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 PD-AAH-301-A1

PROJECT EVALUATION SUMMARY

(Submit to MO/PAV after each project evaluation)

1. Mission of AID/W Office Name PDC/PVC	2. Project Number DPG: 932-0058 T.O.: 932-0009
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3. Project Title
National Rural Electric Cooperative Association

4. Key project dates (fiscal years) a. Project T.O.: FY-67 Agreement Signed DPG: FY-75	b. Final Obli- FY-77 gation	c. Final input FY-78 delivered	5. Total U.S. fund life of project T.O.: \$1,908,000 DPG: 498,000
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6. Evaluation number as listed in Eval. Schedule Regular Annual	7. Period covered by this evaluation FROM: 1-76 TO: 12-77 Month/year	8. Date of this Evaluation Review 1-23-78 month/day/year
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9. Action Decisions Reached at Evaluation Review, including items needing further study (Note--This list does not constitute an action request to AID/W. Use telegrams, airmgram, SPAR, etc., for action) Prepare New Project Paper	10. Officer or Unit responsible for follow-up H. J. Datta PDC/PVC	11. Date action be complete 28 February 1978
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12. Signatures: Signature Typed name Date Harold J. Datta	Project Officer	Signature Typed name Date John A. Ulinski	Mission or AID/W Office Director
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13. SUMMARY - In both T.O. #1 and DPG areas, the contractor has performed at near the maximum feasible rate of progress. Loan applications for rural electrification reaching AID/W during this period total some \$160 million with NRECA participation directly or indirectly involved in these applications. Included are loan applications or proposed applications from the Philippines, Indonesia, Bangladesh, Pakistan, Syria, Guatemala, Honduras, and Bolivia. The contractor has recruited a staff of seven capable professionals and a support staff of four. They have been fully employed in providing assistance in identified opportunity areas. Projects assisted by NRECA will likely connect their millionth meter in 1978, to provide direct service to nearly 7 million people; many others benefit indirectly through increased employment and income opportunities in the rural areas.

Projects have continued to operate in the 11 countries in which rural electric cooperatives were financed by AID with technical assistance from NRECA. In two countries, Colombia and Peru, the systems have been taken over by the state or national authorities, but the systems still stand and are providing service to rural people. NRECA reports that these systems operated well for years despite harassment from local authorities and could have been even more successful with even minimal assistance from host country agencies.

NRECA has greatly increased its activities in the area of project evaluation, both its own efforts and assisting evaluation contractors to AID. Specifically, NRECA has initiated evaluation projects in Chile and Costa Rica and is continuing this activity in further depth. The cooperatives there are enthusiastically collaborating since they are interested in analysis of user benefits in order to improve service to their members and potential members. The NRECA team in the Philippines has undertaken evaluations and assisted USAID/Philippines in accomplishing various studies.

Major problems include convincing some LDC's to use the cooperative pattern of rural electrification, and some countries have declined to do so. Even these countries, however, are usually interested in training assistance from NRECA. NRECA has also found that some countries do not appreciate the importance of institution building and are content to be concerned only about the engineering design and the actual construction contract, only later discovering that project management suffers from lack of management training at both the local and national levels.

NRECA has provided training both in-country and in the U.S. for program leaders in almost all countries assisted by AID/NRECA, but emphasizes that training has not been adequate in most countries, particularly those in which technical assistance has been loan funded. NRECA has been providing formal training assistance to overseas participants since 1963, with more than 300 enrolled from 34 countries. Recently it has developed new training aids and has translated these into Spanish to improve assistance in Latin American countries.

14. EVALUATION METHODOLOGY - This is one of a series of annual evaluations of NRECA performance under AID/pha-G-1122 and BOA 1095, Task Order 1.

The evaluator is the PVC Project Manager: Harold J. Datta.

