the work donors do with local groups will not bear fruit. DCHA's Center for Excellence developed a mapping tool as a first step in determining what the enabling environment is in the host country, and then identifying the local NGOs and CSOs in the area, in an effort to ensure that USAID does not continue to work with just the larger groups they've worked with in the past. It is intended to be a way to figure out who to work with, how to understand the context with which to work and who organizations go to for services they need. It tells what level they are at.<sup>88</sup> This process encourages USAID Missions to rely heavily on their Foreign Service Nationals (FSNs) in this analysis, drawing on their understanding of the country and personal knowledge of organizations working on various topics. Finally, the mapping process also identifies local service providers and their fees, both as potential providers, but also to avoid undercutting them by providing services for free that could be solicited from them. It is not clear how universal this procedure is. A field trip in Peru<sup>89</sup> indicates that no mapping was done there.

The 2 step APS (Annual Program Submission) approach has further enabled DRG, along with other bureaus, to identify new partners and strengthen them. Local organizations are invited to respond to activities identified in the APS and send in a five page project description (similar to what was done in the NPI). Once these are reviewed, the winning proposals are selected for funding and at that point USAID is free to work with them to improve the proposal. Similarly, USAID is supposed to notify the NGOs that did not get selected and point out the weak areas, so

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<sup>87</sup> Note that several studies came to my attention as this study was being completed. One is a list of IQC resources available in DRG for LCD assistance; the other is a suggested list of LCD indicators developed in Kenya. I have attached these as annexes to the study.

<sup>88</sup> Local Capacity Development Mapping V4.

<sup>89</sup> Peru field notes Joan Goodin et al, September 2012, p.10.

that the next time around they can strengthen their proposals. Interviews in the field, however, report that NGOs often did not receive this feedback.<sup>90</sup>

A dramatic example of how important DRG sees the enabling environment is the example of Guinea. This undertaking began in 2007, before USAID Forward was underway. Analyzing the health and education projects USAID had been supporting for some time with little success in this failed state, the Mission determined that it would dedicate all its resources to a single Strategic Objective: Achieving Democratic Governance. USAID's approach to achieving this goal was a multi-sectoral project in which health, education, agriculture and natural resource management were integrated into a common system of training and resource provision emphasizing "democratic governance" practices on the part of both government and civil society associations as well as technical training in procurement, financial management, conflict resolution, and greater gender equality.<sup>91</sup> Although there were areas where work had to be suspended because of internal conflict after the death of President Conte, these activities achieved success in areas not affected by civil unrest. The impact was greatest in the health, education, and civil society areas, where the groups learned to work with their local governments in an atmosphere of trust and transparency. They succeeded in having more tax revenue allocated to health and education, getting schools and clinics into better repair, and civil society groups learned to work more closely with local government to ensure that their interests and needs were being met. While advances were definitely made at the local level, however, this has not translated into a national government impact, especially in the area of devolution of funds and authority to local level government so that it can plan and use funds as desired at the local level.

Part of local capacity development has been the use of Organizational Capacity Assessment (OCAs), developed for USAID by McKinsey & Co. and used by all Missions in their efforts to strengthen their local partners. DRG has been a leader in working with Missions, training them in the use of these OCAs, and other assessment tools. These OCAs consist of a fairly long questionnaire, intended to be done in a group setting with multiple members of the CSO or NGO as well as a USAID funded American or international partner to facilitate. Field work interviews indicate, however, that there is not always a facilitator and organizations are simply asked to identify their own weaknesses.<sup>92</sup> They may be encouraged to work with a local provider on this, as in Peru. This process was used extensively in the NPI, and is explained there, along with the subsequent provision of mentors to coach the local NGOs in areas identified as weaknesses. As also discussed previously, organizational capacity is being given much more emphasis than was the case before USAID Forward.

DRG has also developed an Office of Cross Sector Integration (CSP). This is important in a Governance and Democracy sector because all USAID Bureaus work with NGOs and PVOs to deliver technical services. At the same time, however, there is a growing understanding that this not-for-profit sector should also be involved in advocacy for their specific issues, if they are not already, and need capacity development in advocacy. To that end the Cross Sector Office reaches across bureaus in Washington, offering training to identify the civil society goals for those

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<sup>90</sup> Field notes from Thomas Dichter, Moldova.

<sup>91</sup> Report of the *Faisons Ensemble* Evaluation, March 2011 p.8.

<sup>92</sup> Goodin, op.cit. The report says this work will be done in FY13 and that a RFI has been issued to seek local trainers.

technical groups (e.g. health providers also need to advocate for more government support to teen agers at risk for STDs, agricultural water-user groups advocate on water rights, etc.).

DRG identifies a problem that has dogged USAID in its many years of providing technical assistance and is now even more critical as it consciously tries to improve local capacity – how to partner. Some technical assistance providers, whether deliberately or not, simply do the work rather than impart these talents to the local groups. This is a very difficult area to control, but one of the most important from the viewpoint of improving local capacity. A mechanism DRG is using is ‘Champions’ in which they identify local people who can serve as examples or mentors to indigenous groups and also champion their causes at higher levels.

## **CHAPTER 5: THE OFFICE OF CONFLICT MANAGEMENT AND MITIGATION**

DRG’s office of Conflict Management and Mitigation (OCMM) was established to help USAID respond effectively to violent conflict situations. Before the Office of CMM was established there was no identifiable CMM sector and no cross cutting Agency-led CMM initiatives. The grants program before the USAID Forward connection did not have a strong LCD focus. The grants were aimed mainly at facilitating reconciliation.<sup>93</sup>

Over the years CMM has funded activities to reduce human suffering in conflict areas in Azerbaijan by strengthening community groups; mitigating land conflicts in Burundi; strengthening the capacity of peace committees in peace mitigation in Uganda; housing for war widows in Guatemala by training grantees in community self-help; creating a Conflict Assessment Framework that was applied in West Africa to assess the causes of conflict and identify response options, promoting peace and security in the artisanal and small-scale mining (ASM) sector in and around Kolwezi, a mineral-rich area in Katanga Province, in the Democratic Republic of the Congo (DRC) by establishing grassroots cooperatives to represent the workers and educating them about their rights and responsibilities.

In 2004 Congress issued a directive and earmarked 26 million dollars to be spent on conflict reconciliation in a program called People to People. This is a somewhat narrowly conceived program designed to bring opposing groups together, not to do research or institution building but to begin a dialog on a non-threatening issue. About 10 million dollars address the Israeli-Palestinian divide and about 16 million is spent on advancing reconciliation in other countries.

USAID/Forward created a funding window for local groups and between \$100,000 and \$500,000 was put aside to help them. (International organizations get grants worth \$500,000 to \$1.2 million). The Missions solicit expressions of interest from local groups, evaluate them and send the best two to Washington. In AID/W all these are reviewed and some are selected, based to some extent on how much Mission interest there is in supporting them. In earlier years, there were 21 projects, in FY 2013 only 13. CMM has deliberately narrowed down the number so that

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<sup>93</sup> Much of this information was taken from an interview conducted by Nilou Da Silva on March 6, 2012 as well as a later one by Diane Ponasik, April 26, 2013.

the projects can receive more attention. By reducing partnerships with Missions CMM can put more energy into helping missions secure well-qualified grantees, and can provide more training support to Missions. Additionally, they will have more time to participate in bidders' conferences organized by Missions. The Office of CMM establishes global criteria and missions get the chance to indicate specific criteria relating to mission priorities for reconciliation. The grants are announced or advertised locally. A couple of problems are being addressed – the necessity to compete in English is a drawback as well as the ability to deliver good products. Now CMM is considering translation of the proposals, and also asking just for concept papers so that those with promise can get help in finalizing their proposals. CMM issues a global solicitation and the proposals go to the missions for review. There is a funding ceiling of 1.2 million, so the grants are mostly country specific with some cross border grants.

CMM is also using fixed obligation grants (FOGS) where an advance is given to a local group, and then payments are made as benchmarks are met. This has been used in the West Bank where the project is now being evaluated by Social Impact, which has an IQC in PPL/LER. They will be evaluating Bosnia, West Bank and Burundi.

The People to People Annual Program Statement is \$26 million of which \$10 million is for the West Bank and this is Mission managed. There are many implementers including Mercy Corps, CARE, Seeds of Peace. The requirement is to bring adversarial groups together, for instance, getting Arabs and Jews to collaborate to protect the environment. Both local and international NGOs helped to do this. Earlier the money went to U.S. NGOs and they may or may not have had local partners.

CMM has produced two learning agenda pieces. They commissioned a guide for a People to People programming that was built into the West Bank/Gaza solicitation. Secondly, they have asked for a theory of change and produced guidance to help applicants and grantees prepared their theories of change. CMM has also lengthened the duration of its grants from 3 to 4 years to strengthen the reconciliation process.

In dollar terms, the PtP Program is the biggest part of the work. But in terms of office operations it is not. CMM uses its core funds (\$3.6 million) to support AID/W bureaus and missions with technical assistance relating to evaluations, CMM training, and research. The PtP component represents its field work. In terms of Congressional directives, USAID would benefit from a broader SOW which offers programmatic flexibility.

Evaluations of earlier programs have generally showed a positive impact, although many mention that sustainability is an issue because of the relatively short project times. Additionally, when project funding ends some groups have trouble retaining staff.

## **CHAPTER 6: OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION AND THE MINORITY RESOURCE CENTER**

USAID's Office of Small and Disadvantaged Business Utilization and the Minority Resource Center (OSDBU/MRC) coordinates the Agency's implementation of the U.S. Small Business

Administration's program (the (SEA) Section 8(a) Program) to help U.S. small businesses to participate fully in USAID sponsored procurements. As required by law, USAID's OSDBU/MRC reaches out to help a constituency including women owned small businesses, veteran owned small businesses, service disabled veteran-owned small businesses, and HUBZone small businesses seeking to increase their participation in development activities financed by USAID. The OSDBU also does "in-reach" within USAID to advocate the use of small and disadvantaged businesses.<sup>94</sup>

In the USG a small business is defined as a firm that has average revenue over a 3 year period of 14 million dollars. This definition of a small business, and the revenue threshold to qualify, changes somewhat depending on the business category. The office is constantly doing outreach to small businesses because the small businesses that contract with USAID get larger, earn more revenue and no longer qualify to be called a small business as time passes. Small businesses are unevenly distributed among USAID's sectors and areas of business. In some sectors they are under-represented, such as global healthcare support. OSDBU conducts market research to determine whether there are enough small businesses that are able to meet USAID's requirements. If there are two or more the contract has to be set aside for small business.

