

PD-AAS-380  
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THE NATIONAL ASSOCIATION OF THE PARTNERS  
OF THE ALLIANCE

GRANT NOS. AID/LAC-G-(1402), (1406), (1407) AND

OTR-0200-G-SS-2281

REPORT NO. 1-000-83-5

JANUARY 31, 1983

The main purposes of the A.I.D. support to The National Association of The Partners of The Alliance (NAPA) are being achieved. A.I.D. has been providing financial support, averaging about \$500,000 per year, to NAPA since 1967. This assistance has two principal objectives: to help NAPA reach the point where it can function effectively without such assistance, and to accomplish development goals by using private citizen volunteers.

NAPA is well managed. Its financial affairs have been improving. It has expanded contributions from other donors and has reduced A.I.D.'s proportionate assistance share. NAPA makes heavy uses of private citizen volunteers to implement small scale projects through 56 partnerships. These partnerships link 26 Latin America or Caribbean Countries with 44 U.S. States.

The survey showed three problems: NAPA has not reached the point when A.I.D. can withdraw its assistance; it needs to establish annual targets and to measure them; and, it needs to establish an impact evaluation system to test the effectiveness of the small development projects carried out by the partnerships.

This report contains three recommendations.

LATIN America

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EXECUTIVE SUMMARY

This is a report covering a survey of the National Association of the Partners of the Alliance (NAPA) which began in 1964 under A.I.D. management and is now a separate private voluntary technical assistance organization. A.I.D. support to NAPA has averaged about \$500,000 per year since 1967. This organizational support has two objectives: to help NAPA reach a point where it can function effectively after A.I.D. assistance is withdrawn and to accomplish A.I.D. development goals by using private citizen volunteers. At the current time, there are four active grants which total over \$2.2 million.

The survey was made to determine whether the objectives of providing assistance to NAPA are being achieved and whether there were actual or potential problems to justify a more extensive examination of the organization. In brief, the conclusions of our survey were the following:

- (a) Progress has been made towards achieving the goal of helping NAPA reach a point where it can function effectively after AID withdraws its assistance. NAPA is well managed and has greatly expanded its contributions from other donors. However, AID assistance is still needed because NAPA has not been able to obtain enough support from other donors to pay for indirect costs financed under the AID grants (pages 3, 4 and 5).
- (b) NAPA has also made progress towards involving numerous private citizen volunteers in partnership programs. The number of partnerships have been increased from 38 in 1970 to 56 in 1982. The 56 partnerships link 44 U. S. states with 26 Latin American or Caribbean countries. These partnerships undertook some 1,500 projects in 1982 involving an estimated 4,000 volunteers (page 3).
- (c) AID is probably obtaining a much larger development impact per dollar invested in the NAPA program than that in its bilateral program. We were told by NAPA officials that project participants are required to contribute more per dollar invested by AID in the NAPA program than in the bilateral programs (page 4).
- (d) It is not possible to directly assess how effectively NAPA and the partnerships have used their resources to improve the economic status of the poor because NAPA has not developed the required impact evaluation information. NAPA needs to establish annual targets to measure progress towards its planned objectives, to establish an impact evaluation system in order to test the effectiveness of the small development projects carried out by the partnerships and to learn lessons that can be applied to - improve the design of future projects (page 6 and 7).

Our survey showed no need for a more detailed review of NAPA's operations. The draft of this report was reviewed by NAPA, the Bureau of Latin America and the Caribbean (LAC) and the Office of Women in Development. Their comments were considered in preparing the final report.

This report contains three recommendations.

## BACKGROUND AND SCOPE

### Background

The National Association of the Partners of the Alliance (NAPA), also known as the Partners of the Americas, is a private voluntary technical assistance organization. The overall purpose of NAPA is to promote a closer relationship between the people of the United States and the people of Latin America and the Caribbean through partnerships that directly involve private citizen volunteers in long-range programs of technical and cultural exchange.

NAPA coordinates and supports the activities of partnerships which link private citizen volunteer groups in the U.S. with their counterpart groups in Latin America and the Caribbean. The partnerships match a state or region in the U.S. with a country or region in Latin America or the Caribbean such as Oregon with Costa Rica or North Carolina with Cochabamba, Bolivia. Currently, 56 partnerships exist between 44 U.S. states and 26 Latin American or Caribbean countries (Exhibit B).

The partnerships are composed entirely of volunteers who carry out small scale development projects and cultural exchange activities. A committee is established on each side of the partnerships and they communicate directly with each other to develop programs. NAPA assists the partnerships with organizational and project development, workshops, conferences, travel grants for volunteer technicians, small grants for projects, fund raising, publications, training materials, image building and incentive awards.

The principal objectives of the partnerships are to increase private sector participation in the development process, develop self-help efforts, strengthen local community organizations, and establish lasting friendships among the people of the United States, Latin America and the Caribbean.

The partnership program began in 1964 under AID management. In 1967, AID began to transfer its functions to NAPA which was completed in 1970. AID continues to support the program and NAPA has diversified its funding support to include private and other public donors.

The purpose of AID support to NAPA is to accomplish AID's development goals by using private citizen volunteers and to help NAPA reach the point where it can function effectively after AID assistance is withdrawn.

Since 1967, AID has provided a series of support grants to NAPA to cover some of its administrative, program and volunteer travel costs. These support grants have been running at about \$500,000 per year. The main purpose of the support grants (the latest version was signed in September 1980) was to accomplish AID's development goals through the

private sector by maintaining within NAPA a capability to provide training and services to the partnerships, to increase private and public financial support for the program, and to improve the image of the program.

Starting in 1980, AID signed three other grants with NAPA to supplement the specific support grant. The Caribbean grant started in September 1980 and is to establish and develop six new partnerships in the Caribbean. The Community Education grant started in August 1980 and is designed to develop within the partnerships a community education approach to committee organization, program development and project activities. The Women in Development grant, signed in September 1982, is supposed to improve the economic development of women.

All of the grants provided funds for staff services, workshops and volunteer travel. Except for the specific support grant, all of the grants provided funds to NAPA for small grants of up to \$5,000 for partnership development projects.

As of October 31, 1982, AID had four grants outstanding with NAPA for a total of \$2,206,128 (see Exhibit A).

### Scope

The purposes of this survey were to assess the operations of NAPA to determine (a) if progress has been made towards achieving the overall purpose of AID assistance, and (b) whether actual or potential grant problems existed that would justify a more detailed review of the program.

The survey was conducted in accordance with U. S. Government accepted auditing standards. Accordingly, it included a review of AID and NAPA records as well as interviews with officials of both organizations.

## SURVEY FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

### An Overall Assessment of Grant Goals and Accomplishments

The purpose of AID assistance to NAPA is to accomplish AID's development goals by using private citizen volunteers and to help NAPA reach the point where it can function effectively after AID assistance is withdrawn.

Based on our review, we believe that progress is being made towards achieving the objectives that A.I.D. has in providing support to this organization. More details are stated below.

Involvement of Private Citizen Volunteers. Available evidence suggests that AID has made progress towards achieving the involvement of numerous private citizen volunteers in the partnership programs being supported by NAPA. When NAPA took over the management of the program in 1970, there were only 38 partnerships. Today, there are 56 partnerships between 26 Latin American and Caribbean countries and 44 U.S. states. In 1982, these partnerships undertook some 1,500 projects involving an estimated 4,000 volunteers.

The partnership development projects are carried out in the fields of agriculture and rural development, health, women in development, education, vocational training, rehabilitation, special education and community education.. The partnerships provide the technical services of its volunteer members and other inputs to carry out small scale development projects. NAPA supports the project activities of the partnerships with technical advice and some small grants for volunteer travel and project inputs. Examples of projects include the formation of a sewing cooperative; the establishment of prototype farms to develop and disseminate information on new techniques in vegetable production; and the training of farmers in pigbreeding techniques. These are small scale development projects and they involve the participation of private citizen volunteers. However, it is not possible to directly assess how effectively NAPA and the partnerships have used their resources to improve the economic status of the poor because NAPA has not developed the required impact evaluation information; this problem is discussed in more detail later in the report.

The Management of NAPA. NAPA is well managed by a competent and dedicated staff of 27 persons. They have established sound internal controls over the financing of volunteer and staff travel as well as small grants for partnership projects. These controls promote the efficient and effective use of funds in accordance with AID regulations. NAPA has established a five-year plan and the achievement of planned objectives should increase the operational effectiveness and efficiency of NAPA and its associated partnerships. The last DCAA financial audit of the AID grants done in May 1982 did not question any costs. However, it did disclose some deficiencies in NAPA's accounting system and procedures. A subsequent DCAA review of a NAPA cost proposal indicated that all accounting deficiencies had been corrected except for some indirect costing procedures. We reviewed the procedure to be used by NAPA to correct this deficiency and found it to be adequate.

Financial Affairs of NAPA Since NAPA was created in 1967, it has made a great deal of progress towards becoming self-sufficient. In 1981, NAPA's revenues came to \$2.1 million. These revenues consisted of \$144,000 in investment income, \$665,000 in contributions from the private sector and \$1,318,000 in contributions from the public sector. AID's share of public sector contributions was \$810,000. Since 1976, NAPA's revenues have grown about 160 percent. AID's share of these revenues has decreased from 61 to 41 percent and private sector support has increased from 20 to 31 percent.

The program also mobilizes voluntary contributions far in excess of the money invested by NAPA. NAPA officials estimate that for every dollar they spend on the program, the partnerships contribute about \$11. In 1981, NAPA spent about \$2 million to support partnership projects worth \$24 million. The partnerships provided the services of volunteer technicians and other inputs. NAPA provided a small number of grants for projects and volunteer travel. In 1982, NAPA financed inputs for 30 of the 1,500 partnership projects and travel costs for 800 of the 4,000 partnership volunteers.

In sum, AID has made tangible progress towards achieving its goal of helping NAPA to reach a point where it can function after AID withdraws its assistance; however, NAPA has not yet reached that point. We see a need for continuing such assistance and attempting to find a solution to problems being encountered by NAPA in its financing of indirect costs (see page ).

Current AID Grants. As of October 1982, AID had four active grants with NAPA. The objectives of the specific support grant are to maintain within NAPA a capability to provide training and services to the partnerships, to increase private and public financial support for the program, and to improve the image of the program. The objectives of the other three grants were to establish and develop six new partnerships in the Caribbean (Caribbean Grant); to develop within the partnerships a community education approach to committee organization, program development and project activities (Community Education Grant); and to improve the economic development of women (Women in Development Grant).

Accomplishments under the four grants were as follows:

Specific Support Grant - In 1982, NAPA provided training and service to the partnerships through eight regional workshops, staff visits and advice, and travel grants for 800 volunteer technicians. NAPA has also increased public and private financial support for the program. Donor support has increased from \$772,956 in 1976 to \$1,983,547 in 1981. AID's proportionate share of this support has decreased from 61 percent in 1976 to 41 percent in 1981. In the absence of a public opinion poll, NAPA's image building efforts are harder to assess. However, NAPA continues to print a bi-monthly newsletter and the U.S. News and World Report recently published a favorable article on the NAPA program.

Caribbean Grant. As of September 30, 1982, NAPA had completed the establishment of five new partnerships in the Caribbean and negotiations were underway to establish the sixth and last partnership. Also, NAPA has

established a field office in Barbados to mainly service the newly established partnerships in the eastern Caribbean.

Community Education Grant. As of September 30, 1982, NAPA has used grant funds for workshops, volunteer travel, staff services and small project grants to promote the introduction of community education concepts in partnership activities and projects. Also, NAPA has established a field office in Bogota, Colombia to promote community education concepts in the Latin America and Caribbean partnerships.

Women in Development Grant. Although this grant was recently signed in September 1982, NAPA has already hired a program Director and promoted the program with its partnerships. Also, NAPA has used grant funds for volunteer travel, for the preparation of a regional workshop, and for very small project grants.

#### NAPA Has Not Yet Reached Point When AID Can Withdraw Assistance.

We do not believe that NAPA has reached the point when it can function effectively without AID assistance. The principal problem is that NAPA has had difficulties in obtaining other donor support for financing those indirect costs now financed by AID.

AID's specific support grant is used to pay for part of the estimated \$365,000 of NAPA's annual indirect costs for administration and partnership servicing. These costs include the salaries of about 1/3 of NAPA's staff. Other donors have been reluctant to finance indirect costs since these costs cannot be identified with specific programs or projects and they are not visible or tangible investments. In addition, the AID support grant finances an estimated \$135,000 a year for volunteer travel. A withdrawal of AID assistance would adversely affect the ability of NAPA to provide technical and financial support to the partnerships. This, in turn, would lead to a decrease in the number of the projects the partnerships could undertake, thereby reducing the development impact of the program.

We also believe that AID is probably obtaining a much larger development impact per dollar invested in the NAPA program than in its bilateral program. This occurs because the host countries under the bilateral program generally contribute far less per dollar invested by AID than the partnerships contribute under the NAPA program.

For the above reasons, and since NAPA serves as an effective mechanism for mobilizing private sector support for economic development, we believe that AID support to NAPA should be continued. However, we also believe that AID needs to address the lack of participation of other donors in the indirect costs of NAPA.

NAPA officials are aware of the problem. They are aggressively soliciting unrestricted donor contributions that could be used to cover indirect costs. Also, they are trying to attribute as many indirect costs to other donor programs as may be acceptable. For instance, in 1981, other donor

programs paid for \$115,482 of NAPA's (\$280,858) General Administrative expenses .

Another option would be for NAPA to use a percentage of its unrestricted revenues (obtained from investment income and donor contributions) to pay for some of the indirect costs financed by AID. NAPA's unrestricted revenues has grown rapidly in recent years-up from \$51,000 in 1978 to \$174,000 in 1981. During this period, NAPA has used only a small part of these revenues to cover program expenses and, as a result, its unrestricted fund balance has grown from \$155,000 in 1978 to \$545,000 in 1981. We believe that the growth in this fund is desirable since it provides NAPA with a source of funds for contingencies and promotes financial stability. However, it is also important that NAPA reduce its financial dependency on AID and use a percentage of its unrestricted revenues to pay for indirect costs financed by AID. If this were done, the growth in the unrestricted fund could be continued, although at a slower rate, and the objectives of both financial stability and independence from AID could be achieved.

NAPA did not agree with the above suggestion because using unrestricted funds for indirect costs would reduce money available for contingencies and projects and delay achieving independence from AID financing.

#### Recommendation No. 1

LAC/DP/SD should review the problem NAPA has in obtaining other donor contributions for indirect costs and develop a strategy to gain future acceptance and participation in this area.

#### NAPA Needs to Establish Annual Targets So Progress Can Be Measured.

NAPA has not established annual targets to measure progress in achieving the objectives of its five-year plan ending in 1985. Annual targets should be established so problems can be promptly identified and corrected and the objectives reached as planned.

An example of how the measurement of progress against objectives can be useful follows. One objective of NAPA's five-year plan was to have an Executive Director for each of the partnerships by 1985. We found that between July 1979 and September 1982, the Executive Directors of the U.S. partnerships increased very little - from 15 to 21. However, over this same period, the Directors of the Latin American and Caribbean partnerships increased greatly - from 4 to 21 - partly because of the services provided to the Latin American partnership committees under the AID Community Education grant. Considering that there are 56 partnerships, this data suggests that the rate of progress for the U.S. partnerships will have to be greatly increased if the objective of having Executive Directors for all partnerships is to be reached by 1985.

The establishment of annual targets will probably disclose some deficiencies in NAPA's information system. These deficiencies can be largely corrected by asking the partnerships for an annual progress/statistical report.

One example of a potential deficiency is information on the value of funds raised by the partnerships. Information on funds raised by the partnerships could be used to measure the effectiveness of NAPA's efforts to help the partnerships raise more money. This is an objective of both NAPA's five-year plan and the AID specific support grant.

#### Recommendation No. 2

LAC/DP/SD should obtain evidence that NAPA has established annual targets to measure the accomplishments of its planned objectives and a system to obtain information on accomplishments.

#### NAPA Also Needs to Establish An Impact Evaluation System.

NAPA has not established an impact evaluation system to test the effectiveness of the small development projects carried out by the partnerships and to learn lessons that can be used to improve the design of future projects.

NAPA does obtain some information on completed projects from workshops, from field trip reports of staff and volunteers receiving travel grants, and from final progress reports of small partnership projects partly financed by NAPA. While some of this data could be used for impact evaluation, it does not represent an adequate effort to measure impact against baseline data and determine lessons learned at project completion and several years later.

The evaluation system should only review a representative sample of the projects since a review of a large number of small value projects would not be cost-effective. The evaluations should be done on a regular basis using in-house and/or outside personnel.

#### Recommendation No. 3

LAC/DP/SD should obtain evidence that NAPA has established an impact evaluation system to determine the effectiveness of the partnership projects and to learn lessons that can be used in improving the design of future projects.