Evaluation data was obtained through review of NRECA semi-annual progress reports to AID, special and trip reports, and personal interviews with NRECA officials. (Robert Kabat, Thomas Venables, Leon Evans, James Cudney, George Doud and James Lay)

15. DOCUMENTS TO BE REVISED: Project Paper

16. EVALUATION FINDINGS ABOUT EXTERNAL FACTORS - The major external factor affecting the work of NRECA is the magnitude of capital assistance required for project development and the problems which are encountered in securing funds for this purpose. AID and its overseas missions have often found it difficult or impossible to obtain sufficient detail for PID's and project papers so that detail necessary for project plans can be included in the Congressional Presentation. This has required the submission of advice of program change documents to the Senate Sub-Committee on Appropriations. During the past calendar year, this had delayed the implementation of projects in Honduras, Guatemala and Indonesia; these projects are still pending. NRECA believes that host governments and AID must provide support to project development; it is a major factor in allowing for the most rapid development of project implementation. It is also increasingly apparent that NRECA and AID must obtain a better meeting of minds with the Congressional Subcommittee, or must schedule this type of project in Congressional Presentations to secure consideration of the full Congress of the programs presented in the Congressional package.

17. EVALUATION FINDINGS ABOUT GOAL/SUBGOAL - The goal is "to assist in the establishment of self-sustaining, financially viable, properly managed and maintained rural electric systems" as a development instrument benefiting the rural poor.

NRECA's objective has been to create self-help and financially viable rural electric institutions. Projects have reached maturity in 12 countries, with institutions operated by trained personnel bringing reliable electric service, with multiple development benefits, to rural people at all income levels. Almost one million meters are now on line, provided by over 150 successful cooperatives, serving more than 7 million people. NRECA reports that a conservative estimate is that 4 million of these can be classified as rural poor. Currently ten other developing countries are being studied for rural electric programs designed to play a major role in integrated rural development; i.e., irrigation, agro-industries and rural commerce, education, public health, and village security.

NRECA's efforts to evaluate and analyze the management and maintenance of rural electric systems that have been constructed in the past, indicate that such efforts can contribute to improved operation of rural electric systems as well as to improve their ability to reach the rural poor. These evaluatory, analytical activities carried out to date in Chile and Costa Rica, have produced results that are quite encouraging. These systems have been found to have moved to improve their management, operations and service to their rural citizens, including the poor.

In another area - that of establishing base-line data - NRECA has found that it is difficult for it, and other contractors, to establish base-line data to support loan applications for rural electric systems which provide adequate detail of the proof that the rural poor will receive benefits directly or indirectly or to adequately show that a large percentage of the rural poor will benefit from the proposed projects. Nevertheless, NRECA is continuing its efforts under the DPG to develop systems and procedures to better obtain these data.

18. EVALUATION FINDINGS ABOUT PURPOSE - The purpose is to augment the response and institutional capability of NRECA to assist in the planning and establishment of rural electric systems in LDC's. The output of loan applications, energized systems, program planning papers, loan studies, operating reports, numbers of households served, etc., indicate that NRECA has augmented its ability to assist Missions and LDC's in the planning, design, management and evaluation of rural electric cooperatives in the context of rural development.

On the other hand, NRECA estimates that in the vast majority of the developing countries, less than 5% of the rural people now have electric service, which would indicate that the needed development has hardly begun. There are 11 developing countries with operating systems assisted by NRECA and there are nearly 100 developing countries which have made little or no start with rural electrification. Even many of the stronger LDC's are still struggling with the problems of adequate sponsoring institutions for rural electrification. Included in this group are Egypt, Brazil, Bolivia, Argentina, Ecuador, Colombia, and Indonesia.

NRECA reports an increasing interest in training assistance from more and more LDC's and apparently their output in this area is limited only by the availability of funds.

Since the task is so extensive, it appears appropriate for AID to consider extending its relationship with NRECA.