Under USAID Forward a target was set aside for small business contracts, but this has not been tracked. The government-wide goal is to ensure that small and disadvantaged businesses get 23% of total obligated dollars. However, because of these specific needs, USAID negotiated a lower level of 11% with the Small Business Administration (SBA). For the moment all these contracts are Washington based, but in 2014 the goal will be worldwide. This will be difficult because working in the developing world requires a different kind of expertise. Small and disadvantaged businesses are looked upon as being somewhat risky, having limited resources and lacking the capacity to ramp-up quickly. Smaller firms for example, may take longer to find consultants, and may be unused to the backstopping involved overseas. A big firm will have the capital and staff to respond quickly to any changes the Agency makes. On the other hand, small businesses could be more attentive, interested and responsive, with their senior staff being more engaged in making sure that the USAID projects are done well, whereas the larger companies could be more bureaucratic. Nevertheless, 5% of Mission contracts are now small business, and this would have been larger if the NPI funding had not skewed the results with its huge influx of money.

Whenever there is an award proposed for \$25,000 and above, USAID issues a "Sources Sought Notice" which is published in the Federal Business Opportunities pages. For example, recently the E3 Bureau held an "Industry Day" for their water IQC and 150 firms came. OSDBU found new firms including new small businesses. There are new small businesses interested in working with AID, some of these firms are coming from DOD arena. Because of funding problems, organizations are looking further afield.

Generally, USAID offices appear to think that the SBA requirements are cumbersome. The agency is used to dealing with a small group of larger and well known firms. Certainly, the USG is trying to make level the playing field so that smaller firms get a fair shot.

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<sup>94</sup> Much of this information was taken from an interview conducted by Nilou Da Silva with Kimberly Ball, Deputy Director, Office of Small and Disadvantaged Business Utilization, on March 13, 2013 and a later one by Diane Ponasik with Mauricio Vera, Office Director, on July 10, 2013.

The challenge is that at USAID, the sheer volume of work is high and the contract ceilings tend to be very high. When IQCs have higher ceilings, then one needs fewer contracts and fewer staff to manage the contracts. It's easier to manage large contracts with a small workforce. However, smaller and more focused contracts could be effective, too. The DLI brought in more Foreign Service officers and some of them are contract officers. IPR talks about smaller and more focused contracts, which will require more contract officers. This would require lower ceilings for Indefinite Quantity Contracts. An example is the RAISE IQC ceiling which was about \$450 million at one point and then became larger and larger touching nearly a billion dollars eventually. The OAA has now begun limiting these buy-in ceilings. When a contract is large, the advantage is that many missions can buy-in and missions can award large task orders. Once large contracts are awarded, it is easier to move forward and comply with the results framework.

The goal of IPR-driven LCD is to award 30% of USAID dollars to local organizations and government. These awards will take place at mission level. Under the new IPR Missions are now allowed to make awards to local private and non-profit organizations at 5 million dollars per requirement. In the past, local procurement was more like \$250,000 per task.

OSDBU does not train small businesses. It provides advice and limited orientation. It also has a Mentor-Protégé program. It sets up a mentoring relationship between a small business and a large business, so that the small business can learn how to comply with regulations and work with USAID, to learn for example, how to meet USAID's financial regulations. The Mentor-Protégé program has increased USAID's mentoring relationships; there are now 14 mentoring relationships in this OSDBU program. The two oldest relationships started in 2010. Some of USAID's largest contractors, like Chemonics, are participating. However, USAID is exploring various incentives to encourage firms to mentor; one is the option of providing evaluation points to mentoring firms during bid competitions, but this is subject to General Counsel approval. These mentoring relationships have other incentives for firms, because the mentoring relationships could turn into real business relationships between large and small firms. These businesses are usually strong technically, but need to learn the administrative regulations that govern federal government contracts.

OSDBU orients around 40-50 business representatives who come in for half a day. USAID contracting officers and representatives of successful firms present. Usually the participants represent small organizations which have some experience working with the U.S. federal government. The IPR Objective 2 and 3 teams are preparing e-guidance to introduce businesses to USAID's work, how to respond to a solicitation, how to prepare a budget, how to use USAID funds, etc. There are around 10 e-courses now for businesses.

## **CHAPTER 7: FEED THE FUTURE**

Feed the Future (FTF) is a Presidential Initiative funded at \$3.5 billion over three years. It is the US effort to reduce global hunger and improve security. It has two objectives: (1) agricultural-led economic growth including both staple food crops and cash crops, and (2) reduction of childhood undernourishment and stunting – this includes nourishment and education for mothers.

The vast majority of these funds is allocated to USAID Missions, mostly in Africa, since that is where there is greatest need. This initiative is focused on eliminating hunger and improving subsistence as well as on increasing productivity, and is reminiscent of working with ‘the poorest of the poor’ policy prevalent in the late 70s and early 80s. One of its target groups is small-holder farmers who are not well-linked with transportation to markets or who are otherwise somewhat isolated. Unlike ‘the poorest of the poor’, however, USAID places more emphasis on producing cash crops as well as subsistence crops. Small holders will be introduced to new technologies intended to increase food production and educated about other tools such as crop insurance and improved seeds.

About 12% or \$140 million was retained by the Bureau of Food Security (BFS) in AID/W where it is being spent mostly on agricultural research with focus on intensifying production on limited land. 7 percent of these funds is dedicated to capacity development, with the emphasis on strengthening the local universities and institutions working on this kind of research. The Bureau defines capacity development as follows: “*a process of change in which people, organizations, and society as a whole improve their potential performance and unleash, strengthen, create, adapt, and maintain capacity over time.*”<sup>95</sup> Five strategic areas of central FTF capacity development investment are policy and data; research; extension and advisory services; education; and agribusiness/value chains. These five areas are elements of the agricultural innovation system – the development and deployment of new technologies – which are key to global improvements in food and agriculture.

BFS has several new programs to address these areas: InnoVATE was just awarded to a consortium led by Virginia Tech, with Pennsylvania State University, Tuskegee University, and the University of Florida. This program’s goal is to strengthen the full range of institutions that train agricultural professionals in areas such as curriculum development, faculty development, pedagogy reform, gender balance and equity, administration and management, outreach, infrastructure, student services, and educational policy reform.<sup>96</sup> The project has \$6.2 million for the leader award and a limit of \$72 million for buy-ins from the Missions. The limit was added recently in response to complaints that the Mission buy-ins with associate awards were not competed or limited in dollars. These uncompleted sub-grants could last as long as ten years, way beyond the original life of the project.

Another program is MEAS – Modernizing Extension and Advisory Systems. The objective of this \$9 million, 5 year project being implemented by the University of Illinois at Urbana is to define and disseminate good practice strategies and approaches to establishing efficient, effective and financially sustainable rural extension and advisory service systems in selected countries. The goal is to help transform and modernize these extension systems, so they can play a key role in both increasing farm incomes and enhancing the livelihoods of the rural poor, especially farm women.<sup>97</sup> As with InnoVATE, this is a Leader with Associates contract. The project works with farmers worldwide, training public extension workers or NGOs in understanding market demands so they can link producers better to processors. In turn, the processors pass on information to farmers about quality control. Farmers are organized into producer groups so they

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<sup>95</sup> *Developing Institutional and Human Capacity for Agricultural Research*. Clara K. Cohen July, 2010 p.1.

<sup>96</sup> *INNOVATE Program Summary*, March 18, 2013, p.1.

<sup>97</sup> Website: MEAS-EXTension.edu.

have more collective bargaining power. Some interesting success stories are emerging and also lessons learned. A millet producer group in Senegal was able to increase its income by 60%, but a recent case study found that, while impressive, there were problems as the union grew and became less transparent. This model also only worked with the better-off farmers owning 5 hectares or more, who were able to apply quality controls methods to ensure that they could deliver high standard millet to processors.<sup>98</sup>

In addition to the new InnoVATE Program, BFS also has a research training program, the Borlaug 21st Century Leadership Program. This training program supports the key research themes of the Feed the Future initiative and increases understanding of the links between agricultural production, nutritional status, natural resource conservation, and development. It is a 5 year program of \$13.5 million with potential for Mission buy-ins.

Another relatively small contract funded by FTF is EAT (Enabling Agricultural Trade). This is a \$4.5 million task order under a larger IQC and has a ceiling of about \$9 million including buy-ins from Missions. The project gives technical assistance to Missions, undertaking an analysis of the enabling environment for trade. Its mandate includes doing capacity development for Ministry or other officials in order to improve trade regulations, commercial, legal and institutional reform. The project so far has done these analyses in 50 countries, but has not been able to carry out the institutional reform portion of its agenda as Missions prefer to include this in the projects that are follow-ons to this analysis.<sup>99</sup> With the new HICD contract now under negotiation, perhaps they will prefer to buy into it for these services.

## **CHAPTER 8: IMPLEMENTATION AND PROCUREMENT REFORM**

Implementation and Procurement Reform has six components, but this section will deal primarily with Objective 2, which deals with direct USAID contracting or procurement with local not-for-profit or private sector firms. Its goal is to *strengthen local civil society and private sector capacity to improve aid effectiveness and sustainability*.

This is a basic part of USAID Forward and mandates that by 2015 USAID will increase its direct grants to local nonprofit organizations from 2.46% to 6% of its program funds and will increase the number of partners from 424 to 1000. The goal by 2015 is to have 30% of USAID funding going through all of the organizations mentioned in IPR, which includes Government to Government, local government organizations, civil society groups (CSOs), intermediary NGOs and NGOs.

Identifying local NGOs and private companies that could be eligible for direct USAID contracts is a challenge for USAID, although it has done this in the past in some of the more developed countries it works in. It requires a lot of upfront work to identify possible candidates and to judge their capacity to handle US funds. To encourage Missions to meet its 2015 target of 30%, AID/W has set up an Implementation and Procurement Reform (IPR) Change Management

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<sup>98</sup> *Ibid.*

<sup>99</sup> Interview with Nate Kline, COP for EAT. July 5, 2013.

Working Group in Washington. This is a cross-functional team, comprised of individuals from the Office of the General Counsel (GC), the Office of Economic Growth (E3/EG), the Center for Democracy, Rights and Governance (DCHA/DRG), the Office of the Chief Financial Officer (M/CFO), and the Office of Human Resources (HR); other technical offices are brought in as needed. The core working group has focused on objectives 1 (working through partner country systems) and 2 (direct awards to local non-governmental organizations [NGOs] and businesses). The purpose of this Working Group is at 2 levels: one is to deal with partners in the US and with Congress, answering questions and explaining how AID will work, as well as perhaps placating US NGOs and contractors that worry they may not have as strong a role as they would like in this new approach. The second level is to actively assist Missions by training staff including foreign service nationals (FSNs), contract officers, controllers, legal advisors and project officers in how to go about implementing this reform. Since its inception a few years ago, the working group has lost some of its initial leadership and meetings that used to be held every few weeks are no longer that frequent.

To date the Working Group has given about 16 1-week training sessions, one in AID/W and the others in the field. 300 USAID staff have attended these sessions.<sup>100</sup> These have been given by AID/W staff from the Change Management Working Group, primarily in how to undertake the mapping exercise. Despite this training, however, some Missions have been reluctant given staff shortages and funding limitations to take on new staff.