SUMMARY OF ACTIVE AID GRANTS TO NAPA  
As of October 31, 1982

<u>Grant No.</u>	<u>Period of Grant</u>		<u>Grant Ceiling</u>	<u>Obligated</u>	<u>Expended</u>
	<u>Start</u>	<u>Complete</u>			
<u>Specific Support</u>					
AID/LAC-G-1407	9/30/80	12/31/82	\$1,122,000	\$1,122,000	\$837,191
<u>Community Education</u>					
AID/LAC-G-1402	8/1/80	6/30/83	570,000	570,000	370,303
<u>Caribbean</u>					
AID/LAC-G-1406	9/30/80	9/30/83	300,000	200,000	111,353
<u>Women in Development</u>					
OTR-0200-G-SS-2281	9/27/82	9/27/83	<u>214,128</u>	<u>214,128</u>	<u>-</u>
			\$2,206,128	\$2,106,128	\$1,318,847
			*****	*****	*****

Partnerships of NAPA  
Between United States and  
Latin American/Caribbean Nation States or Regions

Alabama/Guatemala	New York
Arizona/Mexico (Durango, Oaxaca)	Albany area/Barbados
Arkansas/Eastern Bolivia	Central area/Trinidad and Tobago
California/Mexico (Baja California	Dutchess County/Dominica
Norte y Sur, Sinaloa, Morelos,	Elmira, Corning/St. Kitts and
Mayarit)	Nevis
(Bay Area) Mexico (Mexico City)	Long Island/St. Vincent
Colorado/Brazil (Minas Gerais)	Rochester/Antigua and Barbuda
Connecticut/Brazil (Paraiba)	Rockland County/St. Lucia
Delaware/Panama	Western area/Jamaica
District of Columbia/Brazil (Brasilia)	North Carolina/Bolivia (Cochabamba)
Florida/Northern, central Colombia	Ohio/Brazil (Parana)
Georgia/Brazil (Pernambuco)	Oklahoma/Mexico (Chihuahua,
Idaho/Ecuador (mountain region)	Coahuila, Colima, Jalisco, Mexico,
Illinois/Brazil (Sao Paulo)	Puebla, Sonora, Tlaxcala)
Indiana/Brazil (Rio Grande do Sul)	Oregon/Costa Rica
Iowa/Mexico (Yucatan Peninsula)	Pennsylvania/Brazil (Bahia)
Kansas/Paraguay	Rhode Island/Brazil (Sergipe)
Kentucky/Ecuador (highlands)	South Carolina/Southwestern
Louisiana/El Salvador	Colombia
Maine/Brazil (Rio Grande de Norte)	Tennessee/Brazil (Amazonas) and
Maryland/Brazil (Rio de Janeiro)	Venezuela
Massachusetts/Colombia (Antioquia)	Texas/Peru and Mexico (Nuevo Leon,
Michigan/Belize, Dominican Republic	Tamaulipas, Guerrero, Vera Cruz)
Minnesota/Uruguay	Utah/Bolivia (La Paz and Altiplano)
Missouri/Brazil (Para)	Vermont/Honduras
Nebraska/Brazil (Piaui)	Virginia/Brazil (Santa Catarina)
New Hampshire/Brazil (Ceara)	West Virginia/Brazil (Espirito
New Jersey/Haiti	Santo)
New Mexico/Mexico (Michoacan,	Wisconsin/Nicaragua
Chiapas, Tabasco)	Wyoming/Brazil (Goias)

LIST OF RECOMMENDATIONS

Recommendation No. 1

LAC/DP/SD should review the problems being encountered by NAPA in relation to other than AID donors not wishing to participate in the indirect costs of the organization and develop a strategy to gain future acceptance and participation in this area.

Recommendation No. 2

LAC/DP/SD should obtain evidence that NAPA has established annual targets to measure the accomplishments of its planned objectives and a system to obtain information on accomplishments.

Recommendation No. 3

LAC/DP/SD should obtain evidence that NAPA has established an impact evaluation system to determine the effectiveness of the partnership projects and to learn lessons that can be applied to improving the design of future projects.

LIST OF RECIPIENTS

	<u>No. of Copies</u>
Assistant Administrator - Bureau for Latin America and the Caribbean (AA/LAC)	5
USAID Mission Directors	1
Director, - Office of Legislative Affairs (LEG)	1
Assistant to the Administrator for Management (AA/M)	1
Office of Financial Management - (M/FM/ASD)	3
Deputy Assistant to the Administrator for Management (M/DAA/SER)	1
General Counsel (GC)	1
Audit Liaison Office (LAC/DP)	3
Director, (OPA)	4
DS/DIU/DI	4
PPC/E	1
Office of the Inspector General (IG/W)	1
IG/PPP	1
IG/EMS	12
AIG/II	1
RIG/A/Washington	1
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