

A.I.D. EVALUATION SUMMARY PART I

(BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS)

PO-~~AA~~X-102
SN = 54103

A. REPORTING A.I.D. UNIT:
USAID/Honduras
 (Mission or AID/W Office)
 (ES# FY 88-6)

B. WAS EVALUATION SCHEDULED IN CURRENT FY ANNUAL EVALUATION PLAN?
 yes slipped ad hoc
 Eval. Plan Submission Date: FY 88 Q 1

C. EVALUATION TIMING
 Interim final ex post other

D. ACTIVITY OR ACTIVITIES EVALUATED (List the following information for project(s) or program(s) evaluated; If not applicable, list title and date of the evaluation report)

Project #	Project/Program Title (or title & date of evaluation report)	First PROAG or equivalent (FY)	Most recent PACD (mo/yr)	Planned LOP Cost ('000)	Amount Obligated to Date ('000)
522-0266	FOPRIDEH Institutional Strengthening Project	'85	03/88	500	500
522-ESP-0280	PVO Federation Assistance Project	'85	03/90	5,000	2,900

E. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

Action(s) Required	Name of officer responsible for Action	Date Action to be Completed
1. Obligation and Disbursement of additional *L2,000,000 to project immediately.		Completed
2. Initiate meetings between FOPRIDEH's Executive Director, and USAID's Office Director of Development Finance and Project Officer to discuss policy issues.	Lars Klassen Kevin Sanderson	Completed
3. Change scope of work for long-term advisor.	Kevin Sanderson	12/31/87
4. Contract consultant to help Mission study its overall management of PVOs, and issues of overall direction and self-sufficiency of FOPRIDEH.	Lars Klassen Kevin Sanderson	12/04/87

*Lempira 2 = US\$1

(Attach extra sheet if necessary)

F. DATE OF MISSION OR AID/W OFFICE REVIEW OF EVALUATION: mo 10 day 22 yr 87

G. APPROVALS OF EVALUATION SUMMARY AND ACTION DECISIONS:

C/A 11/11/87 E. Szepesy, DP Signature: <u>L. Klassen</u> Typed Name: <u>K. Sanderson</u> Date: <u>11-19-87</u>	Project/Program Officer Representative of Borrower/Grantee N/A Date: _____	Evaluation Officer <u>C. Zambrana</u> Date: <u>11/19/87</u>	Mission or AID/W Office Director <u>Carl H. Leonard</u> Date: <u>11/87</u>
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IDENTIFICATION DATA

ACTUALS

APPROVALS

H. EVALUATION ABSTRACT (do not exceed the space provided)

The project aims to create a private nonprofit "umbrella" organization (FOPRIDEH) capable of: 1) financing economic development activities sponsored by private development organization (OPDs); and 2) providing technical assistance, training, and representation to all Honduran OPDs. This progress evaluation (7/87-8/87) was conducted by a two-member Experience, Incorporated team on the basis of interviews with project personnel and clients, and a review of project documentation. The purpose was to assess progress made by the FOPRIDEH project in reaching its goals and objectives, and to clarify the Federation's potential for self-sufficiency.

The Project has been successful in setting up a subproject selection, financing, and monitoring process, and its role as the provider of training technical assistance to OPDs continues to grow and is becoming established.

The basis for the expected self-sufficiency at the end of the third year of the five-year project was not made clear in the project design. Although some improvements can be made to increase service generated revenues, FOPRIDEH and the OPDs will continue to depend on grants and/or concessionary loans until the incomes of the ultimate clients reach levels that permit them to pay for services. The international fund raising campaign being prepared by FOPRIDEH management should be implemented as soon as possible.

FOPRIDEH needs technical assistance to help it assess impact at the beneficiary level, and to better develop its training activities for members. Members see the provision of training as one of the most effective ways that FOPRIDEH can strengthen the OPD community.

I. EVALUATION COSTS

1. Evaluation Team Name	Affiliation	Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (US\$)	Source of Funds
Ivo Kralejovic	Experience, Inc.	32		Project 522-0266
Rudolf Cazenave	" "	20	\$29,624	

2. Mission/Office Professional
Staff Person-Days (estimate) 7

3. Borrower/Committee Professional
Staff Person-Days (estimate) 10

A.I.D. EVALUATION SUMMARY PART II

J. SUMMARY OF EVALUATION FINDINGS, CONCLUSIONS AND RECOMMENDATIONS (Try not to exceed the 3 pages provided)

Address the following items:

- Purpose of activity(ies) evaluated
- Purpose of evaluation and Methodology used
- Findings and conclusions (relate to questions)
- Principal recommendations
- Lessons learned

Mission or Office: USAID/Honduras

Date this summary prepared: 09/15/87

Title and Date of Full Evaluation Report: Progress Evaluation Project No. 522-ESF-280

PVO Federation on Assistance Project (FOPRIDEH) 08/28/87

1. Purpose of the activity evaluated: To create and institutionalize a private nonprofit "umbrella" organization (FOPRIDEH-- Federation of Private Development Organizations of Honduras) capable of: a) financing economic development activities sponsored by private development organizations (OPDs); and b) providing technical assistance, training, and representation to all Honduran OPDs.