IPR II intends to rely heavily on FSNs to assist in mapping (previously discussed in the section on DRG) and identifying local organizations, assessing their strengths and weaknesses, and then working closely with groups chosen to initiate these local contracts or grants. USAID held a series of Skype focus group meetings with various Missions to identify the types of challenges they faced in IPR II, and one of the findings was that Missions felt that local organizations are generally institutionally underdeveloped, often lacking all of the necessary components in terms of internal organization, with shortcomings in their ability to write proposals or reports, and have weaknesses in their financial planning and support systems. Therefore, working with local partners and partner governments requires significant day-to-day support and frequent mentoring either from mission personnel or external partners.<sup>101</sup> As discussed in the DRG section, Missions are reporting that this labor intensive hands-on work will require more staff than most Missions have, and budgetary and personnel ceiling limitations may preclude hiring needed people to carry out this work.

Missions have indicated that they will have to rely on locally procured contractors to assist in the work, or in some countries with more developed service sectors they will be able to contract with local firms to carry out the assessments and training required. USAID will also need more Contract Officers, a need that the Development Leadership Initiative (DLI) has tried to address, by hiring new interns for the past several years, many of whom to be Contract Officers. The DLI Initiative is now at an end, and AID will only be hiring as slots are vacated, so it is not clear if the supply of Contract Officers will be sufficient in the future. An additional concern, especially for smaller Missions, is that their budgets are not being increased to accommodate these new personnel needs. Members of the IPRII working group are giving training to Mission personnel

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<sup>100</sup> Information from David Jacobstein, DRG/CSP.

<sup>101</sup> *IPR Focus Group Sessions, Executive Summary* July 2012 p.1.

in how to conduct these studies, but this does not guarantee that either FSNs or FSOs will have the time to spend in the field doing assessments.

Objective I of IPR deals with Government to Government (G2G) procurement. This is very similar to Host Country Contracting (HCC) that USAID used to use until the mid 1980s, although at that time it was mostly used for loans. Several USAID veterans applauded this former procurement style saying, among other things, that it used to be a very quick mechanism for contracting and that, most important, it was very empowering for the host country. They were quick to point out, however, that HCC required very well trained loan officers or Capital Development project officers to manage these contracts, as well as high level lawyers. One source also said that a well qualified project committee, with lawyers, capital development officers, and engineers (if it was infrastructure) was necessary to monitor implementation – many technical skills that USAID either no longer has, or is understaffed in. Leaving projects like this in the hands of an inexperienced Contract Officer's Representative (COR) or Activity Officer's Representative (AOR) may not be sufficient. Furthermore, during the days of HCC there was usually a very experienced firm working with the host country (like General Electric or a university), that was familiar with contracting procedures and regulations and could train the HC. These factors do not necessarily apply to the new G2G implementation activities. A further comment from several sources was that host countries are already being asked to use the World Bank's accounting mechanisms as well as the Millennium Challenge's systems and now having to comply with USG regulations is placing quite a burden on them. It would be better in the future if one international system could be agreed upon. It is worth noting that a former Project Development Officer I spoke with commented that in Egypt contractors on HCCs had problems getting paid by the government, at least in terms of timely payments, or because there were arguments over whether the work was done satisfactorily. This trickled down to sub-contractors not getting paid by the contractor.

Using experienced international NGOs (INGOs) as partners with local NGOs, with the expressed aim of training in capacity development could be a partial solution for Objective II. AID INGO partners support this suggestion, but it would detract from the goal of USAID decreasing its dependency on large US NGOs and contractors. Experience to date suggests that G2G and Objective II implementation will require more time, and may also face resistance from some governments who do not welcome risk assessments and also may not want to assume the risk involved in FOGs (Fixed Obligation Grants) in which the host country will sign an agreement for a fixed amount and then be responsible for paying out agreed upon amounts as milestones are reached, regardless of whether the amount then seems reasonable.

FOGs are another area of some concern to contract officials. In this mechanism the AOR and the grantee agree on a price for the work to be done. Ideally this price is computed based on person hours, overhead costs for the NGO and any other concrete costs. However, in some types of projects, these are difficult to estimate – how many person hours, etc. does it take to implement a Local Government Project? The AOR sets milestones, e.g. for Local Government the first one could be that a new law is drafted to decentralize funds to the local level. When that law is drafted, an agreed sum will be dispersed to the grantee. But the cost of this is all guess work – how long will it take to achieve this? The result could be three months, or a year. Therefore the grantee could either be overpaid or vastly underpaid and there is nothing concrete to verify that

the payment is accurate. A colleague from IDEA remarked, however, that AID should be putting the value on the achieved result, rather than the factors that contributed to achieving it. (The same argument has been applied to participant training.) While a good idea, this could be hard to calculate. Nevertheless, auditors will eventually have trouble with this.

Despite the start-up problems and challenges that Missions face, USAID lists some success stories in using alternative funding mechanisms. In Ghana, the Integrated Resiliency in Northern Ghana (RING) Project, funded at \$60 million over a 5 year period will eventually contract directly with twelve local government districts, starting with 3 or 4 that are deemed ready now and giving training to the others so that during the life of the project they will be able to assume direct responsibility. An External Technical Support Unit (ETSU) and USAID will provide technical assistance to both eligible and ineligible Districts to improve their systems. USAID will contract for and manage the External Technical Support Unit (ETSU) and be responsible to the Government of Ghana for ETSU performance.<sup>102</sup>

In Peru USAID is contracting directly with Transparencia, a local election monitoring NGO. It had worked with this NGO from 1999-2002 on a direct grant, but then from 2002-2010 it worked through an INGO and Transparencia received only subgrants. During that time, however, the Mission worked with Transparencia to develop a social enterprise to promote their financial sustainability beyond donor funding. Then in April 2011, the Mission entered its second direct relationship with Transparencia through a FOG to conduct a quick count for the first and second rounds of presidential elections. The Mission's support, coupled with funding from other donors and private businesses, enabled Transparencia to execute one of the most accurate and reputable quick counts in Peru.<sup>103</sup>

In Afghanistan USAID/Kabul transferred funds to The Self Employed Women's Association (SEWA) in India to train 150 Afghan women in skills to promote their economic empowerment. USAID decided to use a FOG. A FOG was deemed the most appropriate mechanism for this activity given that the SEWA training program is broken into distinct phases of implementation, thereby allowing for payment based on achievement of mutually agreed milestones.<sup>104</sup>

In Indonesia USAID contracted with local Institute of Indonesian International Education (IIEF) to implement its participant training program PRESTASI. Through learning USAID processes, including proposal writing, contract negotiations, and transparent financial reporting, IIEF staff members are now fully trained and able to meet the strict reporting and management norms required by international donors such as USAID. IIEF has become a sound local implementing partner fully competent in an internationally competitive market.<sup>105</sup> Before receiving the PRESTASI contract, IIEF relied significantly on its U.S. partners for financial reporting and for interpreting strict guidance by international donors. Through learning USAID processes, including proposal writing, contract negotiations, and transparent financial reporting, IIEF staff members are now fully trained and able to meet the strict reporting and management norms required by international donors such as USAID.

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<sup>102</sup> *USAID Forward Implementation & Procurement Reform Achievements* Issue No. 3 February 1, 2012, p.3.

<sup>103</sup> *Ibid.*, p.5.

<sup>104</sup> *Ibid.*, p.6.

<sup>105</sup> *Ibid.*, p.7.

In Haiti USAID entered into a blanket purchase agreement (BPA) with two local accounting firms. The BPA was initially awarded to 2 local Certified Public Accounting (CPA) firms to provide financial management services including audits, payment verifications, pre-award surveys, and capacity building technical assistance to local entities. These firms are both small businesses whose accountants have received training in Haiti and the U.S. and have operated for approximately 20 years or longer. Currently the BPA authorizes local CPA firms to provide financial management services to local firms and organizations who will optimally become USAID partners. The first local organizations to receive CPA assistance include two former USAID partner NGOs: the Haiti Apparel Center (former economic security program partner), and IDEJEN (former education program partner).<sup>106</sup>

## CHAPTER 9: CONCLUSIONS

In USAID Forward there is much language about USAID's renewed interest in Local Capacity Development. A closer examination, however, reveals that the majority of these interventions are not new, although, to be sure, there are valuable additions to the modalities. Listed below are the types of interventions USAID has undertaken in LCD, with comments on any new aspects. Additionally, an attempt has been made to comment on which interventions seem most effective in which circumstances, both in terms of cost-effectiveness, and in terms of sustainability.

### Long-Term Training/Institutional Strengthening

USAID began training participants from the developing world in the early 1960s, and even before, at the time of the Marshall Plan, and then Point 4, long before USAID was an agency. Studies<sup>107</sup> indicate that in the past 40 years AID trained over 3200 participants from Africa, and between 300-400 participants each year from the developing world have been trained in health. As USAID Forward's new Human and Institutional Capacity Development Policy clearly emphasizes, training the personnel who will manage and operate local institutions is essential and invaluable. The new (or renewed) emphasis on looking beyond technical skills to understand the whole institution and its additional needs for administration, policy, human resources and financial management is equally important in creating sustainable institutions. Additionally, as suggested in various evaluations, long-term degree training is now planned more closely with the host institution, which must buy-off on the training to ensure it is relevant to their needs. A sandwiching technique is also used in which the participant returns to his/her country for research on a topic approved by the host institution, and then back to the U.S. for a final year. These additions help to guarantee that the training will have a pay-off in the host institution.

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<sup>106</sup> *Ibid.*, p.8.

<sup>107</sup> See *Years of Quiet Progress*, Gilboy et al.



Some of USAID's most outstanding examples of institutional strengthening through long-term training are India's system of agricultural colleges. USAID began working with 8 State Agricultural Institutions which have now grown to 28, established between 1954 and 1972. They were modeled on the U.S. Land Grant universities and are credited with huge reforms in agriculture in India, associated with the Green Revolution and virtually ending famine there. Additionally, because of their long-term links with sister land-grant universities in the United States, these schools now offer Ph.D. programs and are leaders in agricultural research.<sup>108</sup>

*The State owned Universities (SAUs) are global leaders in agricultural research, contributing significantly to international agricultural literature. They provide support to state extension services and create extension demonstration projects. For example, vast improvements in food production and seed varieties are attributable to the SAUs, and there are increasingly more opportunities for women in the fields of agronomy and animal science.*<sup>109</sup>

Long Term Participant training for African participants averaged about \$4.5 million per year and the impact, while difficult to quantify, has been estimated by evaluators as highly valuable.

*Instead of comparing the \$50,000 to \$100,000 needed for a single academic program in the United States with the cost of training 30 computer programmers in a program in their country to computerize financial management, program planners should estimate the value of the anticipated impact to be generated by the trained participant. Using the example above, were program planners to consider the cost of obtaining the impact rather than the cost of obtaining the training, the return on having thousands of women in villages trained year after year about HIV/AIDS or their marriage rights because one participant acquired a KSA, applied it and made a difference, would far exceed the return from the junior accountant program.*<sup>110</sup>

<sup>108</sup> *The Impact of Institutional Capacity Building on Agricultural Universities: A Review of the USAID Evaluation Literature.* Eleanor Turner, Department of Agricultural, Food and Resource Economics, Michigan State University

<sup>109</sup> *Ibid.*

<sup>110</sup> Gilboy, op.cit. p.xv.

