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## ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, FVA

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FROM: FVA/PVC, Thomas A. McKay *Thomas A. McKay*

SUBJ: Overseas Education Fund (OEF)

Problem: Your approval is required to negotiate a three year, \$955,000 cooperative agreement with OEF based on a proposal submitted in October 1983.

Background:

FVA/PVC has been providing institutional development support to OEF since 1975 through two successive grants and most recently a cooperative agreement. Over the eight years OEF has been encouraged to broaden its private funding base and reduce its dependence on AID for institutional support. Private support has increased in each of the past two fiscal years, from \$240,000 in OEF's FY 82 to \$384,000 in FY 83 and a projected FY 84 level of \$500,000.

Prior to AID support, OEF's overseas activities abroad were limited to short term training for women leaders of community organizations. The first PVC grant, awarded in 1975, enabled OEF to begin the development of long-term field projects and expand the scope of OEF operations outside of Latin America. Since 1975 OEF has received 24 AID grants for skills training and local institutional development projects which focus on women as beneficiaries. However, with the shift in Agency policy from the pursuit of separate WID projects to an integrated approach, the number of AID grants and level of support has declined with only three grants for field projects awarded since June 1982. OEF has been slow in adapting their program development efforts to compete successfully for funds under the regular OYB process, retaining too long the notion that the WID office had project start-up funds and therefore, OEF didn't need be too concerned with funding availability from a Mission's OYB. During the past year and a half OEF has begun the difficult job of changing their program development strategy to be more responsive to the AID program priorities as they are set (and vary) from one USAID to another. To keep pace with the times and compete with other, non-women focussed PVOs for limited AID resources, OEF must augment their staff capabilities in women in development programming with technical skills in fields such as business and economics. They can no longer rely on outside consultants for this assistance on an ad hoc basis.

Discussion:

OEF's proposal requests AID funding, on a cost shared basis, to address the critical need of OEF to firmly establish their institutional competence in the fields of vocational training and small enterprise development and in strengthening the capacity of local organizations to identify and address legal barriers to full participation of women in the local economies. OEF must be able to demonstrate to potential donors that their ability to successfully carry out income/employment generation projects extends across countries and regions. They, in fact, have demonstrated this in several projects, but most notably in the following two:

- In El Salvador, OEF has helped establish a well-managed and viable, community owned production/marketing center which produces processed foods (e.g., tomato catsup and paste, and jams) from locally produced agricultural products for commercial sale. Profits and salaries from this project are expected to increase the real incomes of cooperative members (primarily women) by 50 percent.
- In Sri Lanka, OEF conducted a training program in conjunction with the Sri Lanka Women's Bureau to train extension workers in family health and income generation. This project was evaluated last year as part of an impact evaluation of the Sri Lanka co-financing project. The team concluded that the project was not only successful, having reached a large number of people at a very modest cost per beneficiary, but also that the project had both a spread effect and was being continued without official AID participation.

As demonstrated by these examples, OEF has the capability to effectively carry out income-generating projects for women in cases where they've been able to obtain funding. However, their project negotiations with AID Missions have been unduly protracted, at times extending well over a year. Project plans, even for the successful case in El Salvador, have frequently required modifications during the life of the project and in many cases funded grant extensions to enable OEF to achieve stated objectives. Lacking an institutional base within the countries and the financial resources to enable them to devote long periods of time to in-country project development, OEF's project design efforts have sometimes omitted important details which may impede project progress. Too, OEF has been weak in project negotiations, accepting any amount of AID funding to begin a project with the expectation that additional funds may be provided later. Other weaknesses in OEF have been (1) an inattention to administrative concerns; (2) occasional problems with OEF headquarters backstopping support; and (3) incomplete assessments of country situations leading to incomplete assessments of host country capabilities and available resources.