2. Purpose of the evaluation and methodology used: The purpose of the evaluation was to assess the progress made by FOPRIDEH in achieving the goals and objectives stated in the grant agreement with USAID/Honduras, and to assess FOPRIDEH's viability and projected self-sufficiency for continuing its work after financial support from AID is terminated. The evaluation was conducted by a two-member Experience, Incorporated team, assisted by a USAID/Honduras (Development Finance Office) Officer and FOPRIDEH personnel, on the basis of interviews with project personnel and clients, and a review of project documentation.

3. Major findings and conclusions: From many points of view, the PVO Federation Assistance Project has been an innovative effort that has all the potential for becoming a catalyst for generating active interest and participation by Honduran and international private sector entities in solving socioeconomic problems of Honduras' needy population.

- a. Administrative structure: After 27 months of operation, FOPRIDEH has developed the necessary internal administrative and management structure to provide technical services and subgrants to client OPDs.

The current professional staff composition is adequate to meet foreseeable demands, in terms of its ability to provide both administrative and financial support to OPDs.

Sufficient checks and balances mechanisms have been built into the Federation's organizational structure to prevent bias. The growth and diversity in OPD membership further assures equitable use of the Federation's resources.

- b. Project design/Review/Approval process: A fair and adequate subproject selection process is in place. Funding requests are evaluated, prequalified, and approved in successive logical steps as they move from identification to proposal preparation, review and final approval.

While AID involvement in the selection process might have been initially needed because FOPRIDEH had no track record, the selection process as it is presently being managed demonstrates that the Federation has developed the capacity and maturity to function without AID's current level of involvement.

- c. Project monitoring: FOPRIDEH has a significant portfolio of subprojects, and has systematized and acquired enough experience with a monitoring system to turn its efforts towards ongoing evaluations which would facilitate its role as a technical assistance and training institution.
- d. Project impact: The project is having considerable impact on three different levels: i) it is strengthening FOPRIDEH as the "umbrella" organization of OPDs; ii) it is contributing to the continuity and growth of the OPD community and raising its importance as a developmental alternative in the national context; and, iii) the ultimate beneficiaries are finding opportunities for new employment, job security, increased incomes and better quality of life. However, to evaluate the impact of the project, FOPRIDEH needs to collect more information and an in-depth impact evaluation is needed.
- e. Self-sufficiency: The Mission needs to re-evaluate its assumption that the Federation will be able to achieve self-sufficiency after the termination of AID's support.
- f. Technical assistance: FOPRIDEH technical assistance needs for the future are in the areas of developing a credit program, a system to assess impact at the beneficiary level, and activities related to developing its training capabilities.
- g. Training: PVOs feel that their greatest needs are in the area of training and that FOPRIDEH can best serve them by strengthening its training program and educational service facilities. Integrated training formats could progressively reduce OPD needs for direct and intensive help with their projects.

4. Principal recommendations:

- a. Policy dialogue:
 - o Pending actions (flow of funds through trust fund or timetable for obligation, terms of reference for long-term advisor, and tax exempt status) should be resolved as soon as possible through a dialogue involving the Federation's Board of Directors and a USAID representative authorized to deal with program policy issues.
 - o Project progress depends on a predictable flow of funds to finance subprojects. AID should make explicit the conditions and timetable under which FOPRIDEH can expect future fund obligations and disbursements, and the conditions under which funding may be interrupted or terminated.

SUMMARY (continued)

b. Technical assistance:

- o The contract with the U.S. long-term advisor should be immediately renegotiated.
- o Funds from the AID Dollar Grant (522-0266) should be used to contract short-term technical assistance in:
 - i. The development and establishment of a concessionary credit program within the Federation, and the development of FOPRIDEH's capabilities to provide assistance to the OPD credit programs.
 - ii. The development of an ongoing evaluation system to serve as a program management tool and complement the present monitoring activities.
 - iii. The development of an impact evaluation system to assess subproject impact at the beneficiary level, and the development within FOPRIDEH of a capability to train OPDs in the use of the system.

c. Training:

- o FOPRIDEH should present to AID a training program plan for use of the resources allocated to training in grant 522-0266.

d. Subproject selection process:

- o AID's participation in the selection of subprojects (as a member of the Selection Committee with a voice and veto power) should be terminated. In lieu thereof, subproject documents routinely sent to AID should include a form showing subproject compliance by FOPRIDEH with AID policy guidelines.
- o Data gathered during the selection process should be used to elaborate technical assistance plans for grantees, and to design training courses of OPD common problem areas.

e. Monitoring of OPD performance:

- o Ongoing evaluation of subprojects should be emphasized to facilitate FOPRIDEH's role as a technical assistance and training institution for OPDs.

f. Project impact:

- o FOPRIDEH should limit its financing to organizations that function as development agencies and organizations engaged in social/humanitarian work. Organizations such as cooperatives, "patronatos", "juntas", and guilds should not be eligible for financing.

- o FOPRIDEH should form a task force to study its current funding policy to consider the terms and conditions of financing different types of OPDs through a combination of grants and loans.
- o The existing policy of one-time grants should be reviewed. Allowing repeat funding for OPDs after the lapse of a period of time would motivate higher involvement of OPDs in the Federation's activities.

g. FOPRIDEH's self-sufficiency:

- o A strategy for self-sufficiency is recommended which would include a combination of the following activities:
 - increasing the service generated revenues by selling FOPRIDEH's capabilities as a "project administrator" to international donors;
 - setting up a loan program following a study of its feasibility and potential impact on OPDs, to replace the current policy of charging fees on the revenues earned from OFD credit programs;
 - accelerating the fund-raising campaign being developed;
 - as part of its self-sufficiency campaign, explore the possibility of AID endowing the Federation with a revenue producing office building.

5. Lessons learned:

- a. Project activities, including monitoring and evaluation, have intended and unintended consequences. Periodically, a review of the impact of planned and normal monitoring and evaluation activities should be undertaken to assess the outcome and consequences of these activities on the over all progress and direction of the project.
- b. The basis for the assumption that the Federation would become self-sufficient at the end of the first three years of the five-year project should have been made explicit in the project design. A private sector development effort designed to assist people at the bottom of the economic stratum will only be able to become self-sufficient through service generated revenues when the beneficiaries of these efforts reach income levels which allow them to pay for services.
- c. Lessons being learned through the implementation of subprojects need to be shared within the OPD community to increase the efficiency and effectiveness of the private sector development effort.

SUMMARY (cont.)

1. Evaluation Report: Progress Evaluation Project No. 522-ESF-0230 PVO Federation Assistance Project (FOPRIDEH)
2. Outline of Basic Project Identification Data.

L. COMMENTS BY MISSION, AID/W OFFICE AND BORROWER/GRAANTEE

The Mission is presently assessing its management and coordination of PVO projects. In this assessment we will be looking at many of the issues dealt with in the recommendations from the FOPRIDEH evaluation. The Mission's position or action on each individual recommendation is listed below (each letter refers to the recommendations corresponding to that letter in Section 4 "Principal Recommendations" of this ES).

4. a. Policy Dialogue:

- o The Mission instituted a set of meetings with FOPRIDEH on a regular basis to discuss policy and implementation issues. FOPRIDEH is presently working with the Government of Honduras on its tax exempt status. This may be a long-term process.
- o The Mission has obligated and disbursed L2,000,000 and has made it clear to FOPRIDEH that we will continue to obligate and disburse funds on an orderly basis so as not to slow down project implementation.

b. Technical Assistance

The contract of the long-term advisor is presently being renegotiated. FOPRIDEH is contracting with a technical advisor from a firm to help program its technical assistance needs and write scopes of work for this technical assistance.

c. Training:

The advisor from the firm mentioned above will also help FOPRIDEH develop its training program. This advisor will be careful not to overlap training services being provided by other AID projects such as the AID training program in small business development with ANDI/PYME.

- d. Subproject selection process:
- o AID has decided to maintain its role in the subproject selection process for the present because we feel that AID brings a wealth of information with respect to technical aspects of the subproject proposal as well as information on other AID projects in the proposal area to the meetings of the approval committee. We will look at this issue again as we assess our work with PVOs in general.
- e. Monitoring of GDP Performance:
- This recommendation is being implemented in conjunction with the TA program.
- f. Project Impact:
- A.I.D. will look at this issue in its overall assessment of PVO projects. FOPRIDEH is also studying these issues.
- g. FOPRIDEH's self-sufficiency:
- A.I.D. will look at this issue further in its overall assessment of work with PVOs. The technical advisor will help FOPRIDEH program its technical assistance needs and another consultant will work on the self-sufficiency question together with other issues of importance to the Mission's treatment of PVOs.

The evaluation addressed all questions in the Scope of Work but the reports, both draft and final, were found to be weak in general and lacking in-depth discussion of important issues such as self-sufficiency and impact.