This important evaluation cited above further makes the point that long-term training in the U.S. has its largest impact in changing work practices, critical thinking, and attitudes, and is most effective in institutions such as universities and research institutions where returned trainees formed a critical mass and tended to have long-term careers, so that they could not only introduce change but sustain it. It must be noted, however, that the benefits of long-term training take time to accrue. This can work against USAID's desire for quick results, often in projects of just 3 year duration. Some provision needs to be made to acknowledge that the results of long-term training, while slow in coming, have proved to be valuable. As shown in the chart above, USAID's enthusiasm for long-term training has dwindled in the last 20 years, partly because of the difficulty of showing quick results, but the pay-offs on the whole have been valuable.

While long-term training has proven effective and valuable, especially in the above cases, USAID's new emphasis on looking more at the whole institution using the Organizational Assessment Tool or the Behavioral Engineering Assessments to identify administrative gaps in the system and focusing equal amounts of training on features such as leadership, financial management, human resource planning, etc. are valuable additions. It may be more cost effective to address these issues in short term training, discussed below.

### Institution Building

Institution building, partly addressed by long term training and overlapping with it, is another cornerstone of USAID development assistance, dating back to and beyond the Agency's inception. Both the Health and Agricultural divisions of USAID focused major parts of their assistance on building agricultural and other educational colleges and research institutions, ministries of health and national and regional training centers. In earlier decades these arrangements were done through host country contracts (HCC), which bear some similarities to present USAID Forward Government to Government agreements. There are differences: the HCCs were usually loans using local currency generated by the sale of excess food crops donated by the U.S. The contracts were accompanied by technical assistance that most often involved placing U.S. experts directly into ministries where they worked side-by-side with their counterparts, mentoring them in technical as well as administrative practices. G2G, in contrast, offers grants and does not necessarily consist of technical assistance. Instead, it identifies milestones to be achieved in order to reach an agreed upon result, at which point funds are dispersed. How these are achieved is left to the host country.

To conclude this section on formal institution building would it be fair to say that after so many years of very valuable long term training and expensive long term technical assistance less of this is now needed? Certainly there will be a need for the institutions and universities discussed above to replenish their staffs, and to focus more on administrative strengthening, but to what extent should this be done in the U.S.? In many countries where USAID continues to work, the local capacity to provide much of this expertise now exists – in India, in the Philippines, in Egypt, Peru, Brazil, South Africa, and in other of the more developed third world. Not only is institutional strengthening through local training less costly, but it is far less disruptive to the recipients, who are not required to leave families behind for several years. This is particularly true for female participants, who often face cultural barriers to travel, not to mention real hardships in leaving young children behind, as well as young husbands. The benefit of perhaps

learning new work ethics and attitudes has to be balanced against these other personal sacrifices. Finally, many of these institutions have long-standing relationships with universities and institutions in the U.S. and should be able to sustain these without USAID assistance, especially in terms of faculty exchanges. Additionally, these institutions are increasingly able to leverage funding:

*The surprisingly high value of cost-share financial contributions and additional leveraged funds ...quickly reveals that higher education partnerships are ‘value for money.’ The \$3.2 million total HED (higher education development) awards were matched by \$2.3 million in ‘cost-share’ funds contributed by the partners who then leveraged almost \$17 million in indirect funding from other sources during or after the partnerships began. Rarely in the world of international foreign assistance are cost share figures recorded, which exceed 70 percent of the original grant amount. Even more unusual are reports documenting indirectly leveraged funds exceeding five times the initial grant award.*<sup>111</sup>

### Short-Term Training

Another often used form of assistance is short-term training. This can take many shapes: in-country training using U.S. consultants, in country using local resources, workshops, and observation tours in-country, in the region, south-south, or to the U.S. USAID Forward focuses heavily on in-country training using local resources where possible. An excellent example of this is an on-going effort in the Philippines where there is a three year project to strengthen the ability of local NGOs in financial management so that they will qualify to receive direct grants from USAID.<sup>112</sup> The project is using a consortium of Philippine NGOs and private sector firms including AYALA Corporation and CODE, which is something like Interaction, Business for Social Unrest (corporate social responsibility), and Philippines Council for NGO certification, among others. This 3 year training project drawing entirely on local capacity to provide services is funded at \$1.3 million. While it is impossible to generalize about the costs of in-country workshops on the Philippine model, these are clearly much more cost effective than bringing in consultants from the U.S. (Compare with the \$8 million for three years of similar training in the NPI, provided by US contractors). Furthermore local trainers are likely to have a more positive impact as fellow citizens who share the same culture and attitudes talk to each other and train on problems of their own countries. It should be noted that the Philippines was working with these groups making up the consortium in the 1990s, giving them direct contracts long before USAID Forward, and was then forced to withdraw and rely on INGOs because there was insufficient Mission staff to oversee the more labor intensive small NGO direct grants.

In developing countries where intermediate organizations such as those in the Philippines are not yet strong enough to deliver this kind of training, providing short-term technical assistance to improve this capacity, either from the U.S. or from the region is needed. Once again, drawing on the Philippine model, the extremely capable FSN project officer quoted above is currently ‘on loan’ to Burma to assist in improving local capacity there. Using USAID’s talented pool of FSNs to assist in capacity development within their regions is a cost-effective way to give this kind of

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<sup>111</sup> *Lessons Learned From Reviews Of Higher Education Partnerships In South Asia, An Impact Assessment of 15 Higher Education Partnerships* August 2009, Jane Gore et al, p.3.

<sup>112</sup> Information from Gerry Porta, former project officer and AOR for the project. See Ponasik interview with Porta.

training and has the benefit of improving or embellishing their own careers. As noted in the body of this paper, however, USAID may already be overtaxing its FSN staff, and will have to find some solutions in-country.

### Long-Term Technical Assistance

While long-term technical assistance is probably the most expensive form of USAID assistance, averaging between \$350,000 to \$500,000 per year (fully loaded to include family transportation, education for dependent children, shipment of household effects, home leave, overhead for the firms supplying them, etc.) it undoubtedly had a pay off in the past. Some benefits cited by a recent Legacy paper on Egypt's health sector cite the institutionalization of multi-level management systems including management information systems (MIS), revenue collection and supervisory services, introduction of a system to recognize quality services, the ability to forecast needs, budget for and procure contraceptives, and ensure logistical quality control.<sup>113</sup> This Gold Star Program which drew heavily on U.S. experts is known as one of the best public family planning programs in the world.

Alternatively, there are increasing examples of long and short term technical assistance using resources from the host country. The NGO strengthening activity in the Philippines is a good example of this. The providers are from intermediate organizations, both public and private, that have received awards from USAID in the past. In this type of intervention there is no language barrier, an improved understanding of enabling environment barriers faced by the trainees, even an ability in some cases to act as advocates for them with the government. While this type of assistance is undoubtedly less expensive since the providers do not require home leave, education for their children, housing, or any of the other benefits provided to expatriates, the cost is not the main factor. The value of host country nationals providing assistance lies mainly in the sustainability of the assistance and lessening the dependency on foreign assistance, if not foreign funding.

### Short-Term Technical Assistance

The advantages of U.S. short-term technical assistance over long term is that consultants do not bring families with them and are not entitled to the privileges of shipping household goods, home leave, R & R, etc. On the other hand, they receive per diem, which can be costly, often over \$200 per day, (which long term assistance does not get), in addition to high salaries, often above \$700 a day. A figure that has been quoted is \$1500 a day (see below), which would include the providing agency's overhead and support costs. While this type of assistance might be valuable in terms of a highly technical specialty that could be transferred within a short amount of time, care needs to be taken that there is not in-country expertise or regional expertise that could provide this at a lower cost, with the advantage of empowering the host country. An interesting example of this is cited in Goodin's case study from Peru, where capacity exists for administering the Organizational Capacity Assessment, assessing weaknesses of the NGO, and addressing these. The NPI also cites many instances where organizational weaknesses were noted and mentoring help was provided either from local or regional sources.

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<sup>113</sup> *Egyptian Legacy Report*, p. 39.

## In-Country Workshops

The cost of these workshops will depend on many variables – per diems for attendees vary from country to country, as does the rental of the location and payment to the presenters, plus overhead where a contractor is involved in arranging logistics. In most cases, however, these workshops can be more cost effective than those held abroad simply because transportation costs are minimal. When USAID project officers make logistical arrangements the middleman is eliminated and costs contained. The benefits can be high if the purpose is well-thought out and results clearly specified. Studies from the Health Legacy report for Egypt, as well as elsewhere show that very technical subjects such as implantation of IUDs for family planning, or new teaching techniques are effectively taught in these workshops, using local resources. They can also be valuable for launching new projects, gathering the team together to focus on expected results, implementation plans, individual responsibilities and obtaining ‘buy-in’ from members. This type of workshop can be less effective if not led by local people, especially if translators are required, and if they are not focused on a specific result or transfer of knowledge. As pointed out in the Da Silva paper, some workshops appear to be simply ‘deliverables’ for a consultant grantee or contractor and have little or no impact, while wasting project resources.

## Observation Study Tours

This type of capacity building has always been popular at USAID. The tours can either be to the U.S. or to another USAID country. Tours to the U.S., usually lasting two to three weeks, are fairly high cost, requiring round trip air transportation and per diems, plus overhead to a contractor arranging the trip, but if used well they can have a high pay-off. In Macedonia the Mission working with the Ministry of Education selected four or five educators who were going to be involved in designing a new vocational education project. The trip enabled them to see first hand and learn new techniques and approaches in the U.S. that they were then able to incorporate into the design of their new project. Similarly, this example from India is a good example of the multiplication effect such study tours and workshops can have:

*During an intensive, three-week summer workshop in Houston, seven leading educators from India actively engaged with more than 30 U.S. faculty, doctors, and administrators from (sic) including HCC, Texas Medical Center, and the Texas Children’s Hospital to ultimately design 12 new vocational courses, seven more than originally planned. These courses focused on maternal and child nutrition, nutrition and dietetics, HIV/AIDS, and health management. The Indian participants also received training in innovative teaching methodologies, test preparation, recruitment, and student and faculty evaluation. Following the U.S. workshop, the partners conducted a workshop in New Delhi on the “Internationalization of Higher Education in the Health Sector,” attracting more than 200 participants from HCC, UD, and other higher education institutions, leading hospitals, government agencies, voluntary organizations, and other local institutions. The gathering served as an effective forum to discuss and better understand contemporary issues related to health education and training and information technology applications.*<sup>114</sup>

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<sup>114</sup> Gore et al, op cit, p. 12.