The proposed grant support will enhance OEF's institutional capability to design and carry out projects of consistently high-quality, in a shorter and better planned and managed process. The proposal involves two strategies for addressing these organizational weaknesses:

- field based research in successful strategy development and implementation, and,
- a concentrated country focus to provide for more extensive knowledge of economic and social factors affecting OEF project development and implementation efforts.

The first six months of the program will be devoted to synthesizing conclusions OEF has reached as to the success of various approaches they've tried, studying the work of other agencies, and then designing improved approaches to small enterprise development aimed at low-income women. In particular, OEF will focus on activities such as low-cost, micro-market studies and the effectiveness of alternative credit delivery systems, skills training approaches and job placement programs. Beginning with the seventh month, OEF will undertake pilot projects (averaging \$25,000 per project) to use the approaches developed and to adapt them to country-specific needs and resources. Sites for these pilot projects would be selected from the following "country clusters": Central America/Caribbean - Costa Rica, Honduras and Jamaica; Andean Region - Ecuador, Peru; West Africa - Senegal, Mali, Niger; Asia - Sri Lanka, Maldives. Primary emphasis, however, would be on those countries where OEF would base technical associates (Ecuador, Honduras, Sri Lanka, Senegal and in perhaps Somalia and Kenya in the second or third year). Targetting was a major issue discussed in the grant review process; OEF has agreed to a focus on these ten-twelve countries (rather than the eighteen proposed) where OEF has prior experience/contacts and OEF's capabilities appear relevant to USAID strategies and host country needs/priorities. Expansion efforts such as in the Near East Region will not be supported by this grant, and we have reached an agreement with PPC/WID that any future support they provide for short-term technical assistance would also focus on the countries targetted under PVC's funding support.

The institutionalization of an OEF field presence, by contracting with individuals already living in the host countries, is intended to improve OEF's capability to accurately assess local resources and capabilities and devise sound project plans. These technical associates will be responsible for the development, implementation and monitoring of pilot projects, providing short-term technical assistance to local women's organizations, maintaining an effective liaison with USAID, and identifying and developing longer-term (1-3 year) projects for USAID and/or other donor support. It is

expected that the use of technical associates will reduce the costs of OEF projects, as these persons will frequently replace more costly consultants used by OEF in the past for technical assistance and proposal preparation.

In regard to OEF's proposed efforts relevant to legal barriers to the full economic participation of women, the AID funding would be limited to research efforts on strategies; OEF will have to raise private funding for the pilot projects. We have included support for the development/refinement of training materials and strategies for assisting local women organizations in undertaking programs to alleviate legal constraints since this program appears to offer OEF good potential for broadening their private funding base. Furthermore, OEF is one of a few PVOs with experience in the field, having operated an AID-funded three-country project to assist local organizations in identifying legal constraints to realizing their full economic potentials several years which today is continuing with private support, as well as a project in Africa with private funding. Given the importance of strengthening the capability of local organizations to address legal barriers impeding the full participation of women in their local economies, OEF's experience in the field, and the potential this type of work appears have to assist OEF in broadening their private sector support, we believe limited AID support to facilitate OEF's work in this sector is warranted.

Field missions commenting on continued FVA support for OEF have been supportive, particularly as the funding relates to what they too have perceived as weaknesses in OEF's program. Three countries (Kenya, Costa Rica and Mali), however, have indicated that support for OEF pilot activities in these countries would be premature and/or undesirable at this time. Accordingly, PVC funding support will be limited to the nine other countries identified in the OEF proposal. (One of the three countries, Costa Rica, indicated they would reconsider their decision later in the grant, following further OEF field experience.) Any agreement with OEF would also require prior USAID consultation on regional and country strategies as they are refined based on the sectoral research. Copies of the USAID comments are attached.

Finally, the grant review committee believed the list of evaluation indicators suggested by OEF was a far too exhaustive listing of all possible project outcomes. During the first six months of the project, in tandem with the research efforts, we will be working with OEF to develop a more manageable and goal-focussed set of indicators by which the field projects will be evaluated. OEF has been brought into the small enterprise evaluation working groups, and now understands that their projects should and will be evaluated according to the same criteria being used for other income and employment generation projects.

