

IDENTIFICATION DATA

A. Reporting A.I.D. Unit: Mission or AID/W Office <u>USAID/Jakarta</u> (ES# _____)	B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan? Yes <input checked="" type="checkbox"/> Skipped <input type="checkbox"/> Ad Hoc <input type="checkbox"/> Evaluation Plan Submission Date: FY <u>0</u>	C. Evaluation Timing Interim <input type="checkbox"/> Final <input checked="" type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/>
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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 No.	Project /Program Title	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
497-0336	Volag Co-Financing	1974	9/75		385
497-0364	PVO Co-Financing I	1976	9/81		9,089
	PVO Co-Financing II	1982	9/92		28,494

ACTIONS

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. USAID continue its efforts to improve the management skills of NGOs.	William Carter (VHP)	Ongoing
2. USAID continue and expand the practice of including salaries for key NGO technical or financial staff, and resources for outside training or technical assistance, in the grant agreements.	"	"
3. USAID continue to perfect its present system of project monitoring and give more attention to the substance and intellectual content of NGO sectoral or subject areas.	"	"
4. USAID staff most directly associated with financial management simplify financial reporting requirements and consider changing the frequency of reporting back to quarterly.	John Hepp (FIN)	ASAP
5. USAID continue to support democratic pluralism and, continue to select and fund NGOs having a single-sector focus and the ability to influence government policy on the national level.	William Carter (VHP)	Ongoing
6. USAID press ahead with its innovative initiative already underway to study ways to assist Indonesian NGOs to diversify funding sources and strengthen their financial stability.	William Carter	Ongoing
7. USAID's Co-Financing Project Committee staff convene a study group to discuss solutions to the challenges associated with Multiple Project Support grants. This process might include the participation of other donors and should include NGOs already managing such grants for USAID.	William Carter (VHP)	October 91

(Attach extra sheet if necessary)

APPROVALS

F. Date Of Mission Or AID/W Office Review Of Evaluation: (Month) March (Day) 1 (Year) 1990

G. Approvals of Evaluation Summary And Action Decisions:

	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Name (Typed)	William M. Carter	N/A	Edward Greeley	L. P. Reade
Signature				
Date	15 JULY 1991		16 July 1991	12 July 91

USAID was an early actor in support of NGO operations in Indonesia and through a series of co-financing projects the Mission has continued as a major donor to NGOs during the past sixteen years. USAID's pioneering and experimental Volag Co-Financing Project of 1974-76 was the first of its kind by A.I.D. In Indonesia, this project was followed by the Co-Financing I (1976-1981) and II (1981-1990) projects. In total these efforts have provided nearly \$38 million in grants to NGOs to support over 190 sub-projects.

This final evaluation was initiated by the Mission's Office of Voluntary and Humanitarian Programs (VHP). Management Systems International's team was asked to:

- assess the impact of the PVO Co-Financing II Project on the development and evolution of Indonesian and U.S. PVOs' modes of operation in Indonesia, including program emphases;
- ascertain to what extent the project has served to strengthen Indonesian PVOs and to what extent it has contributed to the growth and strength of the PVO movement as whose;
- chart the development of the PVO community in Indonesia; example the corresponding programmatic and strategic changes within the Project's objectives, and record the possible cause/effect relationship; and
- identify lessons learned from the project and describe their application to USAID's follow-on PVO project, Strengthening Institutional Development (SID)/PVO Co-Financing III.

The last five years of the Co-Financing II Project were the main focus of this evaluation. A five-person team from Management Systems International (MSI) carried out the study over a six-week period. The methodology included archival research, interviews, focus group meetings, and site visits to six areas of Indonesia.

COSTS

1. Evaluation Costs

1. Evaluation Team		Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U.S. \$)	Source of Funds
Name	Affiliation			
Edward Glaeser (Leader)	Management Systems, Int. (MSI)	IQC-0085-I-00- 9059-00 (195 person days)	\$106,593	PVO Co-Fi II Project (No.497-0336)
Rudolphe Ellert-Beck	(MSI)			
David Callihan	(MSI)			
Henny Buftheim (Indonesian)	MSI			
M.M. Billah (Indonesian)	MSI			

2. Mission/Office Professional Staff

Person-Days (Estimate) 30

3. Borrower/Grantee Professional

Staff Person-Days (Estimate) 30

A.I.D. EVALUATION SUMMARY - PART II

SUMMARY

J. Summary of Evaluation Findings, Conclusions and Recommendations (Try not to exceed the three (3) pages provided)

Address the following items:

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| <ul style="list-style-type: none"> • Purpose of evaluation and methodology used • Purpose of activity(ies) evaluated • Findings and conclusions (relate to questions) | <ul style="list-style-type: none"> • Principal recommendations • Lessons learned |
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Mission or Office: USAID/VHP	Date This Summary Prepared: May 2, 1991	Title And Date Of Full Evaluation Report: Evaluation of PVO Co-Financing Projects I & II (1974-1990), February 1991
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The objectives of USAID's co-financing activities were to expand and strengthen NGOs in ways that spurred community action at the local level and contributed to a strengthened Indonesian independent sector. Each new phase of the project somewhat modified its procedures for achieving this objective. Initially, USAID supported only U.S. agencies but in the 1980s shifted its priorities to increase the funding provided to Indonesian PVOs (IPVOs). Over time the Mission more specifically identified geographic and sectoral emphases and developed stricter criteria tying its PVO support more directly to areas of Mission priority. In recent years, in an effort to expand the number of agencies supported without increasing its workload, the Mission began using intermediaries to implement major blocks of its co-financing program; in the last five years almost 40 percent of grant funds have been Multiple Project Support (MPS) grants. Although the project originally operated with a degree of informality this has since been supplanted by more organized management procedures.

In 1974 USAID initiated the first of a series of PVO Co-Financing Projects. Between FY 1974-90, approximately \$38 million was spent on over 190 distinct grants to support the projects of 25 USPVOs and 21 IPVOs. By the end of FY 1990 USAID had directly provided 61 grants to IPVOs and over 130 to USPVOs. The following funding trends were evident over the life of the Co-Fi II Project:

- since 1985, direct grants to IPVOs have increased dramatically from \$2.2 million, or 14 percent of project funds, to \$6.7 million, or 41 percent of total project funds;
- the amount of funding for agricultural sub-projects has steadily decreased. Over the past five years only \$316,340, or 2 percent of the budget, was spent in this sector;
- funding for enterprise development programs has grown steadily and has comprised 13 percent of the project's grant allocations since 1985, and 98 percent of those projects have been implemented by IPVOs, up from 53 percent between 1982-84;
- Democratic Pluralism Initiatives became a project objective and over the past five years received funding of nearly \$2 million to comprise 12 percent of portfolio; and
- since 1985, six environmental PVO projects were funded as compared to only one in the project's first phase. Five of these six projects are being implemented by IPVOs.

- Over the past three years, USAID has been successful in shifting one fifth of its Co-Fi financing funds to activities promoting democratic pluralism initiatives which, in many cases, have constructively influenced Government of Indonesia policies.
- NGO activities sponsored by USAID have made important contributions toward improving the lives of Indonesia's poorer citizens.
- There is a continuing need for USAID, together with NGOs, to continue to streamline its PVO Co-Financing Project's procedures and thereby improve the quality of its relations with NGOs.

THE STUDY RECOMMENDED:

- USAID continue its efforts to improve the management skills of NGOs.
- That, as a corollary to the above, USAID continue and expand the practice of including in its grants salaries for key NGO technical or financial staff, and resources for outside training or technical assistance.
- USAID continue to perfect its present system of project monitoring but also consider means to delve more deeply into the substance and intellectual content of NGO sectoral or subject areas in a collegial manner.
- That USAID staff most directly associated with financial management simplify financial reporting requirements and consider changing the frequency of reporting back to quarterly.
- USAID continue to support democratic pluralism and, in particular, continue to select and fund NGOs having a single-sector focus and the ability to influence government policy on the national level.
- USAID press ahead with its innovative initiative already underway to study ways to assist Indonesia NGOs to diversify funding sources and strengthen their financial stability.
- That USAID's Co-Financing Project Committee staff convene a study group to discuss solutions to the challenges associated with Multiple Project Support grants. This process might include the participation of other donors and certainly should include NGOs already managing such grants for USAID.