Another type of study tour to build local capacity is south-south, whether within the region or elsewhere. In the Philippines many Filipinas had served as mid-wives in Saudi Arabia and were returning to their own country with their savings. The Health and Family Planning Office was able to mobilize these women and their skills by sending them on a study tour to Latin America to visit ProFamilia where they could observe various family planning techniques. The Health Office in the Philippines was then able, through a direct grant to a local NGO, to equip these midwives with a family planning kit and encourage them to invest their savings to establish their own private clinics throughout the country to assist not only in births, but also in family planning.<sup>115</sup>

### Peer-to-Peer Learning

This kind of local capacity development has been practiced at USAID since at least the 1980s when the F2F program was established in 1985. Later, in 2004, a people-to-people program was authorized by Congress. Other similar efforts include the Sister Cities programs, established by President Eisenhower in 1956. In the value chain approach used extensively by E3 as well as BFS bureaus this is taken a step further and relies on local peers for guidance and mentoring.

The first 3 types of assistance involve U.S. volunteer assistance. In the example of F2F, *“The assistance provided by the Americans is notably voluntary, but in addition the Americans often contribute products, materials, and sometimes financial support to the organizations and hosts with which they work. Hosts also volunteer their time and share their limited resources to ensure a productive exchange.”*<sup>116</sup> Since its inception this program has sent 13,000 volunteers to over 103 countries. Its funding averages about \$10 million per year with a cost of about \$900 a day per volunteer when all costs of the cooperative agreement are considered. This is significantly less expensive than the average \$1500 a day for a short term U.S. technical assistant.<sup>117</sup> The funding mechanism is a Leader with Associates, in which Missions can buy-in, adding to the total sum.

A recent evaluation of this activity showed impressive results. It found that:

*“The F2F Program has increased net annual income by over \$44 million, gross sales by \$92.3 million and annual revenues by \$37.1 million. The program has exceeded its goals for increasing net annual income by 313% and for increasing gross annual sales by 150%.”*<sup>118</sup>

- *The majority (63%) of the volunteer activities have been in technology transfer; 19% in business and enterprise development, 13% in organizational development and 5% in financial services and environmental conservation.*
- *40% of volunteer assistance was for on-farm production; 36% for production support services, 13% for processing, 11% for marketing, and only 3 assignments were in financial services.*

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<sup>115</sup> See interview with Carol Carpenter.

<sup>116</sup> *Farmer-to-Farmer Mid-Term Evaluation for the 2009-2013 Program*, John Ogonowski and Doug Bereuter.

<sup>117</sup> See second interview with Gary Alex.

<sup>118</sup> *Ogonowshi and Bereuter op.cit.*

- *About three quarters of all activities were with cooperatives/associations (30%), individual private farmers (28%) and other private enterprises (18%). In nearly one out of every four assignments private farmers are hosts.”*<sup>119</sup>

Many of the volunteers were able to make significant interventions. This was particularly true in very focused activities, such as helping a women’s cooperative make cheese, helping coffee growers with the roasting process. A good example of an effective intervention is at a fishery in Bangladesh as cited in F2F’s annual report for 2012: “...prior to Dorociak’s training, Shuvro Matshya Hatchery spent \$730 in an attempt to prevent and control parasites, with no success. Subsequently, following Dorociak’s suggestions, the hatchery spent only \$5 and finally had full control of the problem. Since then, Shuvro Matshya was able to increase its fry production from 4,000 kg to 4,600 kg in just eight months.”<sup>120</sup> While this and other examples of volunteer work are impressive, evaluations of this program have commented that to have a real impact the problem must be very specific and the volunteer well-matched to give a solution. Other hosts commented that sometimes the volunteer really only needed to be there for two or three days and the average stay of 2-3 weeks posed a financial burden sometimes, not to mention interfering with their regular work schedule. A follow-on evaluation is now being planned to get more feedback from the hosts about this program, since the evaluation referred to is based primarily on project files and feedback from the volunteers and project officials.

More importantly, the volunteer was almost always accompanied by a F2F staff member who acted as translator. Information from the AOR for this project<sup>121</sup> indicates that F2F is now considering using these local staff members in many cases to replace the volunteer, as they have learned so much on the job. In that case, of course, they would have to have pertinent technical skills.

### Local Capacity Peer-to-Peer

This leads into a discussion of local capacity peer-to-peer. As mentioned in the body of this report, Missions are increasingly using local resources to mentor and advise on projects. This is true in work with poor farmers in which projects encourage more successful farmers to act as mentors. Similarly, as in the case cited in Senegal local food processors are working directly with farmers to improve quality control. The example of Vende in Latin America is another example where artisans were mentored directly by local buyers to improve the quality of their product. There is still a cost to these peer-to-peer interactions, since identification of mentors and facilitating the interactions is done through U.S. assistance in most cases, but over time the assistance could also be local, as capacity is built.

The following Table roughly indicates the costs of various types of technical assistance given in per person per day units. Long-term U.S. technical assistance tops the list as the most costly. While this assistance can be valuable, as shown in the body of this study, it is best used sparingly to manage technical assistance given by local resources, to assist in identifying them, in overseeing and briefing local providers, and eventually transferring skills to the local providers.

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<sup>119</sup> Ibid.

<sup>120</sup> Farmer to Farmer annual report 2012

<sup>121</sup> See second interview with Gary Alex, op cit

Short-term expatriate technical assistance falls into this same costly category, but can be valuable in transfer of skills, especially in training local intermediary associations and NGOs. Where the U.S. consultant is not fluent in the local language, however, the process of using translators in training can be tedious and can interfere with the learning process. The provision of long and short-term technical assistance by local providers is much more cost-effective and should be favored as much as possible, not just because it is less expensive, but because it lessens dependency on foreign assistance and builds capacity locally.

Although short-term training and workshops in the United States are expensive, these funds are often well-spent if they expose host country planners and officials to new ideas and innovations that can be carried back to their countries and implemented. If the visitors are going to be involved in project design on return, there is then a short term role for a U.S. consultant to assist them in the more technical aspects of packaging up a project. Institutional strengthening mentioned in the Table refers to partnerships between U.S. institutions and host country ones. As mentioned in the body of this report, these long-term relationships, many lasting 30-40 years, have proved valuable to both partners, enhancing Americans' understanding of different cultural realities, while expanding the technological expertise of the host country recipients. They are also proving to be efficacious in expanding the funding opportunities of host country institutions. Peer-to-peer training calling on U.S. volunteers, with the example of F2F, can be valuable in solving very specific problems but in many cases could be shortened, to avoid putting a burden on the host family. As in institutional partnerships, these peer to peer interventions have a strong cultural exchange component as well as a technical one. They should be used judiciously to complement other activities when a specific technical skill is needed, and care should be taken to ensure that their input is widely disseminated.

Finally, peer-to-peer using local resources is the least costly and has the highest benefit, in terms of empowering the host country providers and making economic development sustainable by ensuring that capability exists in the country itself.

In the short run there will be costs involved with the new approaches to local capacity development. Mission staff, both US and FSNs, need to be fully involved in identifying and working with local NGOs, many of whom will need continual advice and training in how to work with USAID and other donors. Most, if not all, Missions are not staffed up at present to respond to these needs, as mentioned in the body of this paper and resources will have to be found to improve this situation. Additionally, more training of local U.S. and FSN staff will be needed to ensure that the new concepts and approaches are fully understood. As discussed in Chapter 5 of Part One, if USAID is fully committed to the new concepts of Local Capacity Development it should consider reinstating a Development Studies Program for its officers, as it had until at least the mid-eighties. Such a program, which lasted six weeks, brought FSOs and GS together for an intensive period to study development theory and debate. The study could be enhanced, if held in a host country, by a two-week practicum during which time students could practice some of the mapping and other techniques introduced by USAID Forward. While such a program would incur costs, the benefits of a better trained staff would be well worth it.

TYPES OF ASSISTANCE	ESTIMATED COSTS	BENEFITS	DISADVANTAGES	WHEN TO USE
Long-Term Technical Assistance U.S.	\$1346-\$1923 per person per day <sup>122</sup>	Relate well to USAID, understand project design and results orientation	There can be barriers to cross-cultural understanding	Sparingly, only if no local or regional sources available
Short-Term Technical Assistance	\$1,500 per day plus per diem	Effective in providing training in capacity building for local intermediate associations so they can deliver training to local NGOs	Use of translator impedes learning process	When no local resources are available; good for project design; skill transfer
Short-Term Training in U.S. or Region	\$1000 per person per day <sup>123</sup>	Effective to introduce new ideas and technologies and has good spread effect on return		To inspire local resources, planners, e.g. where HC personnel will design new project
Institutional Strengthening through Long-Term Training	\$385-\$1538 per day <sup>124</sup>	Effective for exposing students to new ideas, cultural exchange, and leveraging funds. Long term relationships lead to sustainability and strengthening	Impact takes time; results can't be measured and reported on in 3-year projects	Strengthening academic and research institutions
Peer-to-Peer Training using Expatriate Volunteers	\$900 per day	Good for solving very specific problems; cultural exchange	Not much spread effect; can be a burden on the host	If perfect match between problem and volunteer. Should be very short term
Long-Term Technical Assistance	\$385 per person per day <sup>125</sup>	Cheaper, lessens dependency on foreign providers,		Should be used whenever possible

<sup>122</sup> Based on \$350,000 - \$500,000 per person per year.

<sup>123</sup> Estimated costs of transportation to U.S. per diem, and overhead from contractor arranging logistics.

<sup>124</sup> Based on \$100,000 to \$400,000 per person per year for partnerships.

Using Local Resources		empowers host country, providers more likely to understand local problems		
In-Country Workshops	\$100 per person per day <sup>126</sup>	Best way to transfer specific skills using local trainers if possible		For practical demonstrations of techniques, project startups, team building
Peer-to-Peer Using Local Resources	Much less depending on type of intervention; sometimes there is no cost.	No cultural or linguistic barriers; benefit in many cases happens quickly (e.g. improve quality and make more sales)	Both sides must be motivated	Whenever possible this is the ideal intervention. It empowers the local providers, lessens dependency, is much more cost effective, and strengthens perceived local value

<sup>125</sup> Based on information from the Philippines LCD project with 3 year funding of \$1.5 million, assuming \$500,000 per year divided among 5 team members.

<sup>126</sup> This is probably a very generous estimate, roughly based on costs in Egypt for local travel and per diem, logistics and assuming payment of local trainer at \$250 per day.

## ANNEXES

### CURRENT USAID MECHANISMS FOR LOCAL CAPACITY DEVELOPMENT (LCD)

Draft Updated: February 2012<sup>127</sup>

#### BACKGROUND

USAID, through its Implementation and Procurement Reform (IPR), is rolling out an ambitious reform effort that will transform how we partner with local civil society, private sector and government in the countries where we work. It will result in greater ownership by partner governments, local civil society and local private sector organizations in the implementation of development programs, greater local capacity and sustainability.