Concurrent with project activities, OEF will undertake efforts to continue broadening their private funding base. OEF's share of program costs would increase from a 2:1 AID/OEF match to 1:1 in year three. In view of the less than dollar for dollar OEF contribution and the nature of the program being supported, we want greater involvement in the implementation of activities and will therefore negotiate a cooperative agreement.

Recommendation: That you approve FVA/PVC's negotiation of a three year, cost shared cooperative agreement with the OEF.

Approved: [Signature]

Disapproved: \_\_\_\_\_

Date: March 1984

Attachments:

- A. OEF Proposal
- B. Field Comments
- C. FVA/PVC Grant Committee Review Minutes

*[Handwritten notes: "Meeting with..."]*

Drafted: FVA/PVC:DKK<sup>OC</sup>Kennedy:dkk:3/16/84:Revised 3/19:W#1945I

Clearances:

FVA/PVC, S. Bergen	<u>[Signature]</u>	Date	<u>3-20</u>
FVA/PVC, A. Heyman	<u>[Signature]</u>	Date	<u>3-20</u>
FVA/PPE, L. Stamberg	<u>[Signature]</u>	Date	<u>3-23</u>
LAC/DR, J. Francis	<u>[Signature]</u>	Date	<u>3-23</u>
AFR/RA, M. Easton	<u>[Signature]</u>	Date	<u>3-23</u>
ASIA/DP, A. Silver	<u>[Signature]</u>	Date	<u>3-23</u>
PPC/WID, N. Hornstein	<u>[Signature]</u>	Date	<u>3-24</u>

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<b>AGENCY FOR INTERNATIONAL DEVELOPMENT</b> <b>PROJECT DATA SHEET</b>	<b>1. TRANSACTION CODE</b> <input checked="" type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number _____	<b>DOCUMENT CODE</b> 3
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<b>2. COUNTRY/ENTITY</b> Centrally Funded	<b>3. PROJECT NUMBER</b> 938-0253
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<b>4. BUREAU/OFFICE</b> FVA/PVC	<b>5. PROJECT TITLE (maximum 40 characters)</b> Overseas Education Fund Cost-Shared
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<b>6. PROJECT ASSISTANCE COMPLETION DATE (PACD)</b> MM DD YY 	<b>7. ESTIMATED DATE OF OBLIGATION</b> <i>(Under 'B.' below; enter 1, 2, 3, or 4)</i> A. Initial FY <u>84</u> B. Quarter <u>3</u> C. Final FY <u>86</u>
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8. COSTS (\$000 OR EQUIVALENT \$1 = \$1,000)						
A. FUNDING SOURCE	FIRST FY <u>84</u>			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total			300			955
(Grant)	( )	( )	( 300 )	( )	( )	( 955 )
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S.						
1.						
2.						
Host Country:						
Other Donor(s):						
<b>TOTALS</b>			300			955

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) EH	600	740		--		955		955	
(2)									
(3)									
(4)									
<b>TOTALS</b>						955		955	

<b>10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)</b> 840	<b>11. SECONDARY PURPOSE CODE</b> 760
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<b>12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)</b> A. Code    BWV    PVOU									
B. Amount									

**13. PROJECT PURPOSE (maximum 480 characters)**

To improve the effectiveness and expand OEF's assistance to local and national women's organizations to address the barriers which exist to full economic participation of women.

<b>14. SCHEDULED EVALUATIONS</b> Interim    MM YY    MM YY    Final    MM YY	<b>15. SOURCE/ORIGIN OF GOODS AND SERVICES</b> <input type="checkbox"/> 000 <input type="checkbox"/> 941 <input type="checkbox"/> Local <input type="checkbox"/> Other (Specify) _____
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**16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment.)**

<b>17. APPROVED BY</b>	Signature  Title Thomas McKay, Director, FVA/PVC	<b>18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION</b> Date Signed    MM DD YY 
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