Measurable Indicators Summation

Conclusion: A summary of achievements for each of the six purpose-level performance indicators stated in the project's 1985 Project Paper follow:

1. By FY 88 increase MPS grants from four to seven and have IPVOs manage at least three. Objective Achieved. Since 1985, 25 MPS grants have been funded; 14 were granted to IPVOs.
2. By FY 89, increase Co-Fi funding channeled through the MPS format from 25 percent to 60 percent. Objective Partially Achieved. Since 1985, 39 percent of Co-Fi's grant allocations have been channeled through MPS grants; up from a prior level of 13 percent.
3. By FY 90, reduce the number of active grants from 34 to 20. Objective Not Achieved. During the evaluation team's visit (September 1990) the number of active grants was 47.
4. Increase support to urban and off-Java programs from 20 percent, possibly to 50 percent of the budget. Objective Achieved. Since 1985, the percentage of the budget channeled to off-Java programs seems to have been about 56 percent; data was inconclusive concerning urban funding trends.
5. By FY 89, provide grants to four newly registered IPVOs demonstrating implementation capabilities in line with USAID priorities. Objective Achieved. Since 1985, six new IPVOs have been registered with USAID and have received direct grants.
6. Add three selected PVOs with national policy impact potential. Objective Achieved. USAID currently funds three IPVOs having such potential: WALHI, Indonesia's Environmental Forum; YLKI, a consumer rights group and LBH, a human rights group.

MSI's study of USAID/Indonesia' Co-Financing Project suggests the need for several changes in the project's design and management. In recent years USAID's staff have begun to make many of these changes; some of which were incorporated into the new Strengthening Institutional Development/PVO Co-Financing III project's design during the span of this evaluation.

THE STUDY CONCLUDED:

- USAID's Co-Fi activities are a long-standing and widely diverse effort encouraging a distinct and important channel of development thinking and action in Indonesia.
- USAID has played a key role in the development of Indonesia's NGO sector through its substantial funding--the most of any single donor--and by providing technical assistance and training.
- Since 1985 USAID has dramatically increased its support for Indonesian NGOs. Over the past five years 39 percent of grant allocations have gone directly to such agencies and, through multiple project support grants to selected larger PVOs, considerable additional funds have reached other local-level Indonesian agencies.
- USAID was able to achieve the majority of its objectives spelled out in a 1985 Project Paper Amendment including: substantially increasing the flow of resources programmed through multiple project support grants; registering additional Indonesian agencies to make them eligible for direct financing, and; substantially increasing the amount of funding for sub-projects in Eastern Indonesia.

ATTACHMENTS

K. Attachments (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier; attach studies, surveys, etc., from "on-going" evaluation, if relevant to the evaluation report.)

- Evaluation of PVO Co-Financing Projects I & II (1974-1990) Report
- SID/PVO Co-Financing III Project Paper
- Mid-Term Evaluation Report - PVO Co-Financing II Project

COMMENTS

L. Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

This evaluation report, together with the mid-term evaluation of the PVO Co-Financing II Project, provides a comprehensive record of the history and experience of USAID's support to PVOs over the past 17 years. As the report indicates, USAID has played a crucial role in the development of Indonesia's PVO sector.

Initially, in 1974, there were only a handful of fledgling Indonesian PVOs, and USAID relied upon a large number of U.S. PVOs to participate in independent development efforts and to assist in the institutional development of Indonesian PVOs. Today, an extensive and vital Indonesian PVO movement is underway; its numbers, influence and effectiveness are growing daily. There are dozens of large national and regional PVOs and thousands of small PVOs have sprung up throughout the country. As a result, the prospects for a freer, more democratic society are being enhanced; alternative voices are beginning to be heard. USAID is pleased to have been one of a number of donors who played a role in the development of the Indonesian "independent" sector.

However, as the evaluation report documents, there is much more to be done to institutionalize and solidify key PVOs and the PVO movement as a whole. The evaluation report identified a number of related items, issues and concerns. The policy, strategy and process contained in the new Strengthening Institutional Development/PVO Co-Financing III Project addresses most of them. The focus of the new project is in line with current trends in Indonesia. Resources will be utilized to strengthen a limited number of PVOs which can serve as advocates, development agents and/or facilitators for smaller PVOs and segments of the population throughout the country. The direction of the program will continue to be refined and fine-tuned on an annual basis. In addition, the Mission will continue its attempts to simplify and streamline requirements and procedures. The current Agency emphasis on tighter controls of USG resources, as well as the myriad of existing mandates and regulations, will make this task much more difficult.

Overall, the evaluation report is judged to be a fair and honest representation of the PVO program in Indonesia. It will be helpful to the Mission and should be useful to others as well.