IPR also aims to increase the number of local organizations and partner country governments that receive direct funding from USAID. By 2015, the Agency's goal is to increase the percentage of program funds per year implemented through local systems to 30 percent of Missions' annual obligations.

This challenges us to rethink our approaches to local capacity development and ensure that, whenever possible, USAID assistance – across all development sectors – strengthens local capacity to improve aid effectiveness and sustainability.

For more information on IPR, go to the IPR Community of Practice at:  
<http://communities.usaid.gov/ipr/>.

#### INTRODUCTION

This list is a resource for USAID officers interested in using current procurement mechanisms to support capacity development of local civil society, private sector and government partners. It includes Leader with Associates (LWA), Indefinite Quantity Contracts (IQC) and field support “buy-in mechanisms.” Most of these mechanisms are managed by USAID/Washington and provide easy access to many U.S., international and regional partners (either through issuing their own associate award or task order, or through buy-in to a “field support” mechanism). However, capacity development assistance need not come from an international partner. When capacity development comes from local organizations, it is often more effective and sustainable. Missions are encouraged to look for and strengthen local capacity development partners. When designing new programs, mission staff should consult with their procurement officer to identify the most appropriate procurement modality to meet their needs.

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<sup>127</sup> If you have changes or additions to this list, please contact IPR Objective 2 team members Faye Haselkorn ([fhaselkorn@usaid.gov](mailto:fhaselkorn@usaid.gov)), Fran Provencher-Kambour ([fprovencher-kambour@usaid.gov](mailto:fprovencher-kambour@usaid.gov)), Corinne Rothblum ([crothblum@usaid.gov](mailto:crothblum@usaid.gov)) or Sarah Swift ([sswift@usaid.gov](mailto:sswift@usaid.gov)). The “Current LCD Mechanisms” tool will be updated on a quarterly basis.

The following mechanisms are listed according to the bureau under which they are managed. The list will be updated on a quarterly basis as more mechanisms are identified.

For more information, please consult the contact person or web link provided.

The end date provided generally refers to an end date by which a task order or associate award can be issued. The performance period may be longer depending on the terms of the award. Users of the list are encouraged to contact the AOR/COR for the most up-to-date information.

## **A. BUREAU FOR DEMOCRACY CONFLICT AND HUMANITARIAN ASSISTANCE (DCHA)**

### *1. ENCOURAGING GLOBAL ANTICORRUPTION AND GOOD GOVERNANCE (ENGAGE)*

**Type of Mechanism:** Indefinite Quantity Contract (IQC)

**Award Number:** multiple awards

**End Date:** March 13, 2013

ENGAGE's areas of LCD expertise include:

- Monitoring and Evaluation Systems
- Financial Systems Development
- Internal Governance
- Communications/Information Systems Development
- Human Resources Development
- Strategic Planning
- Procurement
- Public Accountability Systems
- Public Financial Management Strengthening

The objective of ENGAGE is to provide USAID and its partner countries with the broad range of technical assistance, assessments and other resources necessary to develop and implement appropriate and meaningful strategies to curb corruption in economic, political and social service sectors. USAID defines corruption as “the abuse of entrusted authority for private gain.” Thus, the activities under ENGAGE address unilateral abuses by governmental officials such as embezzlement and nepotism, as well as abuses linking public and private actors such as bribery, extortion, influence peddling, and fraud at both lower and higher levels of government and the public sector (i.e., “administrative” and “grand” corruption).

The activities under this IQC address three broad areas: (1) public financial, administrative and regulatory measures that promote transparency, accountability and effective governance; (2) civil society advocacy on behalf of governmental integrity, implementation of anticorruption programs and/or oversight of public functions and authorities; and (3) incorporation of anticorruption promotion into other sectoral/sub-sectoral areas, such as health and education, natural resource management, corporate governance, or into key aspects of democracy promotion, such as rule of law, legislative oversight or local government strengthening.

Activities may be carried out with regard to a given sector (e.g., democracy and governance, health, environment, education, economic growth), or across several sectors.

For more information: contact Victoria Ayer ([vayer@usaid.gov](mailto:vayer@usaid.gov)) or Ken Barden ([kbarden@usaid.gov](mailto:kbarden@usaid.gov)), or consult the DG user's guide at: [http://inside.usaid.gov/DCHA/DG/Pub/upload/DG\\_UserGuide-November-10-update.pdf](http://inside.usaid.gov/DCHA/DG/Pub/upload/DG_UserGuide-November-10-update.pdf).

## 2. GLOBAL CIVIL SOCIETY STRENGTHENING (GCSS)

**Type of Mechanism:** Leader with Associates (LWA)

**Award Number:** DFD-A-00-09-00141-00

**End Date:** May 7, 2014

GCSS's areas of LCD expertise include:

- Internal Governance
- Membership Representation and Services
- Resource Allocation
- Communication and Information-Sharing
- Financial Management
- Strategic Planning

Led by Counterpart International, the 5-year Global Civil Society Strengthening Leader with Associates (GCSS LWA) serves USAID Missions, Regional Bureaus and Offices in the implementation of civil society, media development, and program design and learning activities around the world. The GCSS Consortium has access to more than 23,000 local and regional partners around the world (including NGOs, CSOs, trade unions and professional associations, businesses and media outlets, and government institutions at all levels) and can tap into local, sector-specific technical expertise that will serve as resources for project design, start-up, and implementation – ensuring that interventions are culturally and contextually relevant and sustainable, while keeping costs as low as possible.

As the lead implementer for the LWA, Counterpart applies its core technical competencies in: civic engagement and citizen mobilization, advocacy and oversight, institutional strengthening and financial sustainability, network building and policy dialogue with local and national governments; along with program design, evaluation, assessment and development of innovative best practices and new approaches. Associates include ABA-ROLI, Casals & Associates, Freedom House, ICNL, IFES, IREX, MSI and other partners.

For more information, contact George Zarycky, AOR ([gzarycky@usaid.gov](mailto:gzarycky@usaid.gov)) or see: <http://gcssconnect.net>.

## 3. NGO LEGAL ENABLING ENVIRONMENT PROGRAM (LEEP)

**Type of Mechanism:** Field Support/Buy-in to LWA

**Award Number:** DFD-A-00-08-00332-00

**End Date:** September 29, 2013

NGO LEEP's Areas of Technical Assistance include:

- Legislative regulatory challenges that threaten to restrict the civic space
- Initiatives to strengthen local capacity to advance legal and regulatory reform through small grants to local NGOs for participant training
- Monitoring and tracking of legal and regulatory frameworks, including the online *NGO Law Monitor*
- Targeted research to advance the analytic basis for reform

Implemented by the International Center for Not-for-Profit Law (ICNL) through an Associate Award with Pact, Inc., LEEP's purpose is to support an enabling legal and regulatory environment that protects and promotes civil society and civic participation. LEEP is intended to provide limited technical assistance when Mission resources are unavailable, rapidly evolving situations require an immediate response that precludes normal Mission-based procurement, or the scope and cost of the activity are limited making Mission funding difficult.

LEEP offers both in-country and remote technical assistance. Under LEEP, ICNL works with DRG, Regional Bureaus, and Missions to develop appropriate annual work plans that identify and prioritize countries for technical assistance. LEEP can also provide rapid response technical assistance for a small number of urgent, high priority situations not envisioned in the work plan. Illustrative activities include written analysis of NGO-related legislation, one to two trips by ICNL staff to conduct an assessment and/or provide technical assistance, and/or provision of a small grant to local partners to help advance NGO law reform.

For more information, contact Eric Picard, AOR ([epicard@usaid.gov](mailto:epicard@usaid.gov)) or alternate AOR, Claire Ehmann, ([cehmann@usaid.gov](mailto:cehmann@usaid.gov)).

#### *4. USER'S GUIDE TO DEMOCRACY, HUMAN RIGHTS AND GOVERNANCE PROGRAMMING*

The DCHA/DRG User's Guide to DRG Programming is a reference tool for USAID Missions and Bureaus regarding democracy and good governance. The guide also includes a section on DG IQCs and other mechanisms.

To download the guide, go to:

[http://inside.usaid.gov/DCHA/DG/Pub/upload/DG\\_UserGuide-November-10-update.pdf](http://inside.usaid.gov/DCHA/DG/Pub/upload/DG_UserGuide-November-10-update.pdf).

## **B. BUREAU FOR ECONOMIC GROWTH AGRICULTURE AND TRADE (EGAT)**

## *1. CITYLINKS*

**Type of Mechanism:** LWA

**Award Number:** AID-OAA-L-11-00008

**End Date:** September, 2016

CityLinks's areas of LCD expertise include:

- Strategic Planning
- New Business Development/Revenue Generation
- Public Financial Management

USAID is partnering with the International City/County Managers' Association (ICMA) to assist developing country cities in meeting several objectives of USAID's global climate change, food security, and global health initiatives. CityLinks helps to (1) improve climate-related governance in targeted urban areas, (2) increase resilience of vulnerable urban communities and households in Feed the Future focus countries, and (3) improve water supply and sanitation access among vulnerable urban populations in Global Health Initiative countries.

CityLinks supports working partnerships between community groups and local government officials in U.S. cities and those in the developing world to address critical development issues and through capacity building efforts. Missions may award their own associate award to strengthen an existing initiative or develop a stand-alone program. Under the leader portion of the award, the ICMA team can help missions in target countries to assess the potential for the city-to-city approach to further their country strategies, select cities in the host country for participation, and match these cities with appropriate U.S. partners.

Activities under the Leader include:

- Pilot partnerships in selected host countries to test innovative approaches and refine the partnership models
- Intensive two to three-day Leadership Academies where experts present best practices and participants exchange ideas, share knowledge, and develop networks focused on the CityLinks technical areas
- A dedicated site in the Knowledge Network ([icma.org/kn](http://icma.org/kn)), an online community hosted by ICMA, where participants can interact, post documents, form groups, and identify lessons learned
- Technical assistance and training on request for USAID mission staff

CityLinks uses the extensive experience of ICMA and the partner organizations and the availability of pro-bono contributions from U.S. partners.

For more information, including examples of how CityLinks can be used to support LCD, please contact Helen Santiago Fink ([hsantiagofink@usaid.gov](mailto:hsantiagofink@usaid.gov)) or Nancy Leahy ([nleahy@usaid.gov](mailto:nleahy@usaid.gov)).

## *2. EMERGING MARKETS DEVELOPMENT ADVISERS PROGRAM (EMDAP)*

**Type of Mechanism:** Associate Award under VEGA LWA (see below)  
**Award Number:** DFD-A-00-09-00141-00  
**End Date:** May 7, 2014

EMDAP Advisers use their knowledge of business management practices to identify business solutions in diverse situations and support a scope of work for a position in a local business/business-serving organization (including government offices). They help build capacity and create mechanisms to sustain their effort after the end of their assignment. In this way, USAID's goal of broad-based, sustainable economic growth is realized. Developing country host organizations that have benefited from an EMDAP Adviser in recent times include both big and small, based in the capitol city or in an outlying town. EMDAP is available through the VEGA mechanism.

