

U N C L A S S I F I E D

AGENCY FOR INTERNATIONAL DEVELOPMENT

Washington, D. C. 20523

PROJECT PAPER

BEST AVAILABLE DOCUMENT

EGYPT : 263-0220  
PVO Development

U N C L A S S I F I E D

AGENCY FOR INTERNATIONAL DEVELOPMENT <b>PROJECT DATA SHEET</b>		1. TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number	DOCUMENT CODE <b>3</b>
2. COUNTRY/ENTITY <b>EGYPT</b>		5. PROJECT NUMBER <b>263-0220</b>		
4. BUREAU/OFFICE <b>Africa/Near East</b>		5. PROJECT TITLE (maximum 40 characters) <b>PVO Development</b>		
6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY <b>09 30 94</b>		7. ESTIMATED DATE OF OBLIGATION (Under 'B' below, enter 1, 2, 3, or 4) A. Initial FY <b>90</b> B. Quarter <input type="checkbox"/> C. Final FY <b>91</b>		

8. COSTS (\$000 OR EQUIVALENT \$1 = )						
A. FUNDING SOURCE	FIRST FY <b>90</b>			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AD Appropriated Total	2,000	1,000	3,000	4,910	4,090	9,000
(Grant)	( 2,000 )	( 1,000 )	( 3,000 )	( 4,910 )	( 4,090 )	( 9,000 )
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S.	1.					
	2.					
Host Country						
Other Donor(s) PVO Contributions					2,167	2,167
<b>TOTALS</b>	<b>2,000</b>	<b>1,000</b>	<b>3,000</b>	<b>4,910</b>	<b>6,257</b>	<b>11,167</b>

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) ESF	760B	920				9,000		9,000	
(2)									
(3)									
(4)									
<b>TOTALS</b>						<b>9,000</b>		<b>9,000</b>	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)	11. SECONDARY PURPOSE CODE
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12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)	
A. Code	PVOU
B. Amount	9,000

15. PROJECT PURPOSE (maximum 480 characters)

To support and strengthen PVO community self-help activities.

14. SCHEDULED EVALUATIONS	15. SOURCE/ORIGIN OF GOODS AND SERVICES
Interim MM YY   MM YY   Final MM YY <b>0 2   9 2   0 4   9 3</b>	<input checked="" type="checkbox"/> 000 <input type="checkbox"/> 941 <input checked="" type="checkbox"/> Local <input type="checkbox"/> Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment)

USAID/Egypt Controller concurs with the proposed methods of implementation and financing.

*Nimalika Wijesooriya*  
Nimalika Wijesooriya, A/AD/FM

17. APPROVED BY	Signature <i>Mohamed B.</i>	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY
	Title Director, USAID/EGYPT	
	Date Signed MM DD YY <b>18 20 94</b>	

FVO DEVELOPMENT PROJECT PAPER  
PROJECT NO. 263-0220

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## ACRONYMS AND ABBREVIATIONS

AID	Agency for International Development
AID/W	Agency for International Development/Washington D.C.
AP	Activity Proposal
CARE	Cooperative for American Relief Everywhere
CDAs	Community Development Associations
CEOSS	Coptic Evangelical Organization for Social Services
CFR	Code of Federal Regulations
CRS	Catholic Relief Services
EPVO	Egyptian PVO
ESF	Economic Support Fund
FM/FA	Financial Management Directorate/Financial Analysis Office
FRLC	Federal Reserve Letter of Credit
FSN	Foreign Service National
FY	Fiscal Year
GOE	Government of Egypt
GTZ	German Foreign Assistance Program
HB	Handbook
HG	Host Government
ICVA	International Council of Voluntary Agencies
IPVOs	Indigenous PVOs
LAC	Bureau for Latin America and the Caribbean
LD II	Local Development II Project
LE	Egyptian Pound
LOC	Letter of Credit
LOP	Life of Project
MGT	Management
MIC	Ministry of International Cooperation
MIS	Management Information System
MSA	Ministry of Social Affairs
NCNW	National Council for Negro Women
NGO	NonGovernmental Organizations
NUS	Neighborhood Urban Services Project
OPG	Operational Program Grant
PACD	Project Assistance Completion Date
PACE	A PVO Advisory Council in Egypt
PDS/P	Program Development and Support Directorate/Program Office
PID	Project Identification Document
PP	Project Paper
PVO	Private Voluntary Organizations
RIG/A/C	Regional Inspector General Office for Audit, Cairo
SAVE-SCF	Save the Children Federation
TA	Technical Assistance
TFCS-LOC	Treasury Financial Communication System Letter of Credit
TIE	Technical & Institutional Enhancement
UMI	Umbrella Management Institution
U.S.	United States
USAID	United States Agency for International Development
USG	US government
USPVO	American PVO

PROJECT PAPER  
ARAB REPUBLIC OF EGYPT  
PVO DEVELOPMENT PROJECT PAPER  
PROJECT NO. 263-0220

EXECUTIVE SUMMARY

**INTRODUCTION**

Egyptian Private Voluntary Organizations (EPVOs) have participated in the development of Egypt throughout the past half century. However, the true mission and potential of these organizations has yet to be fully realized. To the detriment of their autonomy and original role as organizers of community self-help efforts for development, they have become restricted to delivering social welfare services heavily subsidized by government. These entities also lack the organizational, managerial capacity and the know how to engage in meaningful development activities. Thus they are a greatly under-utilized development resource not yet effectively tapped to make the contribution to Egypt's development proportionate to their potential. This environment presents an opportunity for U.S. and experienced Egyptian PVOs to provide practical training and assistance to indigenous community organizations on aspects of project design and implementation which have a more developmental emphasis.

For some time now several USPVOs working in Egypt have been actively involved in experimenting each with its individual model for working with indigenous voluntary organizations. The present consensus among USPVOs working in Egypt is that the most valuable and durable contribution they can make is just such strengthening of IPVOs' internal structures and organizational capacity.

The Government of Egypt (GOE) and United States Agency for International Development (USAID) internal review and approval procedures have also created difficulties for both US and Egyptian PVOs in receiving timely approvals for activities in which they wish to engage. There is unanimity among the GOE, USAID and PVOs that USAID supported work of PVOs can be most effectively expanded if a

simplified procedure to review and approve PVO proposals is put in place. This project will create and test a streamlined mechanism which will simplify means to provide capacity building and related grants to a number of experienced Egyptian and USPVOs.

#### PROJECT DESCRIPTION

The goal of this project is to improve the quality of life for poor and disadvantaged groups in Egypt. The purpose of the two-phased project is to support and strengthen PVO community self-help activities. The Life of Project of Phase I is four years and is focused on the development and testing of a model which will reduce constraints hindering ready access to financial resources and technical assistance by PVOs. If it is successful, the project will move into an expanded Phase II. If, on the other hand, the project is not approved for expansion into Phase II, the fourth year of the project will be utilized to facilitate the completion of ongoing project activities.

This project is a major element of USAID's program objectives to promote open societies, democratic pluralism and popular participation in Egypt's development. The strengthening of the capacity of EPVOs, particularly at the local level, is an overarching objective of this project. A major aspect of the project will be to assist a group of approximately 20 pre-registrant EPVOs in becoming eligible for USAID registration. The project also draws upon the considerable expertise of the USPVOs and experienced EPVOs by providing essential resources to them to strengthen a number of indigenous organizations to undertake development activities. Grants made under the project will contribute to this end. USAID-registered PVOs will provide grant funding and technical assistance to local organizations which will be involved as implementing agents, partners of registered PVOs, participants in the early stages of each PVO activity design and will help to ensure that activities to be financed are mutually agreed to and desired by intended beneficiaries. The project design seeks to minimize the involvement of the GOE and USAID in the grant making process by delegating this authority to a private sector (USPVO) entity.

The project will achieve its purpose through an intermediary organization, Umbrella Management Institution (UMI), which will have the delegated authority of both USAID and the GOE to provide grant funds to AID-registered, mostly USPVOs, and experienced EPVOs which are on the threshold of becoming registered. A USPVO will function as UMI under a cooperative agreement with USAID. Criteria and

operating procedures have been designed to ensure that project funds are granted for only those types of activities that have the support of both the GOE and USAID. UMI will operate within the scope of these USAID and the GOE mutually agreed criteria and operating procedures. Based on experience during implementation, modifications to adjust and refine the operational mechanism will most likely have to be made and agreed to by the GOE and USAID. Beyond this agreement on the broader framework, the GOE and USAID will not involve themselves in the activity-by-activity review and award of grants to PVOs.

Two principal activities under the project are the Grant Fund and Capacity Building Support Services. The following paragraphs provide a summary description of these activities.

#### 1. The Grant Fund

The Grant Fund is capitalized at \$6 million of USAID financing for AID-registered U.S. and Egyptian PVOs proposed activities. In addition, \$0.5 million have been set aside for small scale grants to enhance the technical and institutional capabilities of selected pre-registrant EPVOs, described in the next section. All participating PVOs will be required to contribute at least 25% of costs in cash from non-USG resources, unless waived by USAID. Each grant budget request under the Grant Fund will not be less than \$25,000 or more than \$1 million. The criteria for activity selection and approval to be employed by the intermediary UMI will seek to ensure that PVO activities to be financed under the Fund are development oriented and must satisfy requirements of technical, administrative, financial, social and environmental soundness. The criteria will seek to ensure that grants will be carried out responsibly, that they reflect adequate participation of beneficiaries in activity formulation and implementation, that they will meet their stated objectives, that they include means for assessing sustainability, and that they contain adequate monitoring and evaluation plans.

The PVO grant making mechanism uses a two document submission process: Concept Paper and Activity Proposal. At the Concept Paper stage, PVOs will be required to provide activity rationale, its objectives, a summary description of principal activities and preliminary cost estimates. The format for the Activity Proposal document calls for sufficient details to ascertain its developmental nature, feasibility and sustainability as set forth in the criteria. A detailed format for each of the two documents shall be included in the Operations Manual to be produced by UMI during the

initial stage of project implementation. The inability of a PVO to complete a submission according to the guidelines will not necessarily serve as a denial for funding. Rather, UMI may provide advice and assistance in the preparation of the document.

Upon dissemination of the operating guidelines, UMI will declare an "Open Season" for the submission of proposals. Depending upon the response and the anticipated funding requirements, UMI will continue to receive proposals without establishing a cutoff date. Later on, however, it may become necessary for UMI to establish a timeframe for proposal submission to regulate its own work and to ensure adequate and efficient processing of grants. Also, considering funding constraints and a large number of applicants, it may prove necessary to move in later stages to a competitive process to award grants. UMI will quickly and carefully review each proposal it receives and will respond within a few weeks (except during the "Open Season" when the number of submissions may make it impossible to do so) of receipt of each submission.

UMI will have considerable discretion in the interpretation and application of the selection criteria. With respect to funding, however, it may approve proposals whose budgets are not more than 10 percent below the minimum activity size (\$25,000) established by the criteria. USAID retains the authority to waive maximum activity size (\$1 million) or the minimum 25% cash contribution required from participating PVOs. On an exceptional basis, UMI may seek USAID/GOE approval to fund an activity which fails to meet the criteria but is otherwise particularly meritorious. UMI's decision to approve or disapprove an application shall be formally communicated to the applicant, with UMI's reason(s) for its decision, on a timely basis. It will also send an information copy of its correspondence and copies of funded proposals to GOE/USAID as a part of its quarterly reports. Grants to PVOs will be made on a standard format, to be developed by UMI and approved by USAID/GOE, and shall normally be signed by UMI's Chief of Party.

## **2. Capacity Building Support Services**

UMI will assist a selected number of experienced EPVOs to enable them to become registered with AID. Up to 20 EPVOs will be initially targeted for registration, but this number will be adjusted based on the results of a survey to be undertaken by UMI in the early stages of project implementation. In Phase I of the project, UMI's assistance will be limited to those EPVOs who will have completed an application for registration with AID but did not meet one or more of the registration criteria. Registration with

AID is a good measure of a PVO's maturity, and therefore is used in this project as a proxy for the level of institutional and financial capacity which a PVO needs for long-term sustainability and developmental impact.

UMI will meet with the pre-registrant EPVOs and mutually assess the barriers to registration with AID. Once agreement has been reached on areas which require strengthening, UMI and the EPVO will collaboratively design a plan for the required improvements. This plan could include (a) training in the areas of management for accountability and sustainability, clarifying the focus, purpose and scope of development activities, project design and planning, monitoring and evaluation, board and staff relations, resource development including fund raising and other elements which would strengthen the organization; (b) technical assistance through workshops for groups of pre-registrant EPVOs with common needs, such as improving documentation skills to satisfy donor requirements, developing administrative policies and procedures, collecting baseline data for planning and design, as well as individual sessions over a period of time with one or more staff of the organization working on specific problems; (c) the provision of small grants which would be utilized for small sub-projects which the organization wishes to implement.

An amount of \$500,000 has been set aside for small scale grants to enhance the technical and institutional capabilities of selected pre-registrant EPVOs. These grants will provide opportunities for the targeted EPVOs to engage in and acquire meaningful development experience and an opportunity to apply their skills to development problems. These grants differ from those to be awarded under the Grant Fund primarily (a) in that their design and implementation are only a means and a context for improving the management capacity and institutional base of promising EPVOs; and (b) in terms of size, flexibility and the extent of UMI's involvement in their design and implementation. The EPVOs will design and implement development activities under the supervision of UMI. These grants of between \$5,000 to \$50,000 will be awarded by UMI using relatively flexible criteria and operating procedures along the lines discussed in the previous section. As in the case of the Grant Fund, specific criteria and detailed operational procedures will be refined by UMI during implementation. However, the provision of small grants to pre-registrant EPVOs will be done carefully but in a manner which does not allow for training to take place in a vacuum. UMI will be able to carefully monitor use of the funds and ensure that systems are in place and recommend corrective action to ensure accountability.

### 3. Phase II Project Activities

The move to Phase II will depend upon successful implementation of Phase I. The decision to move into Phase II/terminate will be based on the results of an impact evaluation to be conducted in the third year. The effectiveness of funding and capacity building mechanisms installed during Phase I will be the primary focus of this evaluation. Sustainability of grant funded activities will also be evaluated. An evaluation plan inclusive of benchmarks and a time table will be firmed up in the early stage of Phase I. If a decision is made to move to a second phase, an amendment to the project will be prepared. While it is currently expected that Phase II will see an increased number of grants to registered PVOs through UMI, in part due to the increased number of eligible Egyptian recipients, it is premature to define precise activities and elements of Phase II at this time. Similarly, adjustments to policies, criteria and procedures will most likely be made as indicated by the evaluation.

#### IMPLEMENTATION ARRANGEMENTS

This project will be implemented by an intermediary organization, i.e., UMI, which will have the delegated authority of both the GOE and USAID to provide grant funds to AID-registered USPVOs and experienced EPVOs. Within the scope of approved GOE/USAID policy, criteria and procedures, UMI will have considerable discretion in the administration of grants to PVOs. Both the GOE and USAID will not involve themselves in the activity-by-activity review and approval or award of grants to PVOs. Roles and responsibilities of principals include:

##### 1. USAID

Upon the signing of the bilateral project agreement, USAID will enter into a cooperative agreement with an AID-registered USPVO to serve as UMI to manage the project. The PVO officer and one assistant will monitor project progress through periodic UMI reports, visits to PVO activity sites, and by holding formal periodic reviews with UMI. All matters, issues and disputes with regard to the cooperative agreement will be the sole responsibility of USAID. USAID will serve as the liaison between UMI and GOE. Finally, USAID, the Ministry of Social Affairs (MSA) and UMI will join representatives of the PVO community in a body which will consider policy matters as they arise during the course of implementation of the project.

## 2. GOE

MSA will be the government agency principally responsible for the operations of this project. UMI quarterly reports on project progress will be shared by USAID with the MSA. MSA will periodically review with USAID and UMI project progress, policies and focus. MSA will offer needed counsel to UMI on ways to expedite obtaining activity approvals at local levels, and identify resources in the community to support the project.

## 3. PVO Advisory Council in Egypt (PACE)

An Advisory Council will be formed with membership consisting of PVOs registered with AID, representatives from MSA, USAID and prominent individuals in and out of the PVO community. It will serve as a forum which will ensure that policies established for the project reflect insights and perspectives of a diverse group of people concerned with development in Egypt. PACE will be responsible for reviewing proposed modifications to grant selection criteria and UMI operating procedures, reviewing policy issues, and identifying solutions to remove constraints to smooth project implementation. It will not be involved in the review and approval of grants nor will it be directly involved in their day-to-day monitoring.

## 4. UMI

The USPVO selected to serve as UMI will possess the experience and capacity to manage programs involving grants and technical resources. It will not be eligible to receive grants under the project. UMI will assume full responsibility for meeting AID requirements for management and financial accountability. The UMI professional staff of two expatriates and two Egyptians will be supported by a number of Egyptian entities and consultants in performing the following functions:

- project management and administration;
- preparation of an operational manual detailing grant selection criteria, grant review and approval procedures, and formats for grant applications;
- reviewing, awarding, monitoring, evaluating and reporting to USAID and the GOE on grants and technical assistance and training provided to grant recipients and other project beneficiaries;

- potentially monitoring, evaluating and reporting to USAID on grants to FVOs under other USAID projects;
- making recommendations to USAID and the GOE on all aspects of project implementation;
- identifying the more capable and promising development-oriented, or potentially development-oriented, EPVOs for registration with AID;
- providing training and technical assistance to pre-registrant Egyptian FVOs in order to bring them to the point of eligibility for registration by AID;
- planning and conducting workshops and seminars in order to strengthen the capacity of registered and non-registered FVOs to carry out development activities. Assistance in such areas as strategic planning, project design, monitoring and evaluation, personnel and financial administration, is contemplated. These activities will complement the capacity-building efforts of the grant recipients;
- serving as a support to the FVO community through the provision of relevant materials and information on lessons learned, new approaches to problem solving, studies of relevance to FVO community development activities, assisting and organizing meetings of FVO general interest; and
- providing data and analysis on problems and opportunities which might be addressed by the project, but which were not currently within its design.

#### **SUMMARY FINANCIAL PLAN**

Total life of Phase I project costs are estimated at \$11,167,000. USAID contribution to this total is \$9 million and the participating FVOs will be responsible for the balance. AID contributions will be incrementally obligated during the first (\$3 million) and second years (\$6 million) of the project. Disbursements by major budget categories over the life of the project are projected to be as shown in this table:

Summary LOP Budget  
(\$000)

	<u>U S A I D</u>		<u>PVO/IPVO</u>	<u>TOTAL</u>
	<u>\$</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$</u>
<u>UMI</u>				
TA & TRG.	534	300		834
MANAGEMENT	796	498		1,294
PVO AUDITS		242		242
GRANTS	3,500	3,000	2,167	8,667
 <u>USAID</u>				
EVALUATIONS	50	25		75
UMI AUDITS	30	25		55
TOTAL	4,910	4,090	2,167	11,167

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\* LE amounts expressed in U.S. dollars.

PVO DEVELOPMENT PROJECT PAPER

I. PROJECT BACKGROUND AND RATIONALE:

The organizational capacity that comes to life through NGOs and becomes engaged in development action represents it's fundamental strategic resource and crucial contribution....NGOs should not be regarded just as a conduit for funds or as a means for implementing programs, but as a resource in themselves, a type of development capital. Thus, building them up is development.