19. EVALUATION FINDINGS ABOUT OUTPUTS AND INPUTS - NRECA feels that it is adequately staffed for its core operation, but finds that very frequently host countries need additional assistance to advance their project planning, or in-depth studies for which NRECA funding is not adequate. Under the DPG and T.O. #1, NRECA has been limited to providing approximately three weeks of continuous assistance to any LDC at any particular time for program planning and program implementation assistance. This allows it to carry out preliminary surveys, preliminary studies or evaluations. But if LDC's find that they need studies or training assistance in further depth, and frequently the AID Mission does not have funds for such assistance or does not have them programmed, this has meant that further development must be held in abeyance until the host country can arrange funding. This is the case currently in Papua New Guinea, Liberia, Ecuador, Peru, Kenya, Tanzania and others. NRECA suggests that it would be desirable if, in the future, AID could program additional funds for short-term assistance of 2-3 months duration, so that NRECA might assist countries to complete their program planning, loan applications, management studies or other NRECA support activities.

20. EVALUATION FINDINGS ABOUT UNPLANNED EFFECTS - The most unexpected, unplanned effect, has been the major opposition to RE projects that has developed with Senate Sub-Committee. If NRECA and AID efforts to secure Congressional support are not fruitful, the results could be most disadvantageous to AID RE programs.

21. CHANGES IN DESIGN OR EXECUTION:

A full contract evaluation of NRECA's performance under the DPG and Task Order was made last year by Development Alternatives, Inc. Two major recommendations were: that the T.O. and the DPG be combined into one funding instrument; and that NRECA and AID develop criteria establishing when NRECA could make preliminary visits to LDC's. The first recommendation will be carried out during FY 78.

The following are suggested criteria intended to comply with the second recommendation:

NRECA may travel to LDC's for exploratory consultations when one or more of the following conditions exist, provided that prior approval of AID/W and the appropriate Mission have been received:

- a. The Mission has requested such service.
- b. The host government or a rural electric organization has requested the visit.
- c. There is an existing RE system built with NRECA assistance and there are indications that the system would benefit from assistance or evaluation.
- d. There are indications that an international funding institution will or is considering funding a RE project.
- e. There are indications that the LDC is planning to initiate an RE project.
- f. An international conference is scheduled in which RE will be a major topic.
- g. An LDC has developed a major power source which could supply power to the rural poor at reasonable rates.

22. LESSONS LEARNED - The experience of NRECA indicates that it is advantageous to have contractors involved in project planning at the earliest possible date. NRECA feels strongly that the earlier it can become involved with a country in planning for rural electrification, the more effectively will project development be implemented, and that better institutional development will result in the long run. Its most satisfactory results have been obtained in countries like the Philippines and Nicaragua, where it was involved in the planning process from the very beginning and was allowed to continue to provide technical assistance for 6-10 years.

The experience with NRECA appears to emphasize the importance of timely project planning in order to include projects in the Congressional Presentation. It's also clear that it would be desirable to have NRECA involved early in project planning stages and to have grant funds programmed in adequate amounts to provide all of the services needed to develop these complex projects. At present, where their assistance is loan funded, upon the terminal date of the loan, technical assistance must terminate. There is a need for follow-up assistance after the loan has been fully disbursed since rural electric systems can reasonably be expected to have management problems, particularly in their early years of operation. NRECA points out that in the United States, the Rural Electrification Administration is still providing technical assistance to its borrowers after 40 years of program activity. So, it would seem to be advisable for AID to provide some follow-on technical assistance to such borrowers in the LDC's.

Evaluation methodology to be applied to rural electrification impact (and, incidentally this is true also for road construction) remains a moot question within the Agency; at the present time, AID has engaged another contractor to delve further into this area, and it is hoped that AID will obtain improved methodology which may be applied to assess and increase the effectiveness of NRECA activities.