For more information, contact Kathleen Wu ([kwu@usaid.gov](mailto:kwu@usaid.gov)).

### *3. FOCUS ON RESULTS: ENHANCING CAPACITY ACROSS SECTORS IN TRANSITION (FORECAST II)*

**Type of Award:** Indefinite Delivery Indefinite Quantity Contract (IDIQ)  
**Award Number:** Multiple  
**End Date:** February 1, 2017

FORECAST II Participant Training (PT) and capacity strengthening services include:

- Training and capacity needs assessments
- Strategic training plans, training design, participant/exchange visitor selection
- Placements and related services in short-term and long-term programs in-country, in the U.S. and in third countries
- Community Connections (CC) Program, a development/public diplomacy exchange program formerly managed by State/ECA
- Small Grants Administration and Technical Assistance for training and capacity
- Youth program

Managed by the EGAT Office of Education, IQC awards have been made to World Learning- (AID-OAA-1-12-00008), Institute of International Education (AID-OAA-1-12-00009), EnCompass LLC (AID-OAA-1-12-000010), Morgan Borszcz Consulting, LLC (MBC) (AID-OAA-1-12-000011) and Dexis Consulting Group (AID-OAA-1-12-00012). The last three are small businesses. Through these IQCs, bureaus and missions worldwide can procure a fully integrated, flexible package of cross-cutting services for training and capacity development, including short and long-term training and education programs for foreign nationals.

For greater efficiency, FORECAST II employs a “pass through” feature for the funding of outsourced training-related interventions. Funding for these interventions (i.e., training assessments, grants, technical assistance) and logistics associated with these interventions (i.e., allowances, travel, and supplementary activities) is not subject to the prime contractor’s indirect costs, profit, or any other fee.

For further information contact Ethel Brooks, COR, ([ebrooks@usaid.gov](mailto:ebrooks@usaid.gov)) or Justin Selb ([jselb@usaid.gov](mailto:jselb@usaid.gov)).

#### *4. SUSTAINABLE URBAN MANAGEMENT (SUM II)*

**Type of Mechanism:** IQC

**Award Number:** multiple awards

**End Date:** March 29, 2012

SUM II provides field-driven, short, medium, and long-term advisory and technical assistance services to Missions and bureaus in five functional areas:

- Expanded and equitable delivery of urban services
- More effective, responsive, and accountable local governance
- Urban environmental management
- Disaster mitigation, preparedness, response, and recovery
- Improved finance and credit systems (EGAT Technical Services)

For more information, contact Mike Keshishian ([mkeshishian@usaid.gov](mailto:mkeshishian@usaid.gov)) or see: [http://egat.usaid.gov/pr/UG/activity.php?activity\\_id=340](http://egat.usaid.gov/pr/UG/activity.php?activity_id=340).

#### *5. VOLUNTEERS FOR ECONOMIC GROWTH ALLIANCE (VEGA)*

**Type of Mechanism:** LWA

**Award Number:** EEM-A-00-04-00002-00

**End Date:** February 11, 2014

VEGA’s areas of LCD expertise include:

- Financial Systems Development
- Internal Governance (i.e. Board Management)
- Communications/Information Systems Development
- Human Resources Development
- Strategic Planning
- New Business Development/Revenue Generation
- Fundraising
- Grant Writing/Grant Management
- Procurement
- Public Financial Management

VEGA is a consortium of seventeen NGOs that work in economic development and utilize volunteers with diverse experience in market activities in the implementation of USAID economic growth programs. Technical assistance is provided in four areas of focus: private market development, financial services, agribusiness development, and expanded opportunities for rural and urban poor.

The consortium (implementing) members include: ACDI/VOCA, Aid to Artisans, CDC Development Solutions, CNFA, Financial Services Volunteer Corps (FSVC), Florida Association for Volunteer Action in the Caribbean and the Americas, Inc. (FAVACA), IIE/Emerging Markets Development Advisers Program (EMDAP), International City/County Management Association (ICMA), International Executive Service Corps /FSD/Geekcorps (IESC), International Senior Lawyers Project (ISLP), International Real Property Foundation (IRPF), Land O'Lakes International Development, NCBA-CLUSA International, Opportunities Industrialization Centers International (OICI), Partners of the Americas (Partners), SAVE Travel Alliance, and Winrock International.

For more information, including examples of how VEGA can be used to support LCD, contact Kathleen Wu ([kwu@usaid.gov](mailto:kwu@usaid.gov)) or see: <http://www.vegaalliance.org>.

## **B. BUREAU FOR FOOD SECURITY (BFS)**

### *1. AFRICA LEADERSHIP TRAINING AND CAPACITY BUILDING (AFRICA LEAD)*

**Type of Mechanism:** Field Support (contract)

**Award Number:** AID-AEG-I-00-05-00004

**End Date:** September 30, 2012

Focusing on 15 countries in Africa for FY 2011 and FY2012, Africa Lead will provide support for strategic planning exercises in selected African institutions that play key roles in agricultural development, and leadership training of champions for African agriculture and food security growth and development. Africa Lead is led by DAI under the RAISE IQC. Buy-ins will be through GLAAS Group REQM budget transfers to BFS for obligation to the implementing Task Order.

For more information, contact Jennifer Maurer ([jmaurer@usaid.gov](mailto:jmaurer@usaid.gov)) or see: <http://africleadftf.org>.

### *2. AFRICA WOMEN IN AGRICULTURAL RESEARCH AND DEVELOPMENT (AWARD)*

**Type of Mechanism:** Field Support (Public International Organization Grant)

**Award Number:** EEM-G-00-04-00013

**End Date:** September 30, 2015

A partnership between USAID, the Bill and Melinda Gates Foundation and the Consultative Group on International Agricultural Research (CGIAR), AWARD supports leadership training, scientific skills training, and mentorship for women agricultural researchers in Africa. The program is currently focused in Anglophone Africa but will be expanding to Francophone Africa. Missions wishing to support these programs should transfer funds using the Field Support Database (FS-AID). The program is managed through the Food Security and Crisis Mitigation II grant (EEM-00-04-00013) in BFS/ARP.

For more information, contact AOR Eric Witte ([ewitte@usaid.gov](mailto:ewitte@usaid.gov)) or activity manager Meredith Soule ([msoule@usaid.gov](mailto:msoule@usaid.gov)).

### *3. BORLAUG LEADERSHIP ENHANCEMENT IN AGRICULTURE PROGRAM (LEAP)*

**Type of Mechanism:** Field Support (Public International Organization Grant)

**Award Number:** EEM-00-04-00013

**End Date:** September 30, 2015

The Norman E. Borlaug Leadership Enhancement in Agriculture Program (LEAP) is a fellowship program, funded by the United States Agency for International Development (USAID), to enhance the quality of thesis research of graduate students from developing countries who show strong promise as leaders in the field of agriculture and related disciplines as defined by Title XII. LEAP works in USAID-assisted countries in sub-Saharan Africa and is part of the overall Borlaug International Agricultural Science and Technology Fellows Program sponsored by the USDA.

The Borlaug LEAP Fellowship supports engaging a mentor at a Consultative Group on International Agricultural Research (CGIAR) system center to support and enhance the thesis research and mentoring experience. Awards are made on a competitive basis to students who show strong scientific and leadership potential, have a well-coordinated proposal between their home university, a US university mentor, and the CGIAR mentor, and whose research is related to a strong research and support project within the host country. Emphasis is placed on work that has relevance to the national development of the student's home country.

For more information, contact AOR Eric Witte ([ewitte@usaid.gov](mailto:ewitte@usaid.gov)) or activity manager Clara Cohen ([ccohen@usaid.gov](mailto:ccohen@usaid.gov)).

### *4. MODERNIZING AGRICULTURE EDUCATION AND TRAINING SYSTEMS (MAETS)*

**Type of Mechanism:** LWA

**AWARD Number:** TBD

**End Date:** September 30, 2017

MAETS's areas of LCD expertise include:

- Agricultural University Development
- Vocational Agricultural training
- Technical agricultural training
- Agricultural human resource needs assessments
- Human Resources Development
- Strategic Planning and Policy
- University linkage programs
- University research & outreach programs

The MAETS project supports development of agricultural education and training (AET) institutions – including universities, vocational schools, and technical colleges. The Project will carry out a program of analytical work and synthesis of lessons learned with respect to AET system reform and strengthening in developing countries. This would cover both formal and non-formal training. The work program will involve case studies, action research, low-cost pilot projects, and assessments of on-going AET reform programs to document experience and impacts.

The Project provides technical assistance to USAID Missions and public and private host country organizations for the design, evaluation and reform of AET systems and may test new ways of managing participant training to increase cost-efficiency and program relevance and effectiveness. The Project will build a network of practitioners and experts engaged in improving agricultural education and training programs. The Project will assist Missions with needs assessments, analytical work, design of capacity development projects, development of curricula, and training for policymakers and practitioners. Missions may fund capacity development projects through Associate Awards.

For more information, contact Gary Alex ([galex@usaid.gov](mailto:galex@usaid.gov)).

##### *5. NORMAN E. BORLAUG INTERNATIONAL AGRICULTURAL SCIENCE AND TECHNOLOGY FELLOWSHIP PROGRAM (USDA/FAS)*

**Type of Mechanism:** Interagency transfer (632(a)), Field Support

**Award Number:** TBD

**End Date:** September 30, 2013

The USDA Foreign Agricultural Service Norman E. Borlaug International Agricultural Science and Technology Fellowship Program provides short-term, US-based research fellowship (6-12 week-long fellowships) opportunities to developing country scientists in eligible countries. Funding can also be used for leadership development and to gather fellowship alumni in country for workshops.

For more information, contact Clara Cohen ([ccohen@usaid.gov](mailto:ccohen@usaid.gov)).

## *6. BORLAUG US UNIVERSITY PARTNERSHIP FOR HUMAN AND INSTITUTIONAL R&D CAPACITY DEVELOPMENT PROGRAM*

**Type of Mechanism:** Field Support (Public International Organization (PIO) Grant)

**Award Number:** EEM-00-04-00013

**End Date:** September 30, 2015

The Borlaug US University Partnership for Human and Institutional R&D Capacity Development Program will be a flexible and efficient mechanism for building developing country human and institutional research capacity, with a focus on training researchers through long-term degree programs, including US-based programs. The program will provide experience and insights into defining good practice and will be responsive to and supportive of USAID country mission strategies, funding strategic planning exercises of country partner institutions as part of the process of identifying training and development needs. MS and PhD degree program training will be supported across a broad range of disciplines related to agriculture, nutrition, natural resource management, and food security.

Training programs may include sandwich programs, third country training, mentoring, in-country research, distance courses, U.S. professors teaching short courses in host country institutions and other innovative approaches to deliver cost-effective training to build local research capacities.

For more information, contact Clara Cohen ([ccoehen@usaid.gov](mailto:ccoehen@usaid.gov)).