World Bank Discussion Paper:  
"Nongovernmental Organizations  
and Local Development", 1988

A. Background:

Egypt has a strong tradition of voluntary social work. This is reflected in the abundance of nonprofit voluntary organizations which provide a wide range of social welfare services. Thousands of local nonprofit organizations registered with the Ministry of Social Affairs (MSA) have a long history of serving their communities through their involvement in establishing and running health clinics, day care centers, family planning programs, literacy classes, infrastructure projects and income generation programs.

Institutionalization of social welfare services in modern Egypt dates back to the second half of the nineteenth century. The first half of the twentieth century witnessed the formation of active community voluntary organizations and, later, the development of specialized ones. By the 1930s, there was already a great number of organizations offering various social and economic services in addition to the religious and educational. In 1936 the short-lived "Higher Board for Social Reform", representing the Ministries of Interior and Education, was created and assumed responsibility for all relief and charity work. In 1939, the Ministry of Social Affairs was created to replace the Higher Board as the agency having authority over welfare organizations.

Since these early beginnings, the number of nonprofit voluntary associations has continued to rise. The great interest of

Egyptians in voluntary work together with the ease with which a private, nonprofit organization may be legally established has led to the creation and registration with MSA of ever-increasing numbers of community development associations, social welfare organizations, special interest associations, and other types of nongovernmental organizations (NGOs).

#### B. Perceived Problem:

Throughout the past half century, indigenous voluntary associations have successfully maintained an uninterrupted presence and have had considerable positive impact on local communities all over Egypt. However, the true mission and potential of these organizations has been undermined over the years. To the detriment of their autonomy and original role as organizers of community efforts for self-development, by and large they became restricted to delivering social welfare services heavily subsidized by government. Today they are a greatly under-utilized development resource not yet effectively tapped to make the contribution to Egypt's development proportionate to their enormous potential.

Properly equipped, these grass roots organizations have a unique role to play in mobilizing and empowering their communities to alleviate some of the grim conditions dictating a very low standard of living for large segments of Egypt's rural and urban population.

As they stand at present, most of these organizations are neither truly "private" nor sufficiently venturesome to experiment with new approaches in addressing development problems. They are unaware of the development experience elsewhere, particularly innovative techniques employed by FVOs in other parts of the world. They are seen by many as little more than extensions of government services whose mandate is decided more by government agencies than by their own constituencies. Since they are oriented primarily towards social welfare purposes rather than development, most of these organizations tend to stick to the traditional welfare activities, depend on government services for models of how to meet needs, and rely on government officials to provide assistance in designing and implementing programs. For the most part they lack the experience and background to design and implement programs with longer-term development emphasis including concepts of cost-recovery.

It is widely recognized that voluntary associations are not achieving their potential impact because of their organizational and managerial weaknesses. Typically, NGOs of whichever type are loosely structured organizations run solely by part-time volunteers. Practically no distinction is made between the role and functions of board members and executive staff. As a matter of fact many associations do not have any full-time staff to start with. If

they do, in nine cases out of ten the only salaried employees of a voluntary organization will be those seconded from and paid by a government agency, generally MSA. These organizations are not run in a businesslike manner with adequate standards of viability and cost-effectiveness in their operations. Thus, the majority lack the technical and financial capability as well as the development focus and experience to respond effectively to any of the growing community development needs.

On the operational level, MSA recognizes that a more flexible, less cumbersome USAID/GOE review and funding process is needed. The Ministry agrees that there is a need to find a simple mechanism for PVOs to obtain grants.

This environment presents an opportunity for U.S. and well-established Egyptian PVOs to manage programs which provide hands-on training and technical assistance to indigenous community organizations on aspects of project design and implementation which have a more developmental emphasis. U.S. and well-established Egyptian PVOs are in a position to take risks, experiment with new ideas and introduce innovative approaches. For some time now several USPVOs working in Egypt have been actively involved in experimenting, each with its individual model for working with indigenous voluntary organizations. The present consensus among USPVOs working in Egypt is that the most valuable and durable contribution they can make is just such strengthening of IPVOs' internal structures and organizational capacity.

Through this project AID will contribute to the financial investment required for providing greater opportunities for collaboration between AID-registered U.S. and well established Egyptian PVOs and local NGOs to support community self-development. The 4-year pilot phase will develop and establish the financing and management mechanism. Limited funds will support the approaches selected by AID-registered PVOs to assist community voluntary organizations in upgrading their institutional structures and adopting a more aggressive role in mobilizing and organizing their communities to address their short and long term development problems.

### C. Conformity with Host Country Strategy:

Raising domestic economic capability is identified as one of three major strategic goals of Egypt's second five-year plan. The plan stresses the need to mobilize domestic financial resources and to make room for a greater role for the private sector in increasing productivity, especially through the development of small industries, public utilities, health and education services, agriculture and other areas. The plan also identifies several factors which limit the effectiveness of cooperatives. Recognizing

that their role is "limited to the provision of raw materials and production requirements to their members and participation in marketing of products," the plan points out the need to improve the "productive side of cooperative activity."

The GOE encourages self-help initiatives to support and complement government efforts to satisfy the demand for efficient service delivery systems and improved standards of living. Local governments are supportive of mobilization of community resources through fund raising, privatization, employment of cost recovery mechanisms for local services, and micro and small scale credit programs. International PVOs and local voluntary organizations are a major resource for nurturing and developing such concepts and mechanisms.

MSA's leadership now supports much greater freedom of action for indigenous organizations than has been the case until recently. The Ministry is currently revising Law # 32 for 1964 which governs the vast universe of Egyptian nonprofit organizations. This may result in removing restrictions that limit greater involvement of IPVOs in the development effort. One view within MSA, for instance, questions the value of the stupendous growth in the number of nonprofit organizations on the basis that the mass of these organizations are by and large failing to fulfill their mandate. The question of whether the ease of establishing a nonprofit organization is a curse or a blessing for the voluntary movement in Egypt is one example of the issues implicit in the ongoing evaluation of Law # 32. There is a strong trend in MSA which encourages the autonomy and independence of indigenous PVOs while at the same time entertaining greater expectations of what they can accomplish.

Egypt's worsening economic situation is increasingly diminishing the government's ability to provide basic services for all. The government is encouraging the development of any additional resources, domestic as well as foreign, financial and human. Voluntary organizations can and do attract significant financial and volunteer support from local communities.

Happily, MSA recognizes that the lack of financial resources is not the main impediment to the enhancement of the performance of Egyptian NGOs. Instead, it partakes in the general consensus, shared by the USPVO community in Egypt, USAID, and other donors, that feeble internal institutional structures and lack of sound management and technical practices is their most serious problem.

#### **D. Relationship to AID Policies and Similar Projects:**

This project is a major element of USAID's program

objectives to promote open societies, democratic pluralism and popular participation in Egypt's development. The strengthening of the capacity of EPVOs, particularly at the local level, is an overarching objective of this project. The project provides essential resources to US and experienced EPVOs to strengthen a number of indigenous organizations to undertake development activities. Grants made under the project will contribute to this end. Local organizations will be involved as implementing agents, as partners of registered PVOs, as participants in the early stages of each activity design and to ensure that activities to be financed are mutually agreed and desired by intended beneficiaries. The project design seeks to minimize the involvement of the GOE and USAID in the grant making process by delegating this authority to a private sector (USPVO) entity.

Increased support for PVO activities is an important element of AID's development strategy. This project will support USAID's country strategy by encouraging PVOs to undertake activities in agriculture, private industry and social services delivery.

This project will contribute to the fulfillment of AID policy by supporting private and nongovernmental organizations and institutionalizing within them the capacity to perform important development functions.

USAID/Cairo has had experience supporting PVO activities at the community level through the Neighborhood Urban Services Project (NUS) and the Local Development II Project (LD II). This project differs from NUS and LD II in several important respects. The greatest distinction is that the thrust of this project is institutional capacity building of indigenous NGOs through collaboration with experienced U.S. and Egyptian PVOs. While NUS and LD II channel resources through local governments, this project will use registered PVOs to provide resources under an umbrella funding mechanism. Also the NUS grants were used by and large to purchase equipment and supplies, while this project is primarily focussed on training and technical assistance. NUS provided over \$9.4 million in small grants to support nurseries, day-care centers, health services, skills training and women's clubs and centers for the elderly. LD II grants, totalling \$8.1 million, continue the same practice of making grants through indigenous private organizations to support local development. Through both NUS and LD II, several thousand Egyptian PVOs have received support.

Over the past 15 years, AID world-wide has found the umbrella mechanism a useful way to simplify funding and implementation of PVO activities for both US and indigenous organizations. Many of the PVO umbrella projects supported by AID aim at increasing the capacity of indigenous private voluntary agencies through a combination of direct financial and technical

support. One of the primary objectives of these projects is to simplify procedures so that the means to achieve institutional development is more readily realized.

Since then, AID has engaged in an increasing number and variety of support programs globally for IPVOs and USPVOs. Increasingly, AID has used "umbrella" or wholesale funding mechanisms. Among the various approaches to umbrella funding of PVO activities there have been small grant funding of USPVOs and IPVOs directly managed by USAID staff. This mission-housed approach which has been the preference in Asia was pioneered by USAIDs in Indonesia, Bangladesh, the Philippines, and Sri Lanka. As the programs have developed, some of the IPVOs supported by the USAIDs themselves have become "umbrellas", providing grants or technical assistance to smaller, emerging IPVOs.

Use of a "consortium umbrella" has been a common approach of the IAC Bureau USAID missions. In Costa Rica and Guatemala, a U.S. PVO consortium was engaged under a management contract to administer a grant program in behalf of local IPVO consortia. In Haiti, a local IPVO consortium operates the grant umbrella without expatriate firm involvement.

Another model followed mostly by USAID missions in Africa uses a single USPVO or IPVO as a selected intermediary for grants and technical assistance to IPVOs and USPVOs. Usually, projects employing this model limit grants to one or several sectoral areas, with strong preference given to grants to IPVOs over USPVOs.

A common purpose among virtually all of the "umbrella" projects reviewed is increasing the capacity of the IPVOs. IPVO institutional development is achieved through a combination of direct financial support of IPVOs, and technical support services, often provided by or through PVOs or nonprofit organizations. Another common objective of these umbrella mechanisms has been simplification of the procedures so that the means for achieving the institutional development objectives might be more readily accessed by the IPVOs and USPVOs. This project will utilize the African model by using a USPVO to make grants to AID-registered USPVOs and IPVOs. This organization, however, will provide only limited training and technical assistance directly to indigenous organizations.

Refer to Annex D for a detailed review of AID experience with various models of umbrella projects.

## II. PROJECT DESCRIPTION

### A. Overview:

The goal of the project is to improve the quality of life of poor and disadvantaged groups in Egypt. The purpose of the two-phased project is to support and strengthen PVO community self-help activities. Phase I of the project is primarily concerned with developing and testing a funding and capacity building model which will reduce bureaucratic constraints hindering ready access to financial resources and technical assistance by AID-registered and experienced Egyptian PVOs (EPVOs which are on the threshold of becoming registered with AID). The project design provided herein is the blueprint for this mechanism.

The project will achieve its purpose by carrying out two major programs. The first is the grant funding of AID-registered PVOs to implement development activities which will strengthen local organization capacity. The second program provides technical assistance and training to a selected group of experienced EPVOs to improve their financial and management structure. The project will therefore increase the number of EPVOs registered with AID. It will provide technical assistance, training, and limited grant funding to up to twenty pre-registrant EPVOs to (a) move them to the point of qualifying for registration with AID; (b) strengthen their capacity to design, present for funding and implement development activities; and (c) improve their capabilities in a range of areas such as strategic planning and management, personnel and financial management, development education and fund raising. As needed and desired by the PVO community, the project will also facilitate information exchanges and provide networking support.

The project differs from that contemplated in the PID in several respects. The more noteworthy design modifications are these:

- o While Phase I of this project remains focussed on developing a workable funding mechanism, the modified purpose statement reflects the intended development objective this mechanism is to serve;

- o One grant category, which places emphasis on capacity building of local organizations; the PID anticipated two categories — program grants and capacity building grants. The revision does not preclude either, but rather encourages capacity building as a component of all grants;

- o In addition to the direct management and technical assistance to selected, pre-registrant EPVOs envisioned in the PID,

the project now provides for limited grant funding by UMI beyond that provided to AID-registered PVOs. Up to twenty pre-registrant EPVOs will be selected by UMI and provided with training, technical assistance and/or small grants of \$5,000 to \$50,000. UMI has the specific task of increasing the number of EPVOs registered with AID. Grants will be made to allow pre-registrant EPVOs to improve and/or demonstrate their capacity to carry out activities under the close supervision of UMI and to complement UMI-provided training. The project provides \$0.5 million in funds for these grants;

- o The LOP of Phase I has been extended by one year to four years to allow for completion of all grants disbursed by the project should a decision be reached not to go to a second phase; and

- o The AID contribution to the project has increased from \$7.3 million estimated in the PID to \$9 million. The increase is due to the allocation of an additional \$0.5 million for grants to pre-registrant EPVOs and to the increased life of project from 3 to 4 years and the increase of the cost of management, TA, training and audits/evaluations from \$1.3 million to \$2.5 million over a four year period.

Phase I of 48 months will pilot test the model of an intermediary funding mechanism or Umbrella Management Institution (UMI), which will make financial assistance readily available to PVOs. This intermediary which will be a USPVO, is an integral element of the design of this project. Also, in the early stages of Phase I, a more precise identification of the universe of EPVOs which might receive financial and technical support directly through UMI or through registered PVOs will take place. Finally, it will test a model for strengthening the capacity of EPVOs to design and manage development activities. The pilot phase is essential in view of the many variables at play, including delegation, for the first time by USAID and the GOE, of the day-to-day review and monitoring function to an intermediary private organization; the degree of flexibility possible under the existing MSA regulatory scheme; and the absorptive capacity of AID-registered PVOs to expand/start development programs and projects in Egypt.

The move to Phase II, which is expected to be five to seven years in duration, will depend upon successful implementation of Phase I. The purpose of Phase II will be to further enhance PVO participation in community based self-help activities. The decision to move into Phase II/terminate will be based on the results of an impact evaluation to be conducted in the third year. Sustainability of project activities, in both financial and institutional terms will be a major concern. An evaluation plan which contains a time table, and benchmarks will be developed in the first stage of Phase I.

The provision of grants and technical assistance for capacity building will continue to be the objective of Phase II. Capacity building in this phase will extend to a larger number of EPVOs, and UMI will continue to increase the number of EPVOs registered with AID. It is anticipated that UMI will assume an active role in awarding and monitoring USAID funds to PVOs. This capability will have been tested in Phase I and UMI will have gained the skills and requisite credibility among all parties to allow for increased funding levels. The size of grants awarded will increase.

While it is currently expected that Phase II will see an increased number of grants to registered PVOs, in part due to the increased number of eligible Egyptian recipients, it is premature to define the precise activities and elements of Phase II at this time. Policies and procedures used in Phase I will be modified where necessary and used during this phase of the project. The design and strategy for Phase II will depend on the experience gained in Phase I and the careful evaluation of that experience, as well as projections of needs and resource availabilities for Phase II.

If a decision is made to move to a second phase, an amendment to the project will be prepared and submitted for approval to USAID.

Total costs to USAID of Phase I are estimated at \$9 million. Phase II funding requirements will be developed later, but are expected to be in the range of \$20 to \$25 million over a period of 5 to 7 years. Of total funding for Phase I, \$6.5 million will be spent on grants, \$1.2 million on management, \$1 million on training and TA, and \$0.4 million on evaluations and audits. In addition to the USAID funds, PVO, HG, beneficiary and/or other donor contributions to the grants is estimated at \$2.2 million.

**B. End of Project Status (Phase I):**

- o Grant-making process improved and simplified;
- o Collaboration between USPVOs and EPVOs, and between USAID, GOE, and the PVO community strengthened;
- o Increased community involvement in design, management and financing of PVO development activities;
- o At least 10 EPVOs registered with AID;
- o At least 20 PVO proposed activities funded and successfully implemented; and

o Increased number of EPVOs identifying, initiating, designing, and successfully managing development-oriented activities;

**C. Project Activities:**

UMI will administer, on USAID/E's behalf, a Grant Fund of \$6 million for use by AID-registered (and an additional \$0.5 million for experienced pre-registrant Egyptian PVOs - described later) PVOs in the design and implementation of sustainable development activities. In addition to PVO activities approved for financing under the Grant Fund, UMI may be asked to monitor and evaluate grants to PVOs funded under other USAID projects. UMI will research, identify, and assist a select group of experienced EPVOs, not exceeding twenty, to enable them to register with AID and independently design, implement, monitor and evaluate development activities. To achieve this end, UMI will provide these organizations with direct technical assistance, training, and limited grant funding.

A PVO Advisory Council in Egypt (PACE) will serve as a forum for exchange of views among GOE, USAID and PVOs, and, on the basis of implementation progress, make recommendations and participate in the formulation of policy for the project. PACE is described more fully in Section IV.A.4 (p.29).

**1. The Grant Fund:**

Capitalized at \$6 million, the Grant Fund is reserved for development activities designed and implemented by AID-registered PVOs excluding UMI. In the initial stage of Phase I, grants will be made only to the AID-registered US and Egyptian PVOs. It is expected that as more EPVOs are registered with AID, they will also utilize this Fund. Grants may fund a range of sub-project activities, including commodities, technical assistance, training, operating expenses, vehicle procurement, ...etc.

**a. Selection Criteria:**

Registration with AID suggests that a potential grantee is likely to share the general objectives of the project, that it has community support, and that it meets reasonable standards of financial viability. On the other hand, registration does not necessarily imply capacity to design and implement effective development activities rather than welfare or charity activities. Accordingly, the criteria for activity selection and approval to be employed by UMI will seek to ensure that grants will be carried out responsibly, that they will meet their stated objectives, that they contain evaluation plans with means for assessing sustainability and that they reflect adequate participation by beneficiaries in activity formulation and implementation. The criteria will thus concern the institutional capabilities of the grant applicant and the integrity of the design of the proposed activity.

The single most important criterion for grant selection is the grant's potential contribution to increasing popular participation in Egypt's development. The criteria will also incorporate certain fundamental assumptions integral to the design of this project -- a minimum cash contribution of 25% of the total cost of PVO activities will have to be secured from non-USG sources, unless waived by USAID; PVO proposals will be developmentally oriented, and must strive to strengthen the capacity of local Egyptian organizations in carrying out development activities; they will satisfy requirements for technical, financial and administrative feasibility and sustainability; and they encourage the participation of women in Egypt's development.

Criteria have been designed to ensure that project funds are granted for only those types of activities which have the support of the GOE and USAID. These criteria are detailed below, followed by a description of the grant application review and approval process. UMI shall further refine and fine-tune criteria and grant application formats and processes which shall keep matters simple. Any proposed changes to criteria or grant-making processes have to be formally approved by GOE/USAID before implementation.

(1) Institutional Criteria:

- o The applicant has demonstrated capacity in the development sector in which the proposed activity falls;
- o The applicant has an established outreach capability with linkages to the beneficiary group(s), which is reflected in the incorporation of local views in the activity development process; and
- o The applicant is administratively and financially sound.

(2) Grant Specific Criteria:

- o The activity addresses a GOE/USAID priority development (not relief-oriented) problem and will contribute, directly or indirectly, to strengthening the capacity of local Egyptian organizations to carry out development activities;
- o The grant request is not less than \$25,000 or more than \$500,000 and the proposal provides for a minimum 25% non-USG cash contribution to the total cost of the activity, unless waived by USAID. No building construction or major infrastructure activities are allowed, and the proposed allocation for commodity procurement does not exceed 30% of the total activity cost
- o The period starting at the grant agreement

execution and ending at the final disbursement by the PVO shall not exceed three months prior to the PACD of Phase I of the project;

- o The proposed activity shall have the endorsement of the appropriate Egyptian public authority at the local level or, in the case of those not specifically based in identifiable communities, of the pertinent sectoral authority;

- o The grant application reasonably adheres to the proposal process requirements regarding format, detail, timely submissions, ...etc. The proposal will contain a monitoring and evaluation plan and a budget to carry it out which includes a time table, baseline data and benchmarks for progress against implementation, sustainability, and purpose level targets. Data should be disaggregated by gender. Activity inputs shall be sequenced in a logical fashion; the implementation plan's detail shall be consonant with the size, duration and complexity of the activity;

- o The proposed technical approach is sound and based on an analysis of alternative solutions to address the development problem and has the potential for replicability;

- o The grant describes activities which, both financially and institutionally, are intended to become self-sustaining, and shall include strategies for achieving this objective;

- o The proposal will identify how the intended benefits will reach the target group, consistent with principles of equitable distribution of benefits. The proposal evinces substantial participation by the target community in development, financing, and management of the activity, and outlines a plan to increase community financing of the activity with a goal of eventual self-financing;

- o The activity will be cost effective; a realistic assessment of costs vs. benefits of its approach and alternative approaches will be examined; it will demonstrate that expected benefits will be justified by the cost. Activities with income generating components or objectives shall meet reasonable standards of profitability. Grants providing credit for income producing activities will avoid subsidized lending; subsidies will diminish the likelihood of activity funding;

- o The activity shall work through private, nongovernmental channels wherever possible. When activities are implemented through government organizations (health clinics, extension services, ...etc.), the grant proposal must explain why alternatives were not acceptable;

- o The proposed grant's relationship to other development activities, including but not limited to those funded by AID, other donors, the GOE and the applicant, shall be identified, and the compatibility of such activities with the grant shall be demonstrated;

- o The proposal will identify specific measures and mechanisms proposed to encourage and enhance the participation of women in the development process; and

- o The activity proposal shall reflect consideration of any possible adverse environmental impacts, and shall address these as necessary in the design.

b. Process for Proposal Submission, Review and Approval:

The procedures to be followed for the submission of grant applications, and the format of such applications, are designed to ensure that grants support activities which are technically sound and sustainable. The inability of an organization to complete a submission according to the guidelines will not serve as grounds for denial of funding. Rather, UMI will assist and advise on required modifications to proposals.

(1) Submissions & Review:

In brief, the process endorses a two document submission requirement, concept papers and activity proposals, which can be made in Arabic:

(a) Concept Papers:

A concept paper will identify the goal and purpose of the activity, describe its scope, and demonstrate how it will strengthen local institutional capacities. It will include a preliminary list of inputs and outputs, staffing, training and technical assistance requirements, and a preliminary budget. The concept paper will also identify the governorate or other GOE endorsing entity and its role in the proposed activity.

- i. Submission: In the early stages of the project a limited number of concept papers will be accepted from registered FVOs already working in Egypt. Later, upon completion and dissemination of the Operating Guidelines, UMI will declare an "open season" for the submission of concept papers. Depending on the response, and the anticipated funding requirements, UMI will continue to solicit and receive concept papers without establishing a cutoff date. It may, however, become necessary for UMI eventually to establish defined periods for concept paper submission in order

to regulate its own work and ensure efficient processing of grant applications.

As the project is implemented, it may appear that available, uncommitted project funds will not be sufficient to support an unrestricted number of grants. It may prove necessary for UMI, subject to GOE/USAID approval, to move in later project stages to a competitive process. Further, when funds are fully committed, no concept papers will be accepted, unless and until a decision is made to extend/expand the project by USAID and GOE.

ii. **Format:** Normally, a concept paper should not exceed five pages in length. A detailed format for concept papers shall be included in the Operational Manual to be produced in stage 2. The following is an illustrative format:

- o Activity Rationale
- o Goals and Objectives
- o Summary Description: outputs, inputs, capacities of organizations involved
- o Preliminary Budget

iii. **Responses:** UMI will review the concept paper and reply to the applicant within two weeks of receipt. It is expected that the concept paper will be the subject of informal discussions between UMI and PVO staff; indeed, it is likely that these discussions will both precede and follow the formal submission. Upon completion of its review, UMI will advise the applicant that it may proceed to develop an activity proposal (AP), either with no proposed modifications, suggested modifications or essential modifications. Reasons for proposed modifications shall be provided, and can be the subject of further discussion.

iv. **Exceptions:** In certain cases, UMI may waive or modify the requirement of a full concept paper. These might include follow-on or supplementary funding requests, activity designs which are particularly straightforward and are similar to activities known to UMI and currently being implemented by the PVO, or require particularly modest inputs of financial or technical resources. In such cases, the concept paper format may be adjusted and simplified by UMI.

v. **Waivers:** Provided proposed activities are consistent with the goals and objectives of this umbrella project, and the "Institutional Criteria" (See Section II.C.1.a.(1) above) are satisfied, UMI will have considerable discretion in the

interpretation and application of the "Activity Specific Criteria" to support PVO activities that might not rate highly when measured against all pertinent criteria. With respect to funding guidelines, UMI will have authority in exceptional cases to approve proposals whose budgets are not more than 10% below the minimum grant size (\$25,000) established by the selection criteria. Each such case shall require UMI to report to USAID, as part of the project reporting structure, on the special circumstances justifying its decision. USAID retains the authority to waive criteria pertaining to maximum LOP cost, or the minimum 25% non-USG cash contribution.

USAID believes that UMI should be encouraged to seek its approval to fund an activity which fails to satisfy the selection criteria in one or more respects but is otherwise particularly meritorious. It is recommended that UMI seek such authority only on an exceptional basis, and only in cases where it lacks "waiver" or discretionary authority, as described above. As experience with project implementation is gained, USAID and UMI will have a better sense of the universe of "exceptional" cases. In the early stages of the project, however, it is appropriate to leave open a window of opportunity; these should be concurred in by USAID.

**(b) Activity Proposals (APs):**

Activity proposals shall contain information sufficient to ensure that the proposed activity is carefully planned and meets reasonable standards of technical, administrative and financial feasibility, soundness, and sustainability. Further, it shall clearly describe the relationship of proposed grant activities to its goals and purposes, and in turn to the purposes of this umbrella project. Accordingly, the AP will include identification data, activity rationale and activity elements (including inputs, participants, beneficiaries), an implementation plan, describe monitoring and evaluation arrangements, include a detailed budget reflecting pound and dollar costs, and the non-USG cost contribution.

Design of activity proposals (APs) is sometimes a time consuming and costly process which requires collection of baseline data, site visits, research and proposal preparation required to develop sound activities. UMI will make awards for the design of activity proposals from the Grant Fund. These awards will not exceed \$10,000 or 5% of the total USAID grant request, whichever is less. A PVO activity must have an approved concept paper to be eligible.

i. **Submission:** APs shall be submitted no later than three months after the approval of the concept paper. It is expected that the concept paper will indicate any anticipated departure from this rule and give justifications. In such cases,

the applicant and UMI should upon Concept Paper approval discuss the question of when the AP will be ready for submission and review, and agree upon an expected date of submission. This will facilitate UMI's review of the AP and help expedite the review/approval process.

ii. **Format:** A detailed format for APs shall be included in the Operational Manual to be produced in Stage 2. No maximum or minimum of pages will be set. Rather, it is expected that the document should clearly and concisely describe activities to the point where UMI can make an informed decision.

It is anticipated that the AP will include:

- o Brief Activity Summary
- o Problem Statement
- o Activity Background
- o Approach (activity strategy)
- o Activity Description
- o Management Plan, identifying roles and responsibilities of all parties
- o Implementation Plan
- o Training Plan
- o Economic Considerations
- o Monitoring and Evaluation Plan
- o Detailed Budget and Financial Plan

The Operational Manual will provide detailed guidance on the desired content of the elements of the AP, and define terminology as necessary. It will include an illustrative implementation plan, and outline a form of budget presentation and a financial plan. UMI will provide assistance in proposal preparation when required.

iii. **Review:** UMI will acknowledge receipt of the proposal within one week of arrival, and complete review of the proposal within one month of receipt. Every effort will be made to provide a rapid review of the AP. It is anticipated that a full discussion of the proposal, and the issues it appears to present, will take place after UMI's initial review of the AP. As issues and questions come to light during the course of the review, a dialogue

should be maintained between the applicant and UMI to ensure the prompt and informed resolution of such issues and questions.

USAID does not anticipate a level of review which would marshal the variety of technical and other resources that USAID has heretofore brought to bear on PVO grant applications. Much will depend on the exercise of good judgment by a small staff of competent professionals familiar with a range of development issues, especially those related to institutional capacity building, but not expert in the wide range of sectoral areas which PVO activities are expected to cover. UMI will depend to the maximum extent possible on the skills and experience of its core staff in the review of proposals. It will identify resource persons and organizations, preferably resident in Egypt, which it may call upon to provide views on specific technical aspects of proposals. It must exercise its judgment to seek outside assistance carefully, so as not to unnecessarily delay the review process. UMI should make every effort to keep the costs of such assistance down, but not at the expense of a reliable analysis of a key issue or activity component.

iv. Responses: UMI shall normally notify the applicant of final approval or disapproval within five weeks of receipt of the AP. If additional time will be required to complete AP review, the applicant PVO and USAID should be notified of such circumstance and the justifications causing such delay. As more experience is gained by UMI this timeframe may be modified. It is expected that the applicant will meet with UMI staff at least once formally to discuss the proposal, review issues, and clarify and narrow differences of view, if any. Upon approval of an AP, UMI will, pursuant to the Operational Guidelines, advise the PVO of next steps, e.g., grant agreement preparation and signing, initial activity start-up requirements, etc.

v. UMI Decision: UMI decision to approve in whole or in part or disapprove a grant application shall be formally communicated to the applicant, with — in the case of disapproval or partial or conditional approval — UMI's reasons for its decision. UMI shall send an information copy of the AP and its letter to USAID and MSA.

vi. Appeals: Appeals to USAID by PVOs of decisions regarding APs — to fund, in whole, in part, or not at all; to require strengthened capacity building elements, to seek more information about activity financing, to further inquire into the character and quality of counterpart contributions, ...etc. — will be discouraged where the PVO is not prepared to assert that UMI has acted in an arbitrary or capricious manner, or has substantially ignored the agreed-upon guidelines and criteria. In such cases of appeals to USAID, it should appear that all reasonable efforts have

been made to resolve issues directly between the PVO grant applicant and UMI; references to meetings, document exchange,...etc. will suggest that. In this context, USAID will consider and investigate as it deems appropriate, and respond to the concerned PVO. It should be stressed that this project encourages to the maximum extent a collaborative and collegial approach to grantmaking, consistent with principles of prudent and effective use of and accountability for public funds. Accordingly, it is essential that the PVOs and UMI, itself a PVO, maintain a frank and open dialogue characterized by mutual respect and shared objectives. The principles outlined here shall apply to other disputes between UMI and a PVO that may arise from time to time. The Operational Manual will provide additional guidance to PVOs on the appeal process.

(2) Grant Agreement.

(a) Preparation.

The Grant Agreement shall follow a standard format, to be developed by UMI and approved by GOE and USAID in Stage 2. As appropriate, sections shall be tailored to the specific needs and circumstances of the activity. The agreement shall be specific with respect to the funding and disbursement arrangements, and shall incorporate relevant parts of the AP by reference. The detailed content and format of standard agreements will be incorporated in the Operational Manual.

(b) Signing.

The Agreement shall normally be signed by UMI Chief of Party and the PVO Country Director.

2. Capacity Building Support Services:

UMI will research, identify, and assist a selected group of experienced EPVOs to enable them to become registered with AID and to independently design, implement, monitor and evaluate development activities. To achieve this end, UMI will provide technical assistance, training, and limited grant funding directly to up to twenty pre-registrant EPVOs. By "directly" reference is made to activities carried out by UMI core staff, or by Egyptian, U.S., or third country individuals or organizations as contracted by UMI and distinct from those funded by discrete grants to registered PVOs under the Grant Fund program.

In Phase I of the project, provision of this assistance by UMI will be made only to a limited number of EPVOs who will have completed an application for registration with AID but did not meet one or more of the registration criteria. The required combination of training, technical assistance and/or limited grant funding to

assist these organizations will be geared to meeting AID's registration criteria.

a. Research, Identification & Targeting:

Estimates of the number of experienced, development-oriented EPVOs who are at this point qualified for registration vary considerably. Several individual EPVOs have been named, but unanimity of view with respect to their qualifications and capacities is rare. For targeting purposes, however, it is estimated that resources made available to this project will not enable UMI to work directly with more than twenty EPVOs. It will be necessary in the early stages of the project to approach the identification of eligible registrants in two ways: (1) obtain the views of a number of informed persons participating in and/or knowledgeable about the EPVO community, and approach the organizations most prominently mentioned about their interest in and suitability for registration; and (2) conduct a broader survey, using a specially designed survey instrument, to identify in a preliminary way, EPVOs which have an interest in registration, are generally informed of the requirements, and believe they may, perhaps with assistance and modifications in their procedures and/or structure, qualify. The results of the survey would allow UMI to broaden the universe of potential registrants and to establish a new target if necessary.

b. AID-Registration:

Up to twenty EPVOs will be selected as described in the previous section. Registration of EPVOs will follow guidelines promulgated by AID/W, and employ procedures and formats already developed by AID. In brief, for an EPVO to register with AID, it must provide evidence that it is a legal entity, philanthropic and/or public service oriented in purpose, other than a research organization, private foundation, educational institution or church or other organization engaged in exclusively religious affairs; it is a nongovernmental entity receiving private funds; it is "voluntary," receiving contributions of money, staff time or in-kind support from the general public; it meets certain conditions with respect to tax-exempt status; it pursues charitable/development activities in a type consistent with the broad purposes of the US assistance program; it is financially viable and has an acceptable accounting/financial reporting system; it is governed by a responsible board or similar body; it spends a reasonable proportion of its funds on administration, promotion, etc. These requirements will be spelled out in greater detail in the Operational Manual as well as in the survey instruments employed by the project to identify potential registrants. A standard format for applying for registration will be included in the Manual. Materials in Arabic may be submitted; UMI will have them translated as necessary.

UMI will review the materials submitted by EPVO applicants for registration, and if they appear to comply with USAID guidelines, will forward them to USAID's PVO Officer for appropriate action, together with such comments on the qualifications of the applicant, and the process that was followed to bring the applicant to the point of formal application for registration, as seem useful. As necessary, UMI staff, USAID personnel, and the staff or leadership of the EPVO will meet to discuss aspects of the application, as well as the expectations of the parties in the event registration is approved.

Under AID regulations, USAID registers EPVOs provisionally, pending AID/W's final determination; registration status, in any event, must be recertified annually based on the submission of updated materials. Provisional registration renders an EPVO eligible to receive direct funding from AID, and UMI will receive and process grant applications from such EPVOs for funding from the Grant Program until advised to the contrary by USAID; this would be a function of a negative determination on the provisional registration by AID/W. Activities approved for funding in the interim will continue to receive support, and committed funds will be disbursed as agreed.

PVOs are required to submit annual reports in order to maintain their registration status. EPVOs will submit reports to UMI, which will upon concluding that they satisfy AID requirements forward them to USAID's PVO Officer, who shall in turn be responsible for determining the Mission's position on continuing eligibility. USAID shall take action as prescribed by AID/W guidance; in brief, it shall provide AID/W with cable advice of its decision with respect to continuing an EPVO in a registered status. If UMI, after providing appropriate assistance to the EPVO in its efforts to meet the requirements for continued registration, concludes that there are issues or unresolved problems which raise questions about continued registration, it shall so advise USAID when it submits the EPVO materials.

**c. Technical Assistance:**

Provision by UMI of direct training, technical assistance and limited grant funding is focused on, and restricted to, a selected number of experienced EPVOs who will have applied for registration with AID, but fail to meet one or more of AID's registration and/or the Grant Fund's selection criteria. UMI will meet with the pre-registrant EPVO and mutually assess the barriers to registration with AID. Once agreement has been reached on areas which require strengthening, UMI and the EPVO will collaboratively design a plan for the required improvements, which may include any combination of the following:

(1) Training:

Training in the areas of management for accountability and sustainability; clarifying the focus, purpose and scope of development activities; project design and planning; monitoring and evaluation; board and staff relations; resource development including fund-raising; and other elements which would strengthen the EPVO. Project training programs will provide as necessary for follow-on training. It has been demonstrated that "one-shot" training to enhance the skills of individuals or the capacity of organizations is often deficient in effecting changed behavior. AID is increasingly supporting programs of follow-on training; this project will seek to profit from experience elsewhere.

(2) Technical assistance:

TA will be provided through workshops for groups of pre-registrant EPVOs with common needs, such as improving documentation skills to satisfy donor requirements, developing administrative policies and procedures, collecting baseline data for planning and design, as well as individual sessions over a period of time with one or more staff of the organization working on specific problems.

The pool of expertise available for direct technical assistance and training will include the staff of UMI and registered PVOs, and Egyptian and expatriate individuals and organizations such as management training institutions and universities; subcontracts with individuals and institutions may be entered into. In stage 1-2 of Phase I UMI will develop an inventory of potential sources of expertise which may be drawn upon. UMI will include a professional Trainer position, and will be linked, by subcontract or otherwise, with organizations and individuals in Egypt and in the United States who will be available to provide necessary assistance. UMI will be responsible for making available, as appropriate, all training and materials in Arabic and/or English.

(3) Technical & Institutional Enhancement (TIE)

Grants:

These are small scale grants to pre-registrant EPVOs with a USG contribution of \$5,000 to \$50,000. TIE grants would be utilized for small activities which the EPVO wishes to implement under the supervision of UMI. Implementation of activities under the umbrella of UMI's assistance and close supervision will allow capacity building to move from the theoretical to the practical and for training not to take place in a vacuum. UMI will be able to carefully monitor use of these funds, ensure that systems are in place, and recommend corrective action to ensure accountability.

(a) Selection Criteria:

The criteria listed below will be used in the initial stages of the project. The foremost principle to be born in mind in the application of these criteria is that activity design and implementation are only a means and a context for working with and improving the capacity of promising EPVOs. UMI is expected to have a proactive role in the design and monitoring of TIE grants. The following criteria will be further developed and refined by UMI as experience is gained in working with pre-registrant EPVOs:

i. Institutional Criteria:

- o The applicant has submitted an application for registration with AID;
- o The applicant is registered with MSA;
- o The applicant organization must have been operating for at least three years at the time of application;
- o At least 40% of the applicant's funding is from non-GOE sources;
- o The applicant is fiscally and administratively sound or is capable of becoming so;
- o The applicant has demonstrated capacity in the development sector in which the proposed activity falls, or can acquire such capacity; and
- o The applicant has an established outreach capability with linkages to the beneficiary group(s), or can establish such capability.

ii. Grant Specific Criteria:

- o The activity will contribute to strengthening the capacity of the applicant EPVO to carry out development activities; the proposal will identify how design and implementation of the activity by the applicant will improve its capacity and help it meet AID's registration criteria;
- o The activity will serve a developmental (in contrast to a charitable or relief oriented) purpose;

- o The proposal provides for a minimum 25% non-USG cash contribution to the total cost of the activity, unless waived by USAID;
- o The grant budget request is within \$5,000 and \$50,000;
- o The technical approach proposed is viable and appropriate;
- o The activity will be cost effective;
- o The proposal must describe how the activity is to be sustained after UMI funding is withdrawn;
- o The proposed budget will adequately meet all necessary activity costs;
- o the proposal contains a monitoring and evaluation plan with benchmarks for success;
- o The activity proposal shall reflect consideration of any possible adverse environmental impacts, and shall address these as necessary in the design; and
- o The period starting at the grant agreement execution and ending of the final disbursement by the PVO, shall not exceed three months prior to the PACD of Phase I of the project.

**(b) Process for Proposal submission, Review and Approval:**

The pre-registrant EPVO will be required to submit a concept paper and an AP for review by UMI. The steps involved in the review/approval process will be instructional in nature. UMI is expected to provide substantive assistance in the design of proposals to the point where they meet the above grant criteria. Proposals may be submitted in Arabic.

UMI will develop procedures for the pre-registrant submission, review and approval of concept papers and proposals for inclusion in the the Operational Manual. They will be a simplified version of those included in this PP to be used with AID-registered PVOs.

### III. SUMMARY OF ANALYSES

#### A. Technical/Administrative Analysis

The project will be implemented by a USAID registered FVO, assisted by a number of Egyptian entities and consultants, through UMI (see detailed analysis - Annex E). This multipurpose mechanism will have the delegated authority of the USAID and the GOE to provide grants to USFVOs and Pre-registrant EPVOs for capacity building purposes. The use of UMIs have proven to be successful in several African countries, Latin America and the Philippines. UMIs have assisted USAID in providing funds to an increased number of beneficiaries through FVOs. UMIs have been successful in part because they have been able to encourage the formation of linkages with weak and strong FVOs for institutional strengthening and funding. These linkages have resulted in an increase in the participation of local FVOs in USAID funding and improved its outreach to the most needy populations.

UMI model selected by USAID Egypt will be the first of its kind, in that it will allow UMI to disburse funds without the direct approval of USAID or the government. This will require a degree of trust and predictability on the parts of all of the principals of the project. UMI will have to assemble an experienced and skilled staff which will be able to quickly assess and fund grant applications as well as provide the required technical assistance required to ensure their success. Accountability and sustainability will have to be the major concerns.

The GOE and USAID upon approval of the selection criteria will have to assign the day-to-day responsibilities for project management to UMI. The role of policy-making and project monitoring will rest with the governmental bodies. It will be incumbent upon them to assist in enhancing the chances for success of the project by providing the non-intrusive support required.

UMIs have proven to be successful in assisting FVOs because they are managed by FVOs. Gaining credibility with the FVO community in Egypt will be a major task for UMI. There is currently an established method of doing business and a new one may not be readily accepted. IPVOs recognize that they need institutional capacity building which can be given by the more experienced FVOs. However, they do not wish the linkages formed to facilitate their growth to be permanent.

USFVOs have an established record of being efficient providers of development services. The degree with which they are willing to share these skills and assist EPVOs in becoming strong development organizations will greatly determine the success of this project.

In summary, given the nature of this project, the organizational and implementation arrangements proposed for the project are reasonable, and the project is administratively feasible.

#### B. Social Soundness

The sociocultural and political environment in which the project will be carried out is one where reliance on the private sector is being encouraged. The GOE and USAID have agreed that FVOs are an effective means of improving communities due to their abilities to reach the grass-roots levels. Strengthening the capacities of EPVOs will assist them in increasing their impacts in these communities and reduce their reliance on the public sector.

The majority of EPVOs are currently involved in social welfare activities. However, there are indications that many of them wish to begin working in what is recognized as development in the USPVO community. They are unable to successfully carry out development work due to a lack of skills and resources. This project proposes to link US and Egyptian FVOs in capacity building and techniques which the USPVOs have developed over the years. EPVOs have direct access to their communities and can assist USPVOs in problem identification and in implementing activities in their locales.

There is no detailed information readily available on the skills and capabilities of EPVOs. However, the large number of organizations registered with MSA would indicate that the potential is great for finding a pool of experienced FVOs which after receiving assistance through this project, can be registered with USAID and increase the number from the current one (CEOSS) to a representative number.

A significant number of EPVOs are currently engaged in day care, health services and productive family programs. The missions of these FVOs are consistent with the goals of USAID. Capacity building through the provision of technical assistance and funds will allow them to diversify and increase their impacts.

The lack of adequately trained staff and funds are not the only constraints to EPVOs. The bureaucratic hindrances to registration, timely approval of grants, mobilization of resources by MSA and accountability requirements of USAID have proven to be problematic. USAID and the GOE have agreed that a mechanism needs to be developed which would remove these obstacles without compromising the integrity of USAID requirements and which are compatible with the laws and policies of the GOE. Detailed analysis, a voluminous document, is on file in the PDS/P office in the Mission.

### C. Economic

The FVO Development Project has been designed to be economically sound. First, the design has ensured that all proposed FVO activities be selected on the basis of sound economic criteria. The operation of UMI will also be monitored to obtain cost-effective use of resources. In this way, care will have been taken to ensure that economic principles are an intricate part of the design and implementation of various project elements. Secondly, experience gained from FVO activities in Egypt and in other countries indicates that such projects have traditionally provided high economic internal rates of return.

The success of the FVO fund in the Neighborhood Urban Services (NUS) project, a precursor to the Local Development II (LD II) project, provides a concrete substantiation of the above statement. (Source: NUS Evaluation, Phase III, June 1986, prepared by the International Science and Technology Institute and American University in Cairo, especially Section 3.2.2.)

The FVO Development Project will be economically beneficial to Egypt from another very important viewpoint, that of providing crucially needed resources for grass-roots development. The literature is replete with "success stories" of community-based self-help development activities. Such activities provide much needed employment and income to the most economically deficient groups in society. The benefits to the target group achieve a dual purpose: (a) they reduce the absolute level of poverty by reaching the poorest of the poor, and (b) they help to address concerns about income distribution in a society where it is perceived to be a major developmental problem. Evidently, a project of this size cannot be expected to make more than a marginal contribution towards these ends. Even so, the effort to encourage the provision of basic needs to the poor through the participation of private voluntary organizations in community-based self-help development activities, is certainly well-founded.

To ensure that each FVO proposed activity is cost-effective, the selection criteria for funding requires that a realistic assessment of costs vs. benefit is undertaken by each applicant. UMI, as part of its review and approval process, will carefully examine the cost-effectiveness of the proposed approach and whether expected benefits justify estimated costs. Activities judged by UMI to be relatively less cost-effective and cost beneficial will be returned to applicants for appropriate modifications prior to further consideration for funding.

### D. Financial

The financial analysis and cost estimates represent the

Mission's least cost approach to achieving the project purpose. The project will be implemented with a cooperative agreement between UMI and USAID, with a Treasury Financial Communication System Letter of Credit (formerly a Federal Reserve Letter of Credit) as the financing mechanism. As UMI will function as a manager, under a cooperative agreement, of a USAID-developed project, the usual 25% contribution required of PVOs will not be required of UMI. The financial analysis section of the paper sets out the control environment in which USAID expects UMI to function. While USAID has ultimate financial monitoring responsibilities for the project, UMI will handle the financial implementation of the project. UMI will assess the ability of the PVO grantees to manage project funds, monitor all sub-projects and conduct/coordinate audits, using an audit scope of work approved by USAID/FM/FA, of the grant activities. The project provides for midterm and end of project evaluations and audits.

#### E. Environmental

Sub-projects funded through UMI are covered by categorical exclusion (ii) in AID Regulation 16 [22 CFR 216.2(c)(1)(ii)] because AID does not have knowledge of, or control over (and the objective of the project does not require, prior to approval of or implementation of sub-projects, such knowledge of or control over), the details of those sub-projects that may have an effect on the physical and natural environment.

However, in order to ensure that sub-projects funded under the project are environmentally sound, all applicants for funding will be required to reflect consideration of any possible environmental impacts. UMI will develop environmental guidelines and procedures acceptable to ANE/PD/ENV to review proposed PVO sub-projects, including a simple screening mechanism to identify those activities receiving USG financing in excess of \$500,000 which require environmental review.

#### IV. IMPLEMENTATION PLAN:

##### A. Roles and Responsibilities:

##### 1. USAID

USAID will be responsible for periodically reviewing and modifying project management policies and PVO grant selection criteria. In addition to its monitoring role, USAID will join with the GOE and representatives of the PVO community in a body which will consider policy matters as they arise during the course of implementation of the project. This body, the PVO Advisory Council in Egypt (PACE) is described below. Under a Cooperative Agreement with USAID, UMI will have substantial delegated authority with respect to grant-making decisions and providing technical assistance and training. Responsibility will be retained with USAID for approving all actions determining the policy, directions, and procedures of the project, such as UMI work plans, operational guidelines and manuals, and proposed modifications to selection criteria and review procedures and timeframes. USAID shall approve proposed UMI personnel for the positions of Chief of Party, Finance Manager, and Training Specialist.

USAID will monitor the progress of the project through periodic UMI reports, sub-project site field visits, project evaluations, and formal reviews with UMI and the GOE of project activities, policies and directions. USAID will not review PVO grant applications prior to their approval and funding by UMI or directly monitor such grants.

AID project responsibilities will be handled by the PVO Unit of USAID/Egypt within the Program Development and Support Directorate. Adequate administrative capacity exists within the PVO Unit, which has two full-time professionals, to manage this project.

##### 2. GOE:

The government agency principally responsible for the operations of this project will be the Ministry of Social Affairs (MSA). Quarterly reports on project progress will be shared with MSA, which will periodically review with USAID and UMI project progress. Through its representation on PACE, the PVO Advisory Council in Egypt (discussed below), MSA will participate in reviewing and modifying project management policies and grant selection criteria. MSA will offer needed counsel to UMI on ways to expedite obtaining activity approvals at local levels, identify resources in the community to support the project, etc.

### 3. The FVO Community

It is central to the design of the project that UMI develop a collaborative relationship with the community of registered and non-registered FVOs, characterized by mutual respect and confidence. It is anticipated that the USPVO selected to carry out this project will staff UMI with professional personnel who are experienced in FVO activities and respected for their abilities in the community.

FVO views will be sought on all important issues of policy affecting the project, including but not limited to FVO grant selection criteria, review and approval processes, and modifications thereto. In particular, UMI will be sensitive to suggestions from the FVOs as to ways to expedite and simplify the grant making process, consistent with the need to ensure careful activity design and implementation. Dialogue on these and other matters will be facilitated by the creation of PACE, which will include FVO representation.

As the project develops, UMI and the FVOs shall explore ways in which UMI might support inter-FVO dialogue and information exchange. This might take the form of providing materials, financing workshops, funding the costs of outside participants/experts in workshops and seminars, etc. The project budget shall take into account a reasonable level of such activity.

### 4. FVO Advisory Council In Egypt (PACE):

The project will form PACE, with membership consisting of FVOs registered with AID, experienced EFVOs and representatives from USAID, MSA, and the community. Individuals in and out of the community of FVOs working in Egypt command a wealth of experience which should be drawn on with respect to policy matters as the project is implemented.

PACE will serve as a forum to bring together government and voluntary agency representatives, and interested citizens, so that policies established for the project reflect the insights and views of those directly and indirectly involved in the project.

PACE will meet quarterly or as it deems necessary to review policy issues and suggestions by any member for modifications to the direction and governing policies of the project.

Issues of procedure and governance of PACE should be developed by PACE with the assistance of UMI. These policies and procedures should take into consideration the number of FVO representatives, the procedures for resolving policy issues, and the periodic rotation of membership. Further, in formally establishing

PACE, it will be necessary to stress its focus on policy issues, in contrast to questions of project monitoring. It is recommended that two FVO representatives are selected, with membership rotating annually. Membership should be "shared" among US and EPVOs. It is further recommended that two members of PACE are selected from outside of the FVO community.

The specific functions of PACE will be as follows:

- o Review and recommend proposed modifications to selection criteria and proposal acceptance procedures;
- o Review and recommend modifications to policy issues;
- o Participate in project interim and impact evaluations; and
- o Identify and address solutions for removing constraints to smooth progress in project implementation.

PACE will serve as a forum, and substantially influence policy-setting. It will not be involved in the approval of grants nor will it be directly involved in their day-to-day monitoring. Major changes in project policies must be compatible with GOE and USAID policies, laws and regulations.

#### 5. The Umbrella Management Institution (UMI):

##### a. Qualifications:

A cooperative agreement will be entered into with a registered USFVO to manage the project. The design team believes a USFVO is the most appropriate implementing agent because of its sensitivity to and expertise in issues of cross-cultural FVO relationships and local capacity building. Every effort will be made to select a minority controlled USFVO to act as the implementing agent for this project. UMI will be assisted by a number of Egyptian entities and consultants in fulfilling its functions outlined below. Sufficient funds have been set aside for this purpose.

The organization selected to serve as the manager of the project, UMI, will possess the experience and capacity to manage programs involving grants and technical assistance. It will not be eligible to receive grants under the project. Since it will be implementing an AID project, in contrast to receiving AID support for its own programs as per an Operational Program Grant (OPG), it will not be called upon to contribute its own resources to the project.

**b. Functions:**

UMI will assume full responsibility for meeting AID requirements for management and financial accountability. AID will also have access to financial information of grantees in order to carry out audit responsibilities.

Administration of the project will require that UMI be responsible for:

- o project management and administration;
- o reviewing, awarding, monitoring, evaluating and reporting to USAID on grants and technical assistance and training provided to grant recipients and other project beneficiaries;
- o potentially monitoring, evaluating and reporting to USAID on grants to FVOs under other USAID projects;
- o making recommendations to USAID on all aspects of project implementation, and providing data and analysis on problems and opportunities which might be addressed by the project, but which were not currently within its design;
- o identifying the more capable and promising development-oriented, or potentially development-oriented, EPVOs for registration with AID;
- o providing training, technical assistance, and limited grant funding to pre-registrant EPVOs in order to bring them to the point of eligibility for registration with AID and independently design, implement, monitor and evaluate development activities; this will be carried out through planning and conducting workshops and seminars in such areas as strategic planning, project design, monitoring and evaluation; and personnel and financial administration; and
- o supporting the FVO community through planning and conducting workshops and seminars in support of inter-FVO dialogue and information exchange;
- o the provision of relevant materials and information on lessons learned, new approaches to problem solving, studies of relevance to FVO community development activities,...etc.

**c. Operating Procedures:**

UMI will operate with considerable autonomy with respect to the review and approval of individual grant applications from FVOs, the provision of technical assistance and training to EPVOs whose registration with AID is being pursued. Policies for the project which shall govern UMI and its operations shall be established on the basis of this Project Paper and the Project

Agreement with the GOE.

The detailed operating procedures shall be set out in an Operational Manual to be disseminated to interested FVOs and other parties. The Manual will include detailed information on the following:

- o Description of the project: its purpose, strategy, UMI roles and responsibilities;
- o Types of Assistance: grants, training, technical assistance, information exchange and network support
- o USAID Registration and GOE Authorization Requirements: processes for registration, documentation required, how to pursue registration with UMI support; how non-Egyptian FVOs obtain appropriate GOE authorization to work in Egypt;
- o Grant Selection Criteria;
- o Grant Review and Approval Process;
- o Formats for Grant Applications: Concept Papers, Activity Proposals, Grant Agreements; and
- o Appendices which set forth guidelines for particular analyses and required submissions.

#### d. Staffing

The staffing pattern proposed for UMI is designed to meet the anticipated demands of Phase I. It is a function of a considered estimate of the minimum essential services to be performed, developed in light of the fact that this project, unlike others, will not normally entail prior or subsequent review of grant applications by USAID. The professional staff will include a Chief of Party, Training Specialist, Finance Manager, and Program Monitor. The support staff will include a Fiscal Administrative Assistant, Secretary, Expediter/Driver and Janitor. Consultancies by Egyptian and American firms and experts will be utilized to provide training and technical assistance as required.

### B. Procurement Plan

#### 1. Technical Assistance

USAID will enter into a cooperative agreement with preferably a minority USFVO to provide all managerial, technical and training services as UMI under the project. It is USAID's intent to use the same organization which assisted in the design of this

planning document. A team of two expatriates, Chief of Party and Training Specialist, and two Egyptians, Program Monitor and Financial Manager, will constitute the core professional staff of the UMI for 48 months duration of the project. UMI core staff will be assisted by U.S. and Egyptian short term consultants (12 person months of U.S. and 37 person months of Egyptian) and a variety of Egyptian entities in carrying out its assigned responsibilities. The procurement of UMI managed and controlled services will be the responsibility of UMI under the cooperative agreement. However, USAID will enter into direct contracting relationships with firms and individuals to help perform audit and evaluation functions/services defined elsewhere in the document.

## 2. Commodities

A total of two project vehicles (estimated value \$50,000), office equipment, supplies and commodities (\$41,800) and training materials and supplies (\$193,300) are planned to be procured by the technical assistance team under its cooperative agreement with USAID. UMI will use all applicable GOE/USAID procedures with regard to the planned procurement. To the maximum extent, UMI will use simplified AID small value procurement procedures to purchase needed commodities and supplies off-the-shelf as needed in Egypt. With regard to the two vehicles to be used by UMI personnel in the management and monitoring of project activities, UMI will follow procedures prescribed under USAID Mission Order No. 1-7. USAID project officer will assist UMI's personnel in obtaining the necessary AID/GOE approvals with regard to their purchase, import, use and final disposition.

## C. Evaluation and Monitoring

The overall purpose of the monitoring and evaluation plan is to provide information that is useful for AID and UMI in decision-making and assure that the project is meeting the goals, purposes and objectives as articulated in this Project Paper. Project monitoring and evaluation will occur at several levels and involves different responsibilities for both USAID and UMI. USAID, with the collaboration of the MSA, will monitor and evaluate the activities of UMI, and the project as a whole. UMI will monitor activities it finances, and ensure these are evaluated as appropriate. The grant recipients will monitor the implementation of their grant-funded programs, and conduct or commission evaluations selectively.

### 1. USAID Monitoring

USAID will monitor the project through a system of structured discussions with UMI staff, periodic reports based on a mutually agreed-upon format from UMI, site visits, informal

discussions with PVO representatives, and quarterly formal progress reviews with the participation of MSA. From time to time, meetings with MSA, PVO and UMI representatives will be held to consider identified problems, or potentially productive modifications to the project design or procedures. Lead responsibility for project monitoring in USAID will rest with the PVO Officer, who shall call upon other elements of the Mission as necessary. Project progress will be periodically reviewed by a USAID standing Project Committee.

## 2. USAID Evaluations of the Project

A detailed Evaluation Plan and schedule will be prepared by UMI, with the collaboration of USAID, in Stage 2 of Phase I. Currently, it is anticipated that two evaluations will be conducted.

a. **Interim Evaluation:** An interim evaluation will be conducted approximately fifteen months into the project. It will focus on the grants approved and disapproved by UMI. The objective will be to assess progress toward achievement of project purposes—particularly the strengthening of local institutional capacity—and to determine whether additional services or programs should be pursued by UMI.

The evaluation will be carried out by USAID. The purposes will be to examine the existence and effectiveness of structures and systems essential to sound project implementation, to review the validity of the workplan and budget, and to assess the continued relationship between project purposes and mechanisms/procedures. It is anticipated that the evaluation will involve the full participation of UMI, and will actively solicit the views and recommendations of the PVO community.

The evaluation will also consider whether further analytical efforts, baseline studies, data collection exercises, etc. would strengthen the project, either currently or in its later stages. The following is an illustrative list of questions which would be addressed by the Interim Evaluation:

- 1) Does the UMI have sufficiently trained staff?
- 2) Is the financial system in place and fully functional?
- 3) Has a budget been developed and is it in place? Is it being followed?
- 4) Have surveys been conducted that give profiles of EPVOs? Is baseline data available?

- 5) Is staff conversant with the FVO community in Egypt?
- 6) Is PACE operational and still in use? Has it been helpful to the goals, purposes and objectives of the UMI?
- 7) Were the workplan and progress reports submitted on time and in sufficient detail to allow for careful monitoring?
- 8) Are Institutional and Grant specific Selection criteria completed and approved by PACE?
- 9) Is the Operations Manual complete, approved by USAID/MSA and has it been distributed to interested parties? Is it available in Arabic?
- 10) Have workshops been held to introduce the UMI and to solicit Concept Papers and Activity Proposals?
- 11) Are training plans in place? What kind and amount of capacity building activities are present? Is a skills bank in place?
- 13) Has the UMI received Concept Papers? If yes, how many and of what quality? If not, then why not?
- 14) Has the UMI received Activity Proposals? If yes, how many and of what quality? If not why not and what should be done to improve the situation?
- 15) How many grants have been reviewed, approved and financed and how much time has elapsed from receipt of Concept Paper and award of grant? How much time has elapsed between the grant award and the disbursement of funds?
- 16) How many EPVOs have been registered and how many are receiving technical assistance for registration purposes?
- 17) What is the amount of grant funds disbursed to date. Are grants monitored according to procedures? Are they achieving their objectives?
- 18) Are grants funded by the UMI having the intended impact on designated beneficiaries? Are local communities active participants in and supportive of the FVO activities?
- 19) Are FVO projects being conducted in a cost-effective manner?
- 20) Is the project design sufficiently feasible to permit effective implementation? Does it adhere to AID policy?

- 21) Is the project attaining its specified purpose? What modifications to the project, if any, are required to improve the efficiency and impact of the project?

b. "Impact" Evaluation: A second evaluation will be conducted approximately six months before the end of the third year of the project, to measure project and PVO activity impacts, assess UMI performance, identify lessons learned, and provide the basis for a determination to extend the project into Phase II, and modify it as necessary, or to terminate it. This evaluation will be based primarily on goals, objectives and purposes as presented in this project paper and logframe (See Annex A). The impact evaluation will include reviews of all reports, plans and modifications to the Cooperative Agreement and will involve interviews with key personnel involved in all aspects of the project. The evaluation team will include external expertise, as well as selected technical experts in sectoral areas emphasized by sub-project grants; the GOE will be invited to participate. The following is an illustrative list of questions to be addressed by the Impact Evaluation:

1. What progress is being made in all areas addressed by the Interim Evaluation?
2. How many participants and beneficiaries are being reached by PVOs funded by this project?
3. How many PVO activity proposals have been received, approved, and funded? To what extent have these sub-projects been successful in meeting their goals and objectives? How many PVO activities have continued after project funding ended?
4. How many US and Egyptian PVOs are involved in the development of other PVOs. What increases can be attributed to the project?
5. How many developmentally oriented EPVOs registered with USAID? How has the project been of help to these EPVOs?
6. How many EPVO initiated and designed development sub-projects have been or are being funded and successfully managed? What impact has the project had on these activities?
7. Is there evidence of improved EPVO ability to raise funds?
8. Is there evidence of an increase in the service delivery capacity of EPVOs? Are they an effective delivery mode?

9. Is there evidence of changes in government perceptions regarding the work of FVOs? What is the nature of those changes?
10. To what extent has the UMI responded to recommendations made in the Interim Evaluation?
11. Should the project continue to a new phase? If so, what changes and modifications should be made in the project? What other recommendations should be considered if the project is to continue?

### 3. UMI Monitoring

Given the range of sectors in which grant activity is likely to occur, the absence of sectoral technical expertise of the core UMI staff, and the expectation that a number of grant recipients will have tested and effective activity monitoring systems of their own put in place, UMI's grant monitoring system will depend to a considerable degree on periodic reporting of progress by grantees pursuant to a reporting format developed in Stage 2 of Phase I. Documentary review will be supplemented by regular discussions with FVO staff, and site visits by UMI staff, coordinated with the grantee. Financial monitoring of grants will be accomplished in similar fashion; the grantee reports will meet the requirements established by UMI Financial Officer and be suitable for integration/synthesis into periodic financial reports of UMI to USAID.

Thus, UMI will be responsible for collecting information on the progress of grants, their financial accountability and the impact of their activities. It will prepare and submit to USAID a plan for the evaluation of grants and grantees during the second stage of the project. The objective of an increase in the capacity of EPVOS to deliver services and the impact of these services on their beneficiaries will require collection of data from the communities. UMI will require inclusion of mechanisms in Activity Proposals to assist in assessing this objective. It will also design an automated MIS for use in monitoring and reporting.

Where appropriate, each FVO grantee will be required to include in its proposal baseline information on beneficiaries. UMI will assist where necessary in providing assistance to FVOs in designing impact statements, establishing objectives and means for their evaluation. FVOs funded will be required to report on a regular basis to UMI on project progress according to a plan to be developed in the Stage 2 of the project.

As appropriate, pre-award financial evaluations will be conducted by UMI. These evaluations will be conducted to assess the accountability of systems and identify training needs of the applicant. In selected cases UMI will obtain short term technical support to assist in monitoring grants, as may occur when UMI is reviewing grant proposals.

UMI will report on a quarterly basis to USAID. These reports will indicate progress toward goals, problems encountered and efforts made to ensure sustainability of PVO managed activities. The format for these reports will be designed by UMI for approval by USAID. It will be sufficiently consistent with USAID reporting requirements to facilitate the preparation of Project Implementation Review reports.

#### 4. UMI Evaluation Responsibilities

Though PVO's will be responsible for monitoring activities funded under grants, UMI will undertake the responsibility for conducting evaluations of these activities. UMI will retain the funds designated for evaluations in the grant and will work collaboratively with the PVO to develop an evaluation scope of work. Given the demands on UMI staff time, it is expected that this evaluation work will generally be carried out by soliciting expertise from and contracting with, qualified firms or individuals. UMI will submit a detailed Evaluation Plan to USAID during Stage 2 of the project.

#### 5. PVO Monitoring

Many of the activities to be funded by grants will involve activities implemented at the local level by Egyptian community-based organizations, e.g., CDAs working in partnership with AID-registered PVOs. As part of its Activity Proposal the registered PVO shall include a monitoring plan consistent with the nature and scope of activities to be supported. It will include reports, scheduled site visits and formal progress reviews.

#### 6. PVO Evaluations

Activity Proposals will contain an Activity Evaluation Plan and Schedule. In certain cases, because of the size and scope of the activity, this may be waived by UMI. The PVO will develop the scope of work for evaluations in collaboration with UMI and designate a portion of the Activity Proposal budget adequate to cover UMI's costs of conducting the evaluation. This budget allocation will be retained by UMI for the purpose of evaluation. It is expected that activity evaluations will allow for the participation of the GOE and/or USAID; this can be further considered in the course of developing Operational Guidelines in

Stage 2. In any event, evaluation methodology will be defined in Activity Proposals, which shall also identify needs for baseline data collection, and provide for meeting these needs. The PVO will be responsible for carrying out baseline studies and collecting additional background data necessary for comparative purposes as part of its monitoring responsibilities.

## 7. Audits

Audits of PVOs will be conducted annually by UMI. Their results will be utilized to ensure financial accountability and to augment the regularly scheduled financial reports required by UMI from grantees as well as those of UMI to USAID. USAID will conduct cost incurred audits of UMI at the end of the 8th and 16th quarters of the project.

### D. Implementation Schedule

Stage 1 (quarters 1-3) will begin after USAID and the GOE approve the project grant agreement. Within one month of the approval the Mission will sign a Cooperative Agreement with the managing PVO, and UMI will be able to begin with the required start-up activities to ensure that a fully functioning funding mechanism is in place and operational. Within two months of the signing of the Agreement, the managing lead PVO will have the Chief of Party for UMI in place in Egypt. USAID will have concurrence in the selection of the principal staff. USAID will provide assistance with necessary government approvals. USAID will initiate the process for constitution and orientation of PACE. Concept Papers and APs will be accepted and processed in this stage.

This schedule is based on the assumption that a survey collecting baseline data on PVOs will have been commissioned and started before the signing of the Cooperative Agreement. If not, UMI will do so one week after signing the Cooperative Agreement.

Stage 2 (quarter 4) will comprise implementing the necessary elements to allow for efficient administration of UMI. This will include: finalization and approval of the operations manual; completing a detailed survey of the EPVO community; streamlining procedures to facilitate registration of EPVOs; further developing and documenting its operating procedures and guidelines; and continued refinement of PACE procedures. Concept papers and Activity Proposals will be solicited.

Stage 3 (quarter 5-10) is when the project becomes fully operational and will involve the review, selection, provision and monitoring of grants and capacity building assistance to EPVOs to increase the number of those registered with AID. This strengthening of PVOs will include but not be limited to training,

workshops, consultations and information dissemination. A focus on the refinement of training to reflect lessons learned will also be an important task in this stage. The registration of FVOs will be a major element.

A detailed monitoring plan will be designed, tested and utilized for and by UMI. Monitoring activities will include periodic reviews as well as frequent visits to grant sites by UMI to ensure project accountability. Accountability and sustainability of the activities of the grantees will be of primary concern during this stage. A mid-project evaluation will be conducted.

Stage 4 (quarters 11-12) will consist primarily of activities related to monitoring, evaluation and replication. The process will be iterative and will be well documented. A major task will include conducting an impact evaluation to determine if UMI is fully functioning and the objectives of the project have been accomplished. The results will be used in making the decision to move to a second phase. Documentation of project results and lessons learned will take place in this stage.

Stage 5 (quarter 13-16) will consist of developing a new implementation and work plan for the expanded second phase of the project. Alternatively, if the a decision is made not to extend the project, this stage will be involved with phase out activities which will include monitoring remaining grants and ensuring that project records are in place and prepared for close down. A smaller staff consisting of the Chief of Party, the Program Monitor and the support staff will remain in place to assist in the phase out. UMI will continue to report to USAID as required. Attention will be paid to documenting lessons learned.

Detailed implementation schedule is included as Annex C to the project paper.

## V. COST ESTIMATES AND FINANCIAL PLAN

### A. Introduction:

The total LOP budget is \$ 11.2 million. The \$9 million ESF funded AID contribution will cover costs of the following elements: (1) UMI Management (\$1.2 million); (2) Technical Assistance and Training provided by UMI (\$ 1 million); (3) Monitoring/ evaluations and audits (\$ 0.4 million); and (4) grants to U.S. and Egyptian PVOs (\$ 6.5 million). Local currency equivalent to \$2.2 million will be made available through PVO/EPVO contributions to sub-projects, representing 25% of total amount of grants. The life-of-project AID contribution of \$9 million will be incrementally obligated during the first and second years of the project. \$3 million will be obligated in the first year. As UMI will function as a manager, under a cooperative agreement, of a USAID-developed project, the usual 25% contribution required of PVOs will not be required of UMI.

The project will be implemented with a Cooperative Agreement between USAID and UMI. UMI will handle the financial implementation of the project. Although UMI is expected to meet USAID financial monitoring and reporting requirements, USAID is responsible for financial monitoring to ensure prudent use of U.S. government funds. Accordingly, USAID will review the financial management capabilities of the PVO selected to operate as UMI before signing the Cooperative Agreement. A part of the review will consist of analysis of the audited financial statements of the selected PVO.

The scope of work for UMI will include management of the technical assistance/training component as well as the cash flow requirements of the project. UMI will also be responsible for monitoring all sub-projects. Both UMI services and the PVO grants will be financed through a Treasury Financial Communication System Letter of Credit (TFCS-LOC) (formerly a Federal Reserve Letter of Credit). UMI scope of work will require UMI to consolidate sub-project advance requests and manage the TFCS-LOC accordingly.

Grantees will be required to contribute at least 25% of the total amount of each grant in cash, unless waived by USAID. Where applicable, UMI should identify other areas where the PVO grantee would be able to contribute to their sub-projects. By doing so, UMI will increase the leveraging of project funds and commitment to the grant activity.

**B. Assessments and Financial Control:**

**UMI:**

Prior to signing the Cooperative Agreement, UMI will submit to USAID its proposed sub-project financial control, monitoring and reporting system(s) for managing onward grants. The proposed system(s) must be approved by FM/FA before the Cooperative Agreement is signed.

A principal task of UMI before a PVO is registered is to assess the ability of the PVO grantees to manage project funds. UMI will be required to prepare a scope of work for assessing internal control and financial capabilities of PVOs requesting registration. The scope of work must be approved by FM/FA.

As timely financial information is necessary for USAID/Egypt to monitor project progress, UMI will provide USAID/Egypt with a copy of each request it submits to AID/W to draw funds from the TFCS-LOC as well as a copy of each expense voucher UMI submits to account for the use of funds under the TFCS-LOC.

**PVO GRANTEEES:**

UMI, including its subcontractors, will provide technical assistance in the areas of financial management and administration to many grantee groups prior to and during grant implementation. In discharging its responsibilities under the Cooperative Agreement, UMI will conduct sub-project site visits to review physical and financial progress. Approximately six months prior to the end of each sub-project, a cost incurred audit of the sub-project will be performed by a local accounting firm acceptable to USAID/FM. The audit will be conducted in accordance with generally accepted auditing standards as practiced in the United States. UMI will coordinate all sub-project audits.

Accurate financial control and reporting on all dollar and local currency expenditures to USAID/Cairo will be the ultimate responsibility of UMI. Grantees will furnish, at a minimum, quarterly reports to UMI on its disbursement of grant funds.

**C. Disbursement Plan:**

After approval of a sub-project proposal, the PVO will submit an advance request for funds required for the first quarter of the sub-project activities. UMI scope of work will require UMI to consolidate sub-project advance requests and manage the LOC accordingly.

**D. Audits:**

UMI will coordinate annual audits of the grantees. \$242,000 is budgeted for sub-project audits.

USAID will perform periodic (perhaps annual) audits of UMI. Minimally, at approximately two years into implementation of the project, USAID will conduct a cost incurred audit of UMI, inclusive of a review of financial procedures, to ensure that project activities are in full compliance with AID regulations and are being accurately reported. A final cost incurred close-out audit of UMI will also be conducted in year four. Audits of UMI will be performed/coordinated by RIG/A/C. \$55,000 is budgeted for assessments and audits of UMI. The PROAG shall include language that gives USAID unilateral control over these funds set aside for audit of UMI.

**E. Recurrent Costs:**

The project provides an umbrella funding mechanism through a registered Private Voluntary Organization, and as such, does not have any recurrent cost issues. Sub-projects/grants on the other hand, may have recurrent cost issues. As such, grant selection criteria approved by PVOs, GOE, and USAID, requires that PVO proposals "must be sustainable" and must include strategies to achieve sustainability. Accordingly, each PVO activity will address its own recurrent cost issues before approval for funding by UMI. The USAID Projects Office will review a sampling of funded sub-projects to ensure that UMI has appropriately performed this important function and to require modification to selection criteria as appropriate.

**F. Project Budget**

All budgets are dollar denominated. The following assumptions were used in preparation of the budgets:

1. 5% inflation factor;
2. Based on USAID experience, a factor of 2.5 was applied on the expected basic salary for U.S. personnel salaries to fully 'load' the cost projections. The fully loaded costs include allowances, overhead, housing, etc. based on a family size of four persons including two dependents at school age;
4. Salaries of Egyptian professional staff are based on the FSN-12 level;
5. Other costs are our best estimates based on costs of similar items in the current market place.

Table 1 shows the summary LOP budget in dollars and dollar equivalent of local currency for USAID and PVO contributions. Table 2 shows the Method of Implementation and Financing. Table 3 shows Evaluation and Audits budget. Table 4 shows the LOP detailed budget, and Table 5 shows breakdown of UMI cost by T/A & Training and Management functions.

Table 1  
Summary LOP Budget  
(\$000)

	<u>U S A I D</u>		<u>PVO/IPVO</u>	<u>TOTAL</u>
	<u>\$</u>	<u>LE</u>	<u>LE</u>	<u>\$</u>
<u>UMI</u>				
TA & TRG.	534	300		834
MANAGEMENT	796	498		1,294
PVO AUDITS		242		242
GRANTS	3,500	3,000	2,167	8,667
<u>USAID</u>				
EVALUATIONS	50	25		75
UMI AUDITS	30	25		55
TOTAL	4,910	4,090	2,167	11,167

Table 2  
METHOD OF IMPLEMENTATION AND FINANCING  
USAID FINANCING ONLY

<u>Activity</u>	<u>Implement. Method</u>	<u>Financing Method</u>	<u>Contract Method</u>	<u>Implement. Entity</u>	<u>Approx Cost(\$000)</u>
<u>UMI</u>					
T/A & TRG.	Coop. Agr.	TFCS-LOC	Coop. Agr.	AID	834
MANAGEMENT	Coop. Agr.	TFCS-LOC	Coop. Agr.	AID	1,294
AUDIT	Coop. Agr.	TFCS-LOC	Coop. Agr.	AID	242
GRANTS	Coop. Agr.	Adv. by UMI Thru TFCS	Grant	UMI	6,500
<u>USAID</u>					
EVALUATIONS	AID Dir.	Dir. Pay.	AID Dir.	AID	75
AUDITS	AID Dir.	Dir. Pay. Thru FRLC	AID Dir.	AID	55
Total					\$9,000

HB 19, chapter 3, Section 3K 6(a)3 states:

"When a mixed dollar and local currency advance is involved under an individual contract/grant/cooperative agreement, to a nonprofit organization, the following shall apply:

(a) Only one [financial] instrument (either a TFCS-LOC or an advance by Treasury check) will be used and only one payment office will provide the advance, and

(b) If the foreign currency portion of the total advance under the contract/grant/cooperative agreement is less than 50%, a TFCS-LOC shall be used...

HB 1, Supplement B Chapter 15, Section 15C.1.d(1) states that the TFCS-LOC is the preferred method of financing for nonprofit organizations. All requirement for the use of the TFCS-LOC are met. Therefore, no justifications of the methods of financing are required.

Before signing the Cooperative Agreement, UMI will be required to submit a proposal stating its best estimate of local currency and dollar costs of the grants to PVOs. If it is then determined that advances will be the method of financing, appropriate waivers will be obtained.

Table 3  
Monitoring, Evaluations and Audits Budget  
USAID Responsibility Only  
(\$000)

Line Item	<u>FY 91</u>	<u>FY 92</u>	<u>FY 93</u>	<u>FY 94</u>	<u>Total</u>
Evaluations:					
Mid Term		25			25
Final				50	50
Assessments/ Audits:	12	13	14	16	55
Total	12	38	14	66	130

-40-  
 USAID/CAIRO  
 PVO DEVELOPMENT PROJECT  
 263-0220  
 ESTIMATED FOUR-YEAR BUDGET

TABLE 4

BUDGET CATEG. INF.FACT. 5%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	TOTAL
<b>I. UMI-Tech/Ass. Mgt.</b>					
- Expat. Personnel					
COP 48 PM.	160,000	168,000	176,400	184,800	689,200
Trng. Spec. 30 PM.	101,200	142,000	106,500		349,700
Short Term Cons. 12 PM.	28,000	56,300	18,800	9,400	112,500
- Local Personnel					
Prog. Monitor 48 PM.	22,500	23,600	24,800	26,000	96,900
Fin. Mgr. 48 PM.	22,500	23,600	24,800	26,000	96,900
Admin/Fin. Asst. 48 PM.	18,000	18,900	19,800	20,800	77,500
Secretary 48 PM.	12,000	12,600	13,200	13,900	51,700
Expeditor/Driver 48 PM.	5,000	5,300	5,600	5,900	21,800
Janitor 48 PM.	2,500	2,600	2,700	2,800	10,600
Short Term Cons. (37 PM)	10,000	25,000	16,700	10,000	61,700
Proj. Mgr. (HQ) 12 PM.	11,300	11,900	12,500	13,100	48,800
Adm. Asst. (HQ) 12 PM.	5,300	5,600	5,900	4,100	20,900
Sub-Total	398,300	495,400	427,700	316,800	1,638,200
Travel/Transportation					
Int'l Trv. COP & Fam.	6,000	6,300	6,600	7,000	25,900
Int'l Trv. (T. Spec/Fam).	6,000	1,800	1,900		9,700
In-country travel	2,000	2,100	2,200		6,300
Int'l Per Diem	1,500	1,600	1,700		4,800
In-Country Per Diem	23,500	24,700	25,900		74,100
Sub-Total	39,000	36,500	38,300	7,000	120,800
Two Vehicles					
Maintenance	50,000	1,900	2,000	1,000	50,000
Insurance	1,800	3,200	3,400	2,000	6,700
Sub-Total	3,000	5,100	5,400	3,000	11,600
Sub-Total	54,800	5,100	5,400	3,000	68,300
Office Rent & Utilit.	15,200	16,000	16,800	17,600	65,600
Office Equipment	20,000				20,000
Office Supp. & Comm.	5,000	5,300	5,600	5,900	21,800
Trg. Materials/Printing	45,000	70,000	48,300	30,000	193,300
Audits of Grantees	60,000	65,000	65,000	52,000	242,000
Sub-Total	145,200	156,300	135,700	105,500	542,700
Total UMI T/A & Mgt.	637,300	693,300	607,100	432,300	2,370,000
<b>II. Grants</b>					
Grants (Regist. PVOs)	500,000	3,000,000	2,000,000	500,000	6,000,000
Grants (Preregist. PVOs)	50,000	200,000	150,000	100,000	500,000
Total Sub-Grants	550,000	3,200,000	2,150,000	600,000	6,500,000
<b>III. Evaluation/Audits</b>					
Monitoring/Evaluations		25,000		50,000	75,000
Audits	12,000	13,000	14,000	16,000	55,000
Sub-Total	12,000	38,000	14,000	66,000	130,000
TOTAL USAID	1,199,300	3,931,300	2,771,100	1,098,300	9,000,000
PVO Contrib. (Grants)	183,300	1,066,700	716,700	200,000	2,166,700
GRAND TOTAL PROJECT	1,382,600	4,998,000	3,487,800	1,298,300	11,166,700

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USAID/CAIRO  
PVO DEVELOPMENT PROJECT  
263-0220  
ESTIMATED FOUR-YEAR BUDGET

Table-5

BUDGET CATEG. INF.FACT. 5%	UMI T/A & TRG. %	MGT	TA/TRG.	TOTAL
<b>I. UMI-Tech/Ass. Mgt.</b>				
- Expat. Personnel				
COP 48 PM.	20%	551,400	137,800	689,200
Trng. Spec. 30 PM.	90%	34,970	314,730	349,700
Short Term Cons. 12 PM.	100%	-0-	112,500	112,500
- Local Personnel				0
Prog. Monitor 48 PM.	0	96,900	-0-	96,900
Fin. Mgr. 48 PM.	20%	77,500	19,400	96,900
Admin/Fin. Asst. 48 PM.	0	77,500	-0-	77,500
Secretary 48 PM.	0	51,700	-0-	51,700
Expeditor/Driver 48 PM.	0	21,800	-0-	21,800
Janitor 48 PM.	0	10,600	-0-	10,600
Short Term Cons. (37 PM)	0	61,700	-0-	61,700
				0
Proj. Mger. (HQ) 12 PM.	0	48,800	-0-	48,800
Adm. Asst. (HQ) 12 PM.	0	20,900	-0-	20,900
Sub-Total		1,053,770	584,430	1,638,200
				0
Travel/Transportation				0
Int'l Trv. COP & Fam.	20%	20,720	5,180	25,900
Int'l Trv. (T.Spec/Fam)	90%	970	8,730	9,700
In-country travel	50%	3,150	3,150	6,300
Int'l Per Diem	50%	2,400	2,400	4,800
In-Country Per Diem	50%	37,050	37,050	74,100
Sub-Total		64,290	56,510	120,800
				0
Two Vehicles	0	50,000	-0-	50,000
Maintenance	0	6,700	-0-	6,700
Insurance	0	11,600	-0-	11,600
Sub-Total		68,300	-0-	68,300
Office Rent & Utilit.	0	65,600	-0-	65,600
Office Equipment	0	20,000	-0-	20,000
Office Supp. & Comm.	0	21,800	-0-	21,800
Trq. Materials/Printing	100%		193,300	193,300
Sub-Total		107,400	193,300	300,700
Total UMI T/A & Mgt.	TOT.TA/MGT	1,293,760	834,240	2,128,000
Audits of Grantees				242,000
Grants (Regist. PVOs)				6,000,000
Grants (Preregist. PVOs)				500,000
Total Sub-Grants				6,500,000
<b>III. Evaluation/Audits</b>				
Monitoring/Evaluations				75,000
Audits				55,000
Sub-Total				130,000
TOTAL USAID				9,000,000
PVO Contrib. (Grants)				2,166,700
GRAND TOTAL PROJECT				11,166,700

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Project Title & Number: PVO Development Program (Project 253-0220)

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS																								
<p>Program or sector Goal: The broader objective to which this project contributes:</p> <p>Improve the quality of life for poor and disadvantaged groups in Egypt.</p>	<p>Measures of Goal Achievement:</p> <ul style="list-style-type: none"> <li>Increased number of participants and beneficiaries from development and service delivery programs.</li> </ul>	<p>Special surveys and studies</p>	<p>Assumptions for achieving goal targets:</p> <ul style="list-style-type: none"> <li>Political climate remains stable.</li> </ul>																								
<p>Project Purpose:</p> <p>To support and strengthen PVO community self-help activities.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status:</p> <ul style="list-style-type: none"> <li>Grant-making process improved and simplified;</li> <li>Collaboration between USPVOs and EPVOs, and between USAID, GOE, and the PVO community strengthened;</li> <li>Increased community involvement in design, management and financing of PVO development activities;</li> <li>At least 10 EPVOs registered with AID;</li> <li>At least 20 PVO proposed projects funded and successfully implemented; and</li> <li>Increased number of EPVOs identifying, initiating, designing, and successfully managing development-oriented activities.</li> </ul>	<p>Project MIS Mid-term Evaluation          Impact Evaluation</p>	<p>Assumptions for achieving purpose:</p> <ul style="list-style-type: none"> <li>GOE policies permit collaboration between international PVOs and indigenous community organizations.</li> <li>Managing institution and PVOs succeed in providing required technical assistance.</li> </ul>																								
<p>Outputs:</p> <p>The Grant Fund</p>	<p>Magnitude of Outputs:</p> <ul style="list-style-type: none"> <li>Criteria and operating procedures in place.</li> <li>PVO Advisory Council established and functional.</li> <li>Usberalla organization administering/monitoring grants in accord with established guidance and procedures.</li> <li>Average time to review/approve PVO proposals decreased.</li> <li>An increased number of PVOs participating in the program.</li> <li>An increased number of grants being awarded.</li> </ul>	<p>Project MIS</p>	<p>Assumptions for achieving outputs:</p> <ul style="list-style-type: none"> <li>Streamlined and simplified review, approval, and monitoring procedures for PVO activities agreed to by USAID and GOE.</li> </ul>																								
<p>Capacity Building Support Services</p>	<ul style="list-style-type: none"> <li>Institutional needs of promising EPVOs assessed and addressed.</li> <li>Eligible EPVOs identified and registered.</li> <li>Technical and institutional enhancement grants to experienced EPVOs awarded.</li> <li>Workshops and seminars to address specific constraints to EPVOs registration, receiving and management of grants held.</li> <li>Short term TA to address specific EPVOs needs provided.</li> </ul>		<p>Promising EPVOs can be found.</p>																								
<p>Inputs:</p> <p>Project Management and TA Subgrants Audits Evaluations</p>	<p>Implementation Target (Type and Quantity)</p> <table border="1"> <thead> <tr> <th></th> <th>AID</th> <th>(000)</th> <th>PVOs</th> </tr> </thead> <tbody> <tr> <td>Project Management and TA</td> <td>\$2,128</td> <td></td> <td>0 000</td> </tr> <tr> <td>Subgrants</td> <td>6,500</td> <td></td> <td>2,167</td> </tr> <tr> <td>Audits</td> <td>297</td> <td></td> <td>000</td> </tr> <tr> <td>Evaluations</td> <td>75</td> <td></td> <td>000</td> </tr> <tr> <td></td> <td>\$9,000</td> <td></td> <td>\$2,167</td> </tr> </tbody> </table>		AID	(000)	PVOs	Project Management and TA	\$2,128		0 000	Subgrants	6,500		2,167	Audits	297		000	Evaluations	75		000		\$9,000		\$2,167	<p>Project Records</p>	<p>Assumptions for providing inputs:</p> <ul style="list-style-type: none"> <li>USAID funding available.</li> <li>PVOs willing to participate and contribute.</li> </ul>
	AID	(000)	PVOs																								
Project Management and TA	\$2,128		0 000																								
Subgrants	6,500		2,167																								
Audits	297		000																								
Evaluations	75		000																								
	\$9,000		\$2,167																								



UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

CAIRO, EGYPT

MEMORANDUM

Date: May 17, 1989

From: OD/PDS/PS, Frank Miller *Miller*

To: Members of the Project Committee (See Distribution)

Subject: Decisions from the Executive Committee Review of the PID:  
PVO Development Project (263-0220)

On May 17, 1989 the Executive Committee reviewed the PID on the PVO Development Project (263-0220). The PID will be approved subject to modifications noted in #4 below. A copy of the modified PID will be forwarded to the Director for approval. Following is a summary of the decisions made at the review:

1. The project design work will be competed among non-profit organizations. The announcement for design work will clearly state USAID's intention that the design consultant will carry out this follow-on TA work under the project if the design work is satisfactory to USAID.
2. The project will be designed to be implemented in two phases. Phase I would cover the first 3 years and be the period during which the grant system is established and evaluated. Phase I is a period of putting into place the system for project implementation. The purpose of Phase I should be to develop a mechanism that works. The move to Phase II will depend upon successful implementation under Phase I. Phase II would cover a longer period, perhaps 5 years. The purpose of Phase II should be to enhance private voluntary organizations' participation in community based self-help development activities.
3. Criteria for approving PVO grants will be carefully developed with assistance from the design consultant. The criteria will define the target group for capacity building grants to ensure that the project's efforts are aimed at those competent, developmentally-oriented PVOs which have the greatest likelihood of achieving sustainability. These are likely to be PVOs which are national in scope or have strong regional characteristics. Program support grant criteria should also be refined to give the UMI (Umbrella Management Institution) a firm basis for approval or disapproval. Criteria may also establish funding limits for each grant. Establishing good criteria is a critical element of the PP because these criteria have to substitute for individual grant approval by the GOE and USAID. For this reason, when the design consultant has drafted criteria, these will be reviewed by the Executive Committee before the PP is completed.

4. In redrafting the PD, the following changes will be made:

- To change the purpose to developing a workable mechanism, reduce the funding level, and allude to a larger Phase II;
- To eliminate the category of "community infrastructure improvement,..." (p. 5) under program support grants;
- To define what is meant by "community development"; (p. 5)
- To clarify the funding mechanism for the UMI and for the sub-grants;
- To clarify audit rights over subgrantees and how audit requirements will affect registration of IFVOs;
- To specifically name the governorates as the government entity that approves individual grants.
- To define the role of the FVO Advisory Council in terms of an organization responsible for formulating policy, approving criteria and procedures for selection of grants, including implementation and financial plans, and reviewing implementation progress on a periodic basis.

5. The PP should state clearly, early in the document, the relationship between this project and the FVO component of LD II. The project committee, which includes representation from LAD, should examine these relationships and take advantage of LAD's knowledge of and experience with indigenous FVOs during project design.

6. In negotiating the details of this project with MIC, PDS will prepare a brief summary of the project. The paper will also contain information on the following:

- Summary of other A.I.D. umbrella FVO projects and evaluation information on these activities, and how this project has built upon them;
- How the project will focus on institution building and training, and is therefore complementary to LD II FVO grants;
- How the project will increase pluralism and the role of the private sector in development, and is therefore not a social welfare activity appropriate for involvement from MSA;

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- How the project will take the pressure off MIC and USAID from the PVO community, while at the same time giving USPVOs sufficient resources to avoid a Congressional earmark.

The paper will be shared with Minister Makramallah. Once the paper has been circulated to MIC, PVO representatives will be encouraged to lobby with MIC regarding their support for the project.

Distribution:

AGR/ILK, John Anania  
LEG, Mark Ward  
PDS/E, Nishkam Agarwal  
FM/FA, Charles Crane  
TI/FI, Daniel Rathbun  
HRDC/H, Lawrence Eicher  
DR/LAD, Magram Naguib  
PDS/PS, Basharat Ali  
PDS/PS, Peter Downs  
PDS/P/PVO, Karim Gohar

Clearances: PDS/PS, Basharat Ali (Draft)  
PDS/P/PVO, Karim Gohar (Draft)  
AD/PDS, Vivikka Mouldrem 90M

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IMPLEMENTATION SCHEDULE  
(ILLUSTRATIVE)

ACTIVITY	TIMELINE IN FISCAL YEAR QUARTERS															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
STAGE I (Quarters 1-3):																
Sign Project Agreement (GOE/USAID)	x															
Select USPVO as UMI Manager (USAID)	xx															
Review the project purpose, objectives, and operations with the UMI (GOE/USAID)	xx															
Prepare/Submit a detailed workplan outlining stage I & II activities - (UMI)	xx															
Approve stage I & II workplan (GOE/USAID)	xx															
Commission a detailed USPVO and EPVO survey (UMI)	xxx															
Select, orient, and train staff (UMI)	xxxxxxxxxx															
Acquire office, equipment, and vehicles (UMI)	xxxxxxxxxx															
Conduct a survey to establish a skills bank of Egyptian/American consultants (UMI)		xxxxxx														
Design and install a financial program management system (UMI)		xxxxxx														
Complete desk and field study to acquaint staff with PVO and EPVO community (UMI)		xxxxxx														
Conduct an EPVO training needs assessment and design training plans (UMI)		xxxxxx														
Informally introduce UMI project to PVOs and greater Egyptian community (UMI)		xxxxxx														
Accept papers and proposals and award subgrants to USAID registered PVOs (UMI)			xx													
Prepare and submit to GOE/USAID a draft operations manual (UMI)			xx													
Prepare and submit quarterly report with financial info to GOE/USAID (UMI)			xx													
STAGE II (Quarter 4):																

BEST AVAILABLE DOCUMENT



IMPLEMENTATION SCHEDULE  
(ILLUSTRATIVE)

ACTIVITY	TIMELINE IN FISCAL YEAR QUARTERS															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Make site visits to ongoing projects/refine plans for accountability (UMI)																
Review training needs assessment of PVODs/refine training plans and modules (UMI)																
Begin registration process with promising EPVODs (UMI)																
Assist in audit and evaluation (UMI)																
Prepare and submit quarterly report with financial info to GOE/USAID (UMI)																
STAGE IV (Quarters 11-12):																
Prepare scope of work for impact evaluation (USAID)																
Conduct impact evaluation (consultant/GOE/USAID)																
Make plans/decisions for phase II (GOE/USAID)																
Continued monitoring of subgrants through site visits and reports (UMI)																
Provide administrative and technical support to evaluation team (UMI)																
Document project lessons learned/make recommendations for improvement (UMI)																
Prepare for transition into phase II (UMI)																
Prepare and submit quarterly report with financial info to GOE/USAID (UMI)																
STAGE V (Quarters 13-16):																
Prepare scope of work for cost incurred audit (USAID)																

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D. Models of AID PVO Umbrella Projects

APPENDIX A

SURVEY OF AID UMBRELLA MECHANISMS  
(Excerpt from a study prepared for USAID/E by John Rigby)

Over the past 15 years, AID has engaged in an increasing number and variety of support programs globally for IPVOs and USPVOs. Increasingly, A.I.D. has used "umbrella" or "wholesale" funding mechanisms. Among the various approaches to umbrella funding of PVO activities there have been the following:

1. USAID management, through Mission staff, of small-grant funding to USPVOs and IPVOs

The mission-housed "umbrella" approach which has been the preference of USAID Missions in Asia, which pioneered the PVO "umbrella" concept within A.I.D. The Asia "umbrella" programs include Indonesia, Bangladesh, the Philippines, and Sri Lanka. As the programs have developed, some of the IPVOs supported by the USAIDs themselves have become "umbrellas", providing sub-grants or technical assistance to smaller, emerging IPVOs.

2. Use of a consortium of IPVOs to administer sub-grants to IPVOs and USPVOs

Use of a "consortium umbrella" has been a common approach of the Latin America / Caribbean Bureau USAID missions. In Costa Rica and Guatemala, a U.S. PVO consortium (PACT) was engaged under a form of management contract to administer a grant program in behalf of local IPVO consortia. For Haiti, the local IPVO consortium (HAVA) operates the sub-grant "umbrella" without expatriate firm involvement.

3. Use of a single USPVO or IPVO as a selected intermediary for sub-grants and technical assistance to IPVOs and USPVOs

This approach has been followed mostly by USAID Missions in Africa, usually accompanied by limitation of the sub-grants to one or several sectoral areas, and with strong preference given to sub-grants to IPVOs over USPVOs:

- o Chad (for small enterprise support projects)
- o Kenya (two umbrella projects, one through a USPVO for small enterprise support through IPVOs and another, recently curtailed, through an IPVO consortium for general IPVO support)
- o Liberia (recently commenced, a USPVO-managed umbrella, for IPVO support in health, education, and enterprise)
- o Senegal (managed by a US non-profit — not a USPVO — with grants and technical assistance to IPVOs and USPVOs, emphasis on credit through IPVOs and associated village organizations)
- o Somalia (a USPVO intermediary provides staff support services to an IPVO support program housed in a Government ministry)
- o Sudan (two umbrella projects, one managed by a private contractor as part of a renewable energy program with grants to IPVOs, the other a decentralized IPVO support program through three regionally-based USPVO intermediaries)
- o Zaire (initial USPVO-managed umbrella for IPVO health and rural infrastructure sub-projects, new and broader umbrella project now out for bid by USPVOs to administer grants to IPVOs, USPVOs, and Peace Corps)

A common purpose among virtually all of the "umbrella" projects reviewed is increasing the capacity of the IPVOs. This IPVO institutional development is achieved through a combination of direct financial support of the IPVO, and technical support services, often provided by or through the USPVOs or other IPVOs. Another common objective of these umbrella mechanisms has been simplification of the procedures so that the means for achieving the institutional development objectives might be more readily accessed by the IPVOs and USPVOs.

APPENDIX B:

OBSERVATIONS FROM VISITS TO USAID FUNDED PVO UMBRELLA PROJECTS  
in  
ZAIRE, SENEGAL AND LIBERIA  
for  
USAID/EGYPT

By Lucie Thomas  
NCNW/ID

January 1990

This report was prepared as partial completion of a Scope of Work commissioned by USAID/Egypt for the design and preparation of sections of a Project Paper for its proposed PVO Umbrella Project. The specific tasks which resulted in this paper entailed traveling to Liberia, Senegal and Zaire "to assess the lessons learned from similar PVO projects implemented in the above mentioned locations to aid in the formulation of the PVO Development Project."

### FINDINGS

1. There is a need for flexibility in the initial phases of projects to accommodate environmental influences and other considerations which were not anticipated in the initial design phase.
  - 0 Staffing patterns changed in one of the projects due to changes in focus as the project progressed. Initially, emphasis was placed on making action grants. Later, capacity building to ensure sustainability was focal and staff were hired to perform those tasks.
  - 0 Management and absorptive capacities of some of the IPVOS were not sufficient to enable them to take advantage of larger grants. A range of \$100,000 to \$1,000,000 was set in one project, which has now chosen to make smaller grants available.
  - 0 The amount of time required to assist in proposal preparation and/or project design was underestimated in all instances. There is a need to include time in the first phases of projects for training which will improve this capacity.
  - 0 In one instance the geographical focus of a project was narrowed in order to allow for a greater impact of services. In another, agriculture was added as a sector to ensure that opportunities for rural development were increased.
  - 0 It appears that projects which modified their implementation plans and did not attempt to expand too quickly, but strategically selected low risk activities to fund initially, gained credibility with AID and the PVO community sooner. This has resulted in increased submissions of project proposals and a reduction in the time spent in reviewing them upon submission to USAID.

2. Decentralizing the Project Management Appeared To Be The Trend

- 0 Two of the projects were designed to serve specific geographical regions and have placed staff in those regions. Regionalization allows for closer monitoring and evaluation of the project activities. This would be important for consideration in Egypt which is so large and where so much diversity exists depending on the region.
- 0 All of the projects are attempting to work through apex bodies or federations. This allows for greater opportunities to reach more project beneficiaries. The strengthening of these organizations enables them to transfer skills to their members and aids in their sustainability. Fully functioning federations can be registered by AID and are then able to make subgrants to their members. Working through these "umbrella type" organizations enables organizations to take advantage of their strengths. The USPVOs can share their financial resources and development management skills, while the IPVVOs can add their access to grassroots and their knowledge of the culture and the environmental influences to the relationship. Working through these groups also narrows the span of control of the umbrella managers and reduces the amount of time spent in managing projects.

3. The Relationship Between USAID Staff Responsible for the Project and The Umbrella Management Unit Can Be Important To Project Progress

- 0 In the instances where there was a clarity of roles and a common agreement on the goals of the project, they were progressing at a smoother and faster pace. Where USAID staff was unwilling to trust the judgement of the UMU administration, a significant amount of time was spent in resolving differences.

4. The Use of Advisory Committees

- 0 Only one of the projects used an advisory committee. This project had an advisory committee consisting of representatives from six(6) government ministries. The committee was coordinated by USAID. Operational procedures for the committee have been worked out over a period of time and the committee appears to functioning well.
- 0 In another case the Mission felt it was counterproductive to have an advisory committee to oversee its projects solely. Instead it encouraged the formation of an NGO/Donor forum which includes representatives of all of the PVOS and major donors in the country as well as a representative from the PVO section of the ministry responsible for PVO affairs. This forum discusses policies and activities relating to PVOs and receives general information on the activities of PVOs. The UMU in this country participates in the forum as a subgrantee of USAID.
- 0 All of the persons consulted during this assessment felt that it was important to have a high visibility group which concerned itself with the matters of PVOs. However, they were unanimous in their opinion that too much government involvement slowed project progress.
- 0 In one instance where a major donor had taken the lead in establishing a clearinghouse and brokerage function for IPVO proposals, the UMU is supporting workshops and will assist in data gathering.

5. The Reduction of USAID Management Time

- 0 Management time was reduced after the initial start-up of the project. However, in all instances USAID still reviewed and approved all subgrants. Thus the time spent by the technical staff of the Missions has not been reduced.
- 0 There is some question as to whether the Missions acknowledge and have faith that the UMUs were capable of assessing project soundness. The fact that the UMU would have spent considerable time and energy in assisting in proposal preparation, review and approval to ensure that projects met all of the mutually agreed upon selection criteria before the projects were submitted to AID did not seem to be factor. In one instance a review committee met four(4) times to discuss a project submitted by the UMU before it was approved.
- 0 Despite differences of opinion as to the value assigned by AID of UMU project selection, two of the countries were either planning or already involved in their second UMU project. All Missions spoke highly of the work done by the UMUs and of their value to the Mission in funding grassroots development projects.
- 0 The introduction of weighted selection criteria is one method that the UMUs are developing to aid in speedy reviews by AID. Another Mission is ensuring that all committee members receive proposals well in advance to hasten the process.
- 0 All UMU staff felt that they were capable of reviewing and approving projects. They were willing to accept the responsibility and saw continued AID involvement in the approval process as contrary to the reasons for having an UMU.

6. Capacity Building of PVOs and Village Groups and Subgrants

- 0 Capacity building was seen by all as one of the major roles for the UMU. In two instances funding subgrants was the focus initially, but has now changed institutional development.
- 0 Preferred methods for building capacity was through the establishment of collaborative arrangements between PVOs.
- 0 USPVOs and IPVOs working together through training workshops, seminars, individualized consultations provided by the USPVO, the UMU, external consultants or a combination is common practice.
- 0 Strong IPVOs were involved in capacity building with less able IPVOs. This was especially true in the case of organizations which had a history of collaboration with USPVOs and had now moved on to work on their own. In most instances these organizations were membership organizations who had found their niche in the development arena, were clear on their mission, had short and long-term plans of action and were successfully implementing them.
- 0 In countries where there were fora providing opportunities for PVOs to exchange information, engage in discussions on common problems etc, the UMU was playing an important part by supporting these groups with funds and/or providing requested services. These meetings were seen to be invaluable for networking and influencing government and donor policies.
- 0 All UMUs had structured programs for programs for capacity building which included the provision of small action grants, \$10,000 was the maximum, to PVOs who were also receiving intensive training. These grants were used to combine the theoretical with the practical. The grants were especially important to small IPVOs who lacked resources to carry out their projects. Such grants were also important for use by the UMU in preventing claims of paternalism i.e. that only USPVOs received action grants with IPVOs remaining in the training mode.

7. Staffing Patterns Reflected The Commitment of The UMUs to Accountability And Sustainability

- 0 All Chief of Parties were experienced development professional with skills in training, management and diplomacy.
- 0 Staffing configurations included professional staff for financial management and training functions in all of the projects. If a project had a sectoral focus, professional staff were on board.
- 0 The UMUs felt that they were "mini-USAIDs" responsible for oversight of significant amounts of money (millions) and that the tasks required a staff who could ensure the same type of professionalism and service provided by Missions.
- 0 Local hires were engaged whenever possible. Local consultants were used frequently by all of the UMUs.
- 0 While it was felt that experience in a country and language capability were ideal for management staff, experience in PVO management prevailed as the most desirable requirement.

8. Financial Considerations

- 0 The elements of capacity building, financial accountability and sustainability, and sector diversity dictated the allocation of funds. In most instances, about one-third of the budgets were assigned to technical assistance, management and training costs.
- 0 Subgrantee contributions ranged from 10% to 40%. The UMU which was working with the 40% requirement was attempting to have it reduced to 25%.
- 0 All UMUs felt that subgrantee contributions were important. Opinions were mixed as to whether they should all be in cash or if in-kind contributions should be included in the percentage. The main concern of those against the acceptance of in-kind contributions as part of the requirement was difficulty in assessing them.
- 0 The issue of expatriate salaries versus those of local hires had to be resolved in one of the countries. Expatriates receive what is the norm for the U.S. and locals what is accepted in country.
- 0 The dollar requirements of local organizations were met to the extent possible. USPVOs requiring overhead had it paid in dollars from the US account of the UMU.
- 0 The availability of counterpart funds from the government was an issue in one of the countries. The project was based on a nearly one-half split between USAID funding and government funding. At times the government was slow in releasing funds. Exchange fluctuations was also a problem for this project.
- 0 Given the size of the mission budgets, amounts allocated were significant. Ten million dollars was close to the average size of projects, 5 years was average for project duration.

9. Registration

- 0 USAID registration was not a major goal of any of the projects. Two of the projects were making grants through existing registered organizations.
- 0 The UMU could make subgrants themselves as they are all registered USPVOS. However, no UMU was exercising this right to any great extent. They had plans to begin making small subgrants of up to \$10,000.

10. Project Sustainability

- 0 All UMUs had built in mechanisms for ensuring subgrantee sustainability. These included revolving credit, user fees etc.
- 0 A major part of all capacity building activities were devoted to both the sustainability of the subgrantees and their subgrants. Strategic planning and management is emphasized as a means to attain sustainability.

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## E. DETAILED TECHNICAL/ADMINISTRATIVE ANALYSIS

### Introduction

The purpose of this Annex is to analyze the technical and administrative soundness and feasibility of the project design, in order to ensure that it is likely to achieve project objectives as planned, through effective instrumentalities and systems. As appropriate, it explores the considerations which have led to the selection of particular project elements or processes, including consideration of what might be considered reasonable alternatives. The fundamental purpose of the analysis is to provide a rational basis for the choices made by the project design team in selecting project elements, instrumentalities, systems, criteria, etc. Given the nature of this project, which will fund a range of activities through a number of different intermediaries and grantees and its emphasis on institutional development, the distinction between "technical" and "administrative" aspects becomes blurred; thus, the analyses of these elements are combined in one Annex.

### A. Principles Underlying Project Design

The project creates a simplified mechanism for assisting FVOs to carry out development activities. It draws on the experience of other projects funded by AID in other countries. Guiding principles which appear pertinent to the design of this project, and which are derived from relevant experience in Egypt and elsewhere, are listed below. They influence the analysis which follows. It is useful, therefore, to identify them at the outset, since they serve to define the parameters of the project, and its phased pace of implementation.

#### 1. FVO Institutional Support

a. The project should capitalize on the strengths of USFVOs due to the following:

o Access to constituents including the American public, information and research sources, policy makers and the international network of development organizations and professionals.

o Experience in evaluating impact, cost effectiveness and cultural appropriateness coupled with a willingness to transfer this experience to partner FVOs.

o Credibility—USFVOs are generally relatively immune from accusations of being direct threats to local elites and power structures.

- o Programmatic strength in certain well-defined areas, including the environment and women in development, business development, advocacy and development education.

- o Comparative institutional strengths in the areas of resource mobilization, including fund-raising and application of income generating strategies, financial management and budgeting, project design, and an understanding of the importance of the public policy context. (This summary and paragraph c. below draw on the draft report of the 1989 meeting of the Advisory Committee on Voluntary Foreign Aid on "Changing Relations between US and Developing Country NGOs.")

- b. The project should be mindful of the issues and ideas that have surfaced in the ongoing North-South dialogue:

- o The issue of competence. While values may be similar, there are differences between the capacities of US and Egyptian PVOs that need to be considered as responsibility for sub-projects is determined.

- o The issue of money. There are limits on the ability of USPVOs to transform themselves from implementing agents to funding channels, including accountability to private and public funding sources and to Boards.

- o Different cultures. USPVOs need to move cautiously in assisting in building local institutional capacity in a different cultural context which may not be wholly compatible with the values of the American organization.

- o The complicating role of government. The US and local PVO relationship is clearly affected by the extent to which the latter may operate independently of government influence or direction.

- o Dependency dangers. Smaller, newer local PVOs can easily be overwhelmed through poorly managed relations with larger, more sophisticated PVOs. The pace of growth of the local PVO should be geared to its capabilities, not a USPVO's ambitions for it.

- o Transition Time. The process of institutional development must take into account the time frames for capacity building (longer term) and service delivery (the here and now); USPVOs need to strike the right balance, in light of the environment in which they are working.

## 2. FVO Umbrella Support Projects

- o Fixed, rigid guidelines for implementation of umbrella projects in the early stages of grant-making and capacity building are counter-productive.
- o The development of an umbrella mechanism should be seen as an evolutionary process, with responsibilities and capacities expanding as appropriate over time.
- o It is important that the umbrella mechanism be identified with clear substantive goals, e.g., institutional development at the community level, in the same way that its funding source, AID, must be seen as more than a mere "funding mechanism."
- o The pace of achieving project objectives, e.g., independence from government review and approval, must accommodate to the realities of the project's environment. "Letting go" by government agencies is often, and not unnaturally, a function of confidence, developed over time, in those to whom authority has been ceded.
- o FVO support projects are much more often successful when the beneficiaries, i.e., FVO intermediaries, community organizations, and the individuals impacted by discrete sub-projects participate in the identification and analysis of problems and their solutions.
- o FVO support projects must guard against providing excessive levels of financial assistance. Absorptive capacity of local organizations must be carefully examined.
- o FVO support projects are labor-intensive. It is vital that the umbrella project management team be adequately staffed and supported, particularly if its responsibilities include grant-making and institutional development not restricted to a discrete sector, e.g., health or family planning.
- o As the grant fund manager must have discretion to make grant-specific decisions, and to structure activities to build capacity, so too must it report on its activities to USAID and the GOE in a manner which ensures that project purposes are being achieved, and guidelines and criteria are being adhered to.
- o The first level beneficiaries of the project, registered FVOS, must have the opportunity to provide views on the project and its management, direction, etc. to the project manager and to AID and the GOE.

- o Registered and other FVOs should have the opportunity to provide views on a range of development issues to AID and the GOE—to continue and enhance the dialogue which takes place now. The project should facilitate this dialogue as appropriate.

- o The project should profit from the views of a range of informed persons, including but not limited to those who have responsibilities for FVO activities in Egypt.

- o The project's Operating Procedures should be comprehensive, clear, and widely disseminated.

- o To the maximum extent, the relationship between grantees and the project management should be one of partnership and collaboration.

- o To the maximum extent possible, consistent with the objective of expediting grant-making, project procedures should draw on and be patterned after satisfactory, workable procedures and systems already established.

### 3. Pilot Projects

- o Given the evolutionary nature of the project, it would be unwise to seek precision in output targets precipitously, e.g., to quantify, prior to a detailed survey, the number of Egyptian FVOs to be registered by USAID with discrete time frames.

- o Baseline data on the capabilities and the potential for expanded development programs in the future by Egyptian FVOs is not currently available, arguing for a period of research and data collection as the project is implemented in its first Phase.

- o A commitment to a pilot, experiment effort will allow for a strong emphasis on collaboration, and a flexible response to problem-solving.

## B. Technical Issues

### 1. Feasibility of Grant-making Mechanism

The project will create a multipurpose mechanism, the principal function of which will be to efficiently provide financial and related support to activities of registered FVOs. The mechanism (an Umbrella Management Institution, or "UMI") will also assist selected Egyptian FVOs to register with AID, providing necessary technical assistance and training in appropriate cases. UMI will also explore the desirability of creating a system for the improved exchange of information and materials to US and Egyptian FVOs on development matters, and as desired, facilitate the intra-FVO

dialogue that currently takes place in Egypt.

It has been demonstrated elsewhere that, properly designed, USAID support of FVO activities can effectively be provided by means of an intermediary, grant-making mechanism, under a contractual arrangement with AID. Evaluation efforts of individual FVOs, the Latin America Bureau, and the project consultant, NCNW, suggest the viability of an umbrella model. When reasonable parameters are set on the scope of the authority of the USAID agent, when procedures and systems are established which are consonant with, if not patterned on, those of AID, particularly systems addressing questions of financial accountability, umbrella projects can serve AID, and FVO, programmatic interests effectively. It is noted that in other programs, USAID has retained individual grant review and approval authority.

## 2. Technical Capabilities of UMI.

This project involves decision making without dependence of technical capabilities of USAID. Liberia, Zaire involve a USAID review process—like that which has been followed by USAID Cairo. This creates special demands on UMI to review sub-projects carefully in all respects (financial, administrative), including technical. While staff will have requisite skills in financial and management areas, it would not be efficient to include a roster of technical or sectoral experts on the core staff. Accordingly, needs for periodic review of technical aspects will have to be met with recourse to other sources. It is reasonable to expect that a variety of sources will meet needs: local experts, in and out of FVOs, occasional USAID assistance, and selective use of external resources from other countries. Much should be able to be done through document exchange, inquiries and responses. The presumption is that all technical reviews will not involve on the ground reviews. Further, a grant application's indication of how its technical aspects were developed, and by whom, will help determine the nature of the technical review.

## 3. Capabilities of FVOs

### a. Registered FVOs.

1. Sector-specific Skills. The several registered FVOs in Egypt bring a range of technical skills to their projects. For example, project HOPE is carrying out a nurse training sub-project, with USAID support, with technically trained personnel. Registered FVOs such as CARE, CRS and SAVE routinely draw on the technical resources of their home offices in the design, implementation and evaluation of projects. Accordingly, this project assumes that the technical demands on registered FVOs will be commensurate with their abilities.

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2. Technology Transfer Skills. It is less clear that the staff of the several registered FVOs are particularly skilled, and have received training in, the process of information and skills transfer, especially in cross-cultural contexts. This is not to say that the institutional and skills development activities of the registered FVOs have been deficient. Rather, it is to suggest that there may be opportunities to enhance the ability of registered FVOs to develop the capacities of local organizations through selected training of staff. The ongoing, and vigorous, North-South dialogue has indicated that the process of skills transfer through "partnership" is a complex one, and warrants special sensitivity. This project anticipates a more thorough examination of the skills transfer and capacity building strengths of registered FVOs and the conduct of such training and technical assistance activities as the assessment indicates would be useful.

3. Training Skills. Similarly, the training skills of the registered FVOs, in contrast to their skills as project designers and implementors, will be more carefully assessed in the early stages of the project. Simply put, knowing something is not equivalent to knowing how to impart that knowledge to others—particularly those who are of different cultures and traditions. As necessary, the project will work with staff of registered FVOs, particularly those who will be carrying grant-funded activities, to ensure their abilities as trainers of others are adequate. This will demand of UMI a competence in the area training of trainers; it is assumed the professional Trainer position on UMI staff will be filled by someone so skilled.

4. Management Skills. The USAID registered FVOs active in Egypt have demonstrated their managerial capabilities in a number of USAID-funded activities. As well, they have a history of managing a variety of activities in challenging settings. It is true that the management of FVOs gives rise to special challenges; these have been explored by such institutions as ICVA (International Council of Voluntary Agencies) and InterAction, and analysts including Dichter, Fowler, Wright and Korten. Issues of coping with growth, of reconciling voluntary Board management with paid staff, of accommodating the visionary aspects of FVOs to the practicalities of project design and implementation, of distinguishing roles and responsibilities from particular, often charismatic, people, of staff development at lower levels, of maintaining a strategic sense of direction when funding sources are diverse and unpredictable, etc. — these and more are part of the reality of voluntary organizations in the United States and elsewhere. Nevertheless, FVOs are increasingly confronting these issues, holding training sessions and workshops, and are becoming more adept in the art/science of managing development. As suggested above, the business of transferring skills, and in this instance managerial skills, is another question. UMI must assure itself of FVO

managerial capability at all levels required by sub-projects.

**b. Nonregistered Egyptian FVOs**

There is no satisfactory basis at present for drawing reliable conclusions about the technical and managerial skills of the wide range of EPVOs, or even the smaller universe that may be more involved with the project. Nevertheless, while hampered by the unavailability of reliable and comprehensive data, the Social Soundness Analysis does support the need for skills training in several areas of FVO management—budgeting and accounting, planning, monitoring and evaluation, and resource mobilization. The case studies in the Analysis tend to document these deficiencies, and heighten the need for the project to provide skills training either directly or through the intermediary of registered FVOs. Such training will be the principal concern of the Project Training Officer.

Similarly, reliable information on the extent to which Egyptian training institutions may be useful in enhancing the skills of EPVO staff is not available. One of the first orders of business of UMI will be to conduct such surveys as are necessary to fill these information gaps.

It is at the same time important to recognize the fundamental assets that indigenous, and in this instance Egyptian, FVOs can bring to economic and social development. They are well positioned to identify the real needs of a community, and to mobilize community support for and involvement in solutions to problems. They can bring great energy to these activities. In Egypt, there is a long tradition of volunteerism and giving for the benefit of others. The project's challenge is to channel these impulses and energies into effective action to address constraints to development.

**4. Registration with AID.**

**a. Constraints to Registration**

A detailed analysis of EPVOs must be carried out in the initial Phase of the project to ensure that current information on their strengths and weaknesses is available. It is assumed that as in other developing countries, the constraints will include the inadequacy of systems of financial accountability, the nonprofit nature of the governing boards of FVOs, issues of sustainability and of focus on developmental as opposed to charitable activities, etc.

**b. Strategy.**

In view of the limited knowledge at this stage of the potential for registration of EPVOs it is expected that UMI

will, drawing on available data, and interviews with informed people in AID and the PVO community, "target" EPVOs for registration in the early stages of the project. This will entail developing a workable relationship, whereby problems of PVO management, accountability and governance can be openly discussed and recommendations for change made where appropriate. In some cases, tailored training of EPVO staff may be called for; in others, organization-wide workshops on a range of project design and implementation issues may be advisable and at times small grants will be combined with the above and provided directly by UMI. It is anticipated that registration will not be pursued in a vacuum; grant proposals and UMI funding would be expected to be a part of preregistration or a successful registration, and the registration process will be carried out with that expectation.

The objective will be to generate by the end of Phase I a body of experience in registering and making grants to EPVOs which will inform the design of Phase II. This dimension of the project could absorb a high level of effort and energy on the part of UMI if not approached carefully; accordingly, UMI must be conservative in its strategy.

## 5. Grant Selection Criteria

### a. Focus.

The criteria for PVO grant selection to be employed by UMI have been developed with reference to previous PVO sub-projects supported by the Mission, and other Umbrella projects funded by AID elsewhere. They reflect USAID's decision not to make the project sector-specific, and to emphasize, consistent with the general strategic directions in which USPVOs are moving, and their programmatic objectives, local capacity building. While there may be grants where this programmatic objective is not dominant, it is unlikely that a grant funded sub-project will be devoid of institution building components.

During the project design, it was concluded that separate categories of grants (program grants, and capacity building grants), with separate criteria, were unnecessary. Indeed, separate categorization tended to diminish the significance of the institutional development objective. USAID believes it would be unduly confining to categorize grants; it would incorrectly suggest that a substantial part of this project does not involve institutional development.

In this regard, it is important to emphasize the project's objective of promoting sustainable development programs, by organizations which can themselves be sustained, and are capable of coping with the vicissitudes of shifting priorities and funding

support from public and private donors. This is not to argue that PVO programs must be independent of public support and funding; it is unreasonable to expect continuing adequate levels of private support, given the dimensions of the unmet needs. But it is to say that a PVO must sustain its commitment to development work, as reflected in its fund-raising activities, its programs of staff development, its efforts to evaluate and learn from its experience and that of others, etc.

The grant selection criteria allow for a range of activities which may be pursued by grantees; no sectors of development activity are excluded. However, those activities which are essentially service providers, e.g., day care, will have substantially lower priority absent components promoting human resource development, e.g., pre-literacy training. USAID will, during the process of reviewing the detailed operational guidance prepared by UMI, clarify which types of activities it believes would be inconsistent with the criteria.

#### b. Application of the Criteria

The challenge of the project is to ensure that the criteria are satisfied by each sub-project funded thereunder, thereby giving confidence to AID and GOE that UMI does not have unbridled discretion, and at same time, allow for a flexible, realistic approach to implementation of this experimental activity. It is incumbent upon UMI to carefully document its application of the criteria. UMI should explore the utility of a weighted point system. In applying the criteria UMI must communicate to all that it is not arbitrary, that it is careful and fair. This suggests the importance of staffing it adequately, so that it can not only "decide" correctly, but can communicate decisions and their rationale in convincing detail.

### 6. Data Collection Requirements

#### a. Project Level.

The currently available level of detail about the development project capacities of the EPVO community is sparse. Some useful studies have been carried out, e.g., the GTZ study in 1989, and others are in process, e.g., the CRS examination of regional Federations. But much more should be known about the strengths, weaknesses and potential of EPVOs, so as to facilitate designing a comprehensive support program, including training. It is important that the project supplement its grant-making activities with efforts to build up the knowledge base, so that the proper emphasis and direction of Phase II will become clearer. Further, such a knowledge base will assist in the eventual registration of greater numbers of EPVOs.

b. Grant-Funded Project Level

The project will require the grantees to develop systems of baseline data collection as part of their individual sub-project grants. This will allow measurement of impact, as well as permit reasonable assessment of progress against targets. UMI will develop data aggregation systems to permit it to report on overall project impact to AID and GOE.

C. Administrative/Managerial Issues

1. Management Demands on UMI.

As previously indicated, UMI will be called on to administer a multi-sectoral, multimillion dollar grant program, conduct an active "campaign" to register EPVOs, and provide essential technical assistance and training not otherwise included under the grant-funded activities. It must develop three management/implementation systems for these activities. Further, it must at the same time develop reliable systems of reporting and data collection. And it must maintain an active dialogue with registered and other PVOs, as well as members of the larger community in Egypt with an interest in PVO development.

Obviously, the management demands on UMI will be substantial. Its staff must have demonstrated management capabilities.

The staff must have adequate logistic support—computer facilities, office and meeting space, fax and copying machines, etc. The budget for Phase I to meet these management/administrative requirements might at first glance appear disproportionately large. But these sunk costs will remain relatively stable over time, while the absorptive capacity of the project to make more and as appropriate larger grants will increase—and the ratio of program to administrative costs will change.

2. Roles/Responsibilities of USAID and the GOE

a. USAID.

1. Effective Delegation of Authority. Consistent with the experimental nature of the project design and the desire of the Mission to minimize its direct involvement in grant activities, the USAID role is, in essence, to see to it that UMI is well-staffed, that systems to effectively implement the project are in place, and that progress occurs as planned. Further, USAID should provide counsel and guidance to UMI and, as appropriate, to the PVO participants. It will modify the project's underlying policies as experience suggests. Important to project success is

USAID's delegating to a qualified USPVO, which will draw on the expertise of other organizations and individuals as needed, the authority to make informed decisions, consistent with agreed upon policies and procedures.

2. Administrative/Logistic Support for UMI. To the maximum extent, USAID will try to support the work of UMI by facilitating contacts, assisting with procurement practices, obtaining clearances where USAID is a particularly advantageous position to do so, etc. It is expected that there will be a period of setting up, of learning the ropes, beyond the relevant experience UMI contractor and staff will bring to the project. The assistance and counsel of USAID, principally through the PVO Liaison Officer will be very important. Expatriate staff of UMI will be provided those services, allowances and privileges routinely provided for USAID American contractors.

b. Government of Egypt.

1. Effective Delegation of Authority. As in the case of USAID, the GOE must sustain its commitment, to be reflected by the Project Agreement, to allow decisions to be made according to the criteria and systems established. The oversight structures, with adequate reporting, will allow the GOE to assure itself that project activities are consonant with the policies and directions jointly agreed upon with USAID. The delegation by the MIC of responsibility for project oversight to the MSA, and the reliance by the MSA on the established project systems, will be essential to the viability of the design model.

2. Concurrence of Public Sector Authorities. Detail on the mechanisms for securing "local" approval, and the level of government from which that approval will be sought, is lacking — as are decisions on the extent to which governmental approval will be sought in grant-specific instances. It has been suggested by some USPVOs that securing such "local level" approval will not prove burdensome; such approval is likely to facilitate sub-project implementation. UMI will consult with the PVO community and USAID and MSA in PACE forum in Stage 2 of Phase I, as it prepares detailed operational guidance.

c. Consultations and Advisory Bodies

In the course of the development of this project, consideration has been given to mechanisms which would ensure that the following objectives would be met:

o the PVO community—would have input into the design of the project (mechanisms, criteria, objectives), and a continuing opportunity to comment on and influence its overall

implementation through access to the implementing agent as well as AID and the GOE.

- o the PVO community would have continuing access to AID to discuss development issues and matters of common interest, above and beyond issues arising out of the design and implementation of this project.

- o the PVO community would be supported as appropriate in whatever efforts it chose to pursue to come together to consider matters of mutual interest, exchange information on promising development strategies, lessons learned, etc.

- o links between US and Egyptian PVOs would be strengthened so that synergies would be encouraged and institutional development, as well as partnerships, would be enhanced.

- o The implementing unit would have sufficient autonomy and independence of decision-making with respect to individual grant proposal funding decisions so as to relieve USAID of the responsibility therefore.

- o USAID, and the GOE, would be kept sufficiently informed by UMI, through a variety of means, so as to permit them to be assured that the project was being implemented as planned, and the purposes were being achieved.

Accordingly, the project includes the following mechanisms: routine USAID project monitoring; project reviews with active PVO participation; continuing USAID-PVO dialogue on a range of development issues; regular exchanges of views among the PVO community; a policy advisory body— PACE, comprised of representatives from the registered PVOs, MSA, and USAID; and a group of advisors, consisting of qualified and concerned individuals who could contribute to the strengthening of the PVO role in Egyptian development. These are detailed below.

1. UMI Monitoring. As detailed in the Monitoring and Evaluation Plan, UMI will periodically provide comprehensive reports, written and oral, to the AID Project Officer, on the activities and progress of the project. These reports, will be shared by USAID with MSA, and form the basis of the agenda of regularly scheduled meetings of UMI, MSA and USAID representatives. As appropriate, and as perhaps suggested by the content of the reports or other information, one or more PVO community representatives may attend these sessions at the invitation of USAID. In the course of preparing its periodic reports, UMI will consult with PVOs (including those not currently receiving grant support) and reflect their views.

2. USAID/MSA/PVO Consultations. USAID and MSA representatives will confer periodically with PVO representatives as a policy review and advisory body. Particularly in the early stages of the project, attention will be paid to the adequacy of the criteria for grant selection, and the general issue of simplified grant-making procedures.

3. UMI/PVO Consultations. Beyond the continuing and routine communications between UMI and PVOs supported by grants as well as current or potential grant applicants, UMI will convene issue and policy oriented sessions with the PVO community from time to time. These will permit UMI to gain a sense of the community's views on the project—its strengths, weaknesses, opportunities for improvement—and also allow individual PVOs to benefit from the experience of others. As suggested by the agenda, representatives from USAID and the MSA may be invited to attend; the presumption is that the USAID Project Officer would routinely attend as an observer.

4. PVO/USAID Consultations. Interviews with PVO representatives suggest that registered (and other) PVOs have had satisfactory access to USAID personnel to discuss a range of development and project-specific issues (some PVOs have had long histories of carrying out AID-funded projects, and the relationships are professional and productive). The mechanisms established under this project will not serve to inhibit that access. Rather, they will facilitate discussions focussed on project-specific issues, and provide a vehicle for the expression of consensus.

5. PACE Community Members. It has been suggested that the project and UMI would benefit from the inclusion of a group of advisors not directly involved in PVO matters. They will provide guidance on matters of relevance to the project, such as local participation in project development, community organization strengthening, methods for expediting obtaining support and concurrence from appropriate government entities, sharing pertinent information about trends in development (fund-raising, development education, strategic planning, etc.) These individuals could be associated with Egyptian or non-Egyptian voluntary organizations, academic institutions, foundations, etc. They could have former ties with agencies of government. Beyond providing counsel on substantive issues of development, the group might serve to raise the profile of PVOs in the scheme of national development, particularly if membership included nationally prominent figures. The identification of these members of PACE would be a task to be approached with care, and with the collaboration of the GOE/USAID and the PVO community.

If it is anticipated that the inclusion of members of the larger community would permit broader consideration of policy matters, and expose those responsible for decision making to a wider

range of views.

6. PVO Community Consultations. This project has within it the potential for supporting and strengthening these consultations, as the PVOs may desire. UMI could make efforts to provide materials not readily accessible to the PVOs, e.g., copies of donor-funded studies of PVO and non-PVO development activities; support workshops on matters of common interest by, e.g., financing the participation of outside resource persons, etc. These possibilities are identified as part of UMI's scope of work in Stage 3 of Phase I.

F. Detailed Social Soundness Analysis

The full-length document is available on file in PDS/P/PVO.

The Country Check List for FY 90 is contained in the Power Sector Support Project, 263-0215, Project Paper.

### 5C(2) - PROJECT CHECKLIST

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A includes criteria applicable to all projects. Part B applies to projects funded from specific sources only: B(1) applies to all projects funded with Development Assistance; B(2) applies to projects funded with Development Assistance Loans; and B(3) applies to projects funded from ESF.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE?  
HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?

#### A. GENERAL CRITERIA FOR PROJECT

1. FY 1990 Appropriations Act Sec. 523; FAA Sec. 634A. If money is to be obligated for an activity not previously justified to Congress, or for an amount in excess of an amount previously justified to Congress, has Congress been properly notified? Standard Congressional Notification procedures will be satisfied prior to obligation of funds.
2. FAA Sec. 611(a). Prior to an obligation in excess of \$500,000, will there be:  
(a) engineering, financial or other plans necessary to carry out the assistance; and  
(b) a reasonably firm estimate of the cost to the U.S. of the assistance? Yes.
3. FAA Sec. 611(a)(2). If legislative action is required within recipient country, with respect to an obligation in excess of \$500,000 what is the basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance? No such action is required.

4. FAA Sec. 611(b); FY 1990 Appropriations Act Sec. 501. If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.) Not such a project.
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has the Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively? Not such a project.
6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. Not such a project.
7. FAA Sec. 601(a). Information and conclusions on whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; The Project purpose is to develop pluralism, popular participation, community development and self-help by strengthening the capacity of local PVOs. The funded PVOs will engage in a wide variety of activities, including the development of lending mechanisms. Decentralization of social services delivery will occur as

- and (f) strengthen free labor unions.
- the PVOs are able to provide additional services which are presently the responsibility of the government or are non-existent.
8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).
- U.S. Private firms will be utilized to the maximum extent feasible.
9. FAA Secs. 612(b), 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.
- N/A. Egyptian PVOs will contribute substantially to the local currency costs of the project. U.S.-owned Egyptian currency is not available specifically for this project.
10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?
- No.
11. FY 1990 Appropriations Act Sec. 521. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?
- N/A.

12. FY 1990 Appropriations Act  
Sec. 547. Will the assistance  
(except for programs in  
Caribbean Basin Initiative  
countries under U.S. Tariff  
Schedule "Section 807,"  
which allows reduced tariffs  
on articles assembled abroad  
from U.S.-made components)  
be used directly to procure  
feasibility studies,  
prefeasibility studies, or  
project profiles of potential  
investment in, or to assist  
the establishment of  
facilities specifically  
designed for, the  
manufacture for export to  
the United States or to  
third country markets in  
direct competition with U.S.  
exports, of textiles,  
apparel, footwear, handbags,  
flat goods (such as wallets  
or coin purses worn on the  
person), work gloves or  
leather wearing apparel?

No.

13. FAA Sec. 119(g)(4)-(6) &  
(10). Will the assistance  
(a) support training and  
education efforts which  
improve the capacity of  
recipient countries to  
prevent loss of biological  
diversity; (b) be provided  
under a long-term agreement  
in which the recipient  
country agrees to protect  
ecosystems or other wild-  
life habitats; (c) support  
efforts to identify and  
survey ecosystems in recipient  
countries worthy of protection;  
or (d) by any direct or  
indirect means significantly  
degrade national parks or  
similar protected areas  
or introduce exotic plants  
or animals into such areas?

Subgrants may be  
provided to PVOs which  
will engage in environ-  
mental protection  
activities including:  
(a) prevention of loss  
of biological diversity;  
and (c) identification  
and protection of en-  
dangered ecosystems.

14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (either dollars or local currency generated therefrom)?  
N/A.
15. FY 1990 Appropriations Act Title II, under heading "Agency for International Development." If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government?  
N/A. The requirement does not apply to PVOs receiving ESF funded grants. All A.I.D. funding provided under this Project is from ESF funds.
16. FY 1990 Appropriations Act Sec. 537. If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.?  
All U.S. PVOs that will receive grants under the project will be registered with A.I.D. and must be in compliance with applicable audit requirements at the time a grant is made.
17. FY 1990 Appropriations Act Sec. 514. If funds are being obligated under an appropriation account to which they were not appropriated, has the President consulted with and provided a written justification to the House and Senate Appropriations Committees and has such obligation been subject to regular notification procedures?  
N/A.

18. State Authorization Sec. 139 (as interpreted by conference report). Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the same agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision).
- Case-Zablocki Act reporting procedures will be followed with respect to this Project.
19. Trade Act Sec. 5164 (as interpreted by conference report), amending Metric Conversion Act of 1975 Sec. 2. Does the project use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate?
- Yes.
20. FY 1990 Appropriations Act, Title II, under heading "Women in Development." Will assistance be designed so that the percentage of women participants will be demonstrably increased?
- All PVO proposals considered for grant funding will identify specific measures to increase the role of women in the development process.

21. FY 1990 Appropriations Act  
Sec. 592(a). If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies, has A.I.D. (a) required that local currencies be deposited in a separate account established by the recipient government, (b) entered into an agreement with that government providing the amount of local currencies to be generated and the terms and conditions under which the currencies so deposited may be utilized, and (c) established by agreement the responsibilities of A.I.D. and that government to monitor and account for deposits into and disbursements from the separate account? Will such local currencies, or an equivalent amount of local currencies, be used only to carry out the purposes of the DA or ESF (depending on which chapter is the source of assistance) or for the administrative requirements of the United States Government?

Has A.I.D. taken all appropriate steps to ensure that the equivalent of local currencies disbursed from the separate