23. SPECIAL COMMENTS OR REMARKS - From the fact that NRECA assistance has been provided to more and more countries during the period covered in this evaluation and since loan applications to AID/W have reached a new high, it may be expected that there will be increased activity for this contractor during ensuing fiscal years. It would be desirable to program additional funding for continuance of the core staff and to provide for additional short-term assistance to LDC's to encourage adequate depth of program planning.

Supplementary Questions

Describe the central purpose and type of activities undertaken by the PVO before its relationship through a grant with AID.

Describe any changes in program priorities and approach after the grant has been in effect for one, two, or three years.

How has the grant effected the PVO's internal organizational structure, particularly the relationship of program staff to executive and policy-making leadership and the balance of responsibilities in the organization?

Has the grant significantly influenced the PVO's communications and relationships with its constituency or membership, with it's clients or field staff, counterpart organizations in host countries, and other associate groups?

Have the PVO's fund raising efforts been improved during the grant period?

Have particular problems or needs not previously identified impeded expected progress under the grant; conversely, have any unforeseen developments accelerated progress under the grant?

Discuss how the enhanced capability under the grant has been reflected in improved project planning and implementation:

What projects presently in operation have been designed by the program and planning staff?

In what ways do those projects differ from previous overseas activities?

To what extent have the systems developed under the grant been institutionalized and put into effect?

What are your organizational plans for operation after the grant period has terminated?

Summarize progress to date and recommendations with regard to the institutional impact of the grant.

SUPPLEMENTARY DPG EVALUATION INFORMATION

Background - Prior to the 1974 DPG Grant from A.I.D., NRECA had had a Basic Ordering Agreement Task Order (T.O.) with A.I.D. since 1962. Under the T.O., however, NRECA had only a very small staff and lacked the capability to develop new procedures, undertake staff training or to do project evaluations on even a limited scale. It had only limited capability to respond to A.I.D. requests for personnel for surveys and feasibility studies, provide design assistance or to adequately backstop contracted activities overseas.

Under the DPG, NRECA's International Programs Division (IPD) has, during most of the grant period, employed two additional professional staff members; recently a third professional staff person has been added. This has doubled (or more) its ability to provide assistance to LDCs in program planning and project evaluation. NRECA has very actively assisted LDCs in planning rural electrification projects and has contacted additional countries to stimulate their thinking towards future planning of rural electrification projects. That is, some countries not yet ready to carry out rural electrification projects see the necessity of organizational development or staff training in order to have the capability to carry out rural electrification programs at some time in the near future. NRECA has assisted countries to do this sort of planning.

With respect to DPG impact on NRECA's internal organization structure, the DPG and T.O. personnel have been integrated within the strengthened IPD and have effectively enabled the NRECA to increase the IPD's outputs. The growing RE activity in several countries as well as the increasing collaboration of NRECA with A.I.D. and international lenders has brought a new awareness to the executive and policy making leadership of NRECA of international activities and the need for NRECA assistance in LDC rural electrification. Consequently, they have greatly increased their efforts to enlist support from member co-ops.

Enhanced Capability - With the resources provided by the Development Program Grant, NRECA has more than doubled its ability to provide program planning assistance, analysis, and evaluation services for new and established projects. As reported in its latest progress report, DPG specialists have provided assistance to 21 developing nations in Africa, Asia, the Middle East and Latin America, and more than half of these countries are requesting continued NRECA assistance if funding can be arranged.

With the increased staffing made possible by the DPG, NRECA has made major changes in its communications with its membership, clients,

potential clients, and the international development organizations. It has developed visual aids for communication with its membership and potential clients, with approximately 15,000 reached in 1977. It has also developed, using national languages, technical film strips and films for use in developing countries. Although many of these presentations have been made in the United States and several already have been given overseas, this activity has not been completed and it will be continuing.

Increased Contributions - Through the efforts of DPG and T.O. personnel, NRECA has increased its contract activities during the past three years and has been effective to a substantial degree in spreading the cost of its Washington-based personnel to other contract sources. Hence, of its total International Programs Division budget of approximately \$1.2 million, only about one-third has been funded by PDC/PVC during the past two years. In addition, overseas contracts have carried approximately one-fourth of the cost of IPD's T.O. personnel.

There are excellent prospects for additional contract activity in the future. These outside contracts act to reduce the net DPG/T.O. cost to A.I.D./W since whenever personnel authorized under these grants are serving on other contracts, their time is not charged to these instruments and this results in a reduction in cost for the centrally funded activities.

Membership Contributions - NRECA's membership has made major contributions to its overseas activities particularly in making their technical personnel available for service overseas. Contributions of electrification equipment to overseas projects by member co-ops have exceeded \$½ million annually.

Each year since 1963, NRECA and its member systems have hosted rural electrification participant trainees. Over 330 trainees from 34 countries have participated in the 8 - 10 week program sponsored by USAID. Training provided without charge by NRECA member co-ops amounts to a value of more than \$50,000 annually. Many other observer trainees have been provided training by NRECA and its members on an informal basis.

Projects - Programs which appear to have good prospects for additional activity in the near future, which have been designed or had inputs from the program and planning staff of NRECA include: loans and/or technical assistance activities in Guatemala, Honduras, Nicaragua, Costa Rica, Colombia, Ecuador, Chile, Liberia, Syria, Egypt, Papua New Guinea, Iran and Afghanistan; Haiti and Tanzania appear likely candidates for service in the near future. There has also been assistance to potential, additional project activities in Indonesia, Philippines, and Bangladesh.

In their basic design, current projects are very similar to those that NRECA has undertaken in the past. However, much more attention is being given to staff training since the beginning of the DPG, and much more emphasis has been given to project planning and design so that evaluation and analysis can be better accomplished at a later date in order to establish and measure project effectiveness in serving the rural poor. NRECA's effort in the field of project evaluation has already been utilized by other evaluation contractors employed by A.I.D., and it has also contributed to studies being made or planned for the World Bank and Inter-American Development Bank.

In all of the countries in which NRECA assistance has been provided, rural electrification agencies have been advised of techniques and problems encountered in programming activities or systems for use in project evaluation, both for their own information and for the information of international lenders. Since all of the major lending institutions are becoming more concerned with the plight of the very poor, it is important to most of the LDCs to develop ways and means to measure the effectiveness of rural electrification projects and programs intended to reach and effectively serve the rural poor at a reasonable price. While the priority for reaching rural areas varies from country to country, NRECA has found that all of the LDCs seeking international financing are becoming more concerned about their capacities to plan and implement programs not only to their own satisfaction but to prove to international lenders their concern for effectively serving the rural people and improving production/employment/level of life in rural areas. To the maximum extent possible, NRECA is carrying to these countries its own experience as well as reports of other agencies employed by A.I.D. and the World Bank for studies of the impact of rural electrification projects. The objective is to advance or refine the quality of the studies being carried out in any of these countries and facilitate their obtaining international loans as well as programming their own resources for better programs to develop their rural areas and serve their rural citizens.

Problems or Needs not Previously Identified - NRECA has experienced some difficulty in recruiting the type of highly qualified personnel needed for the short term DPG, especially since it is not certain that personnel can be continued under further grants. NRECA believes it would be most desirable to have a five year program, fully funded, to make employment more attractive to the most competent personnel. NRECA recognizes there are constraints on such activity, but it does find that this is a problem in employing needed personnel, especially since there is increasing interest in rural electrification around the world and more requests for NRECA assistance are surfacing.

Proposed Plans - The DPG terminates on 28 February 1978. Subject to policy decision, DPG activities can be combined, as recommended in both the Development Alternatives evaluation report of January 1977, and Auditor General Report number 77-38 (December 30, 1976), with activities formerly carried out under Task Order 1 of BOA-1090, in the new institutional support grant to be negotiated during FY-78.