## *7. FARMER-TO-FARMER PROGRAM (F2F)*

**Type of Mechanism:** LWA (seven awards with ACDIVOCA, Winrock, CNFA, and Partners of the Americas)

**Award Number:** Various

**End Date:** September 2013

F2F's areas of LCD expertise include:

- Agribusiness and Trade Association development
- Producer & Community Group Strengthening
- Agricultural Value Chain Development
- Financial Services Capacity Development
- Natural Resource Management/Climate Change
- Input Supply System Development
- Local Government Strengthening
- Women's Leadership
- Agricultural ministry and agency strengthening

The John Ogonowski and Doug Bereuter Farmer-to-Farmer (F2F) Program provides volunteer technical assistance in agriculture and rural development. Volunteers from U.S. farms, universities, agribusinesses, consulting firms, and other organizations provide assistance to

cooperatives and farmer organizations, agribusinesses, agricultural support services, individual farms, training and extension services, government agencies, NGOs, and other institutions serving agriculture and rural areas.

Missions may access Farmer-to-Farmer resources through: coordination with Core Programs currently active in 28 countries or by funding Associate Awards. Under Associate Awards agriculture activities that use volunteer technical assistance, Missions may select the LWA holder of their choice and may fund additional program inputs of technical assistance, sub-grants, equipment, operational costs, training, and other inputs.

For more information, contact Gary Alex ([galex@usaid.gov](mailto:galex@usaid.gov)) or Albert Yeboah ([ayeboah@usaid.gov](mailto:ayeboah@usaid.gov)), or see: [http://www.usaid.gov/our\\_work/agriculture/farmer\\_to\\_farmer.htm](http://www.usaid.gov/our_work/agriculture/farmer_to_farmer.htm).

#### *8. MODERNIZING EXTENSION AND ADVISORY SERVICES (MEAS)*

**Type of Award:** LWA

**Award Number:** AID-OAA-L-10-00003

**End Date:** September 30, 2015

MEAS's areas of LCD expertise include:

- Analytical & Design Work to Strengthen or Reform Extension Services
- Training & Communications Material Development
- Value Chain-Based Extension, Information and Advisory Services
- Natural Resource Management/Climate Change Extension Services
- Nutritional Extension Education
- Public-Private Collaboration in Extension
- Information & Communication Technologies (ICTs)
- Extension-related Evaluations, Case Studies and Action Research

The Modernizing Extension and Advisory Services (MEAS) Project implemented by a University of Illinois-led Consortium supports development of efficient, effective and sustainable rural extension, information, and advisory service systems. The project will design extension for “best fit” of organizations and approaches to the country context. Principles emphasized include: local planning and implementation, institutional pluralism, private sector approaches, demand-driven response to client needs, participatory planning and implementation, cost sharing, effective use of mass media and ICTs, market-orientation, linkages with other government services, and results orientation.

The Project may support extension to improve food security, nutrition education, value chain development and environmental adaptation/mitigation/conservation programs. USAID Missions may access MEAS support through: (a) requests for core program support for training, case studies, evaluations, and technical assistance (on a funds available basis); (b) buy-ins to the Leader Award for assessments of extension needs/capabilities, training, design work, evaluations, or pilot projects; or through funding Associate Awards for technical assistance,

training, and implementation of activities for capacity building, reform and development, and/or delivery of public or private extension services.

The MEAS Consortium includes Michigan State University, University of Florida, University of California Davis, Cornell University, North Carolina A & T State University, Catholic Relief Services, Cultural Practice, LLC, Winrock International, Sasakawa Africa Fund for Extension Education, Sasakawa Africa Association with the Global 2000 Program, IFPRI, and Alliance for a Green Revolution in Africa.

For more information, contact Gary Alex ([galex@usaid.gov](mailto:galex@usaid.gov)) or see: <http://www.meas-extension.org/home>.

## **D. GLOBAL HEALTH BUREAU**

### *1. AIDS SUPPORT AND TECHNICAL ASSISTANCE RESOURCES (AIDSTAR II) SECTOR II TASK ORDER #1 (MANAGEMENT SCIENCES FOR HEALTH)*

**Type of Mechanism:** IQC

**Award Number:** GHH-I-01-07-00068

**End Date:** September 2013

AIDSTAR II's core areas of expertise include:

- Strengthening organizational governance
- Improving financial management
- Setting organizational direction and strategies and improving internal management systems
- Strengthening leadership, management and governance and technical capacities
- Project management
- Performance-based financing
- Health systems strengthening
- Enhancing human resources for the health and social welfare workforces
- Organizational assessments
- Strengthening HIV/AIDS prevention and care

The AIDSTAR II (AS-Two) Project contributes to stronger and more sustainable, country-led HIV/AIDS programs, organizations and networks by offering systematic organizational capacity building assistance. All organizations, institutions and networks delivering health services along the HIV/AIDS prevention-care treatment continuum require good management, leadership and governance practices, as well as good public health and clinical practices.

AS-Two offers capacity building technical assistance to local HIV/AIDS implementing partners including civil society organizations (CSOs), nongovernmental organizations (NGOs), national AIDS commissions, Ministries of Health and Social Welfare, Global Fund Country Coordinating Mechanisms and Principal Recipients, as well as regional and local HIV/AIDS service and advocacy networks. AS-Two is led by Management Sciences for Health (MSH). Consortium

partners include MSH, the International HIV/AIDS Alliance, Cardno Emerging Markets, Health and Development Africa, Initiatives, Inc., Save the Children, and Religions for Peace. At present, the Alliance and Cardno are actively engaged in AS-Two activities along with MSH.

For further information, contact COR Laurie Rushton ([larushton@usaid.gov](mailto:larushton@usaid.gov)) or see: <http://www.aidstar-two.org/>.

## **E. OFFICE OF INNOVATION AND DEVELOPMENT PARTNERS (IDEA)**

### *1. CAPABLE PARTNERS PROGRAM (CAP)*

**Type of Mechanism:** LWA

**Award Number:** HFP-A-00-03-00020-00.

**End Date:** August 10, 2013 (Associate Awards may run until 8/10/18)

The Capable Partners Program (CAP) is a “Leader With Associates” (LWA) Cooperative Agreement that was created to strengthen the organizational and technical capacities of non-governmental organizations (NGOs), community-based organizations (CBOs), faith-based organizations (FBOs), intermediary support organizations (ISOs), civil society organizations (CSOs) and NGO networks across various technical sectors; facilitate linkages among local organizations; and disseminate tested innovations, best practices and lessons learned.

Since 2003, CAP core activities have centered on the development of tools and resources and the implementation of the following four Global Core Initiatives (GCIs):

- Advocacy Skills Building and Institutional Strengthening for NGO Networks. (15 Countries: Albania, Bulgaria, Ghana, Georgia, Guyana, India, Indonesia, Lebanon, Mongolia, Paraguay, Peru, Sri Lanka, Sudan, Tajikistan, Zambia)
- Monitoring Training and Institutional Strengthening for the West Africa Network for Peacebuilding (WANEP). (12 Countries: Benin, Burkina Faso, Côte d’Ivoire, Gambia, Ghana, Guinea Bissau, Liberia, Nigeria, Senegal, Sierra Leone, Togo)
- Evaluation Training and Institutional Strengthening for the Action Against Trafficking and Sexual Exploitation of Children (ATSEC) Network. (4 Countries: Bangladesh, India, Nepal, Sri Lanka)
- Institutional capacity building of Mozambican NGOs, CBOs, FBOs, networks and associations to scale-up service delivery of HIV/AIDS treatment, care and prevention activities, thereby advancing toward *Mozambicanizing* the response to the HIV/AIDS pandemic
- Tips for Working Effectively with NGOs, a series of publications for development professionals
- Technical Assistance for the Office of Innovation and Development Alliances’ Development Grants Program (DGP). (31 Countries: Angola, Azerbaijan, DRC, Dominican Republic, East Timor, Ecuador, Ethiopia, Georgia, Haiti, India, Indonesia, Jamaica, Kazakhstan, Macedonia, Malawi, Moldova, Morocco, Mozambique, Nepal, Nigeria, Peru, Russia, Rwanda, Senegal, Sierra Leone, Tanzania, Uganda, Zambia, Zimbabwe)

For more information on CAP, contact [jfriedenberg@usaid.gov](mailto:jfriedenberg@usaid.gov), [skermani@usaid.gov](mailto:skermani@usaid.gov), or [zmulugeta@usaid.gov](mailto:zmulugeta@usaid.gov).

## **F. BUREAU FOR MANAGEMENT (M)**

### *1. TRANSPARENCY, ACCOUNTABILITY AND PERFORMANCE (TAP)*

**Type of Mechanism:** IQC

**Award Number:** Multiple awards

**End Date:** September 30, 2012 (option to extend up to September 30, 2015)

TAP's areas of LCD expertise include:

- Monitoring and Evaluation Systems
- Communication/Information Systems Development
- Strategic Planning

The purpose of this Transparency, Accountability, and Performance (TAP) contract is to strengthen performance management practices at USAID through Analytic Support, Training and Technical Assistance, and Communications Products and Information Management. This includes developing training and undertaking assessments to support USAID Forward reforms – particularly those related to strategic planning, project design, and performance management. It also includes preparation of communications products that present performance information in a transparent manner and systems to create, improve and provide support for data collection and learning. To support local capacity development, TA can be brought in to facilitate or undertake civil society mapping, to work with local partners to develop their organizational capacity assessment tools and to facilitate the annual assessment and resulting action plan, and/or to develop specific training for Mission staff and partners.

For more information, contact COR Ruth Buckley ([rbuckley@usaid.gov](mailto:rbuckley@usaid.gov)) or see: <http://inside.usaid.gov/M/MPBP/performance/tap.html>.

## **G. OTHER USAID INTRANET AND EXTRANET SITES**

### *1. OAA INTRANET INDEFINITE QUANTITY CONTRACTS (IQCS)*

<http://inside.usaid.gov/M/OAA/iqc/>

### *2. EXTERNAL INDEFINITE QUANTITY CONTRACTS (IQCS) BY SECTOR*

[http://www.usaid.gov/business/business\\_opportunities/iqc/index.html](http://www.usaid.gov/business/business_opportunities/iqc/index.html)

### *3. EVALUATION MECHANISMS*

<http://spsinternal.usaid.gov/teams/evaluation/Evaluation%20Tools/Forms/AllItems.aspx?RootFolder=%2fteams%2fevaluation%2fEvaluation%20Tools%2fEvaluation%20Mechanisms&FolderCTID={E66D33C3-13EA-4EB6-8EE3-11E2208392CD}>

### *4. GLOBAL CLIMATE CHANGE MECHANISMS*

A list of existing mechanisms that support GCC programs, including capacity development is available at:

[http://inside.usaid.gov/EGAT/offices/enviro\\_sci/climate/resources/procuring\\_activities.cfm](http://inside.usaid.gov/EGAT/offices/enviro_sci/climate/resources/procuring_activities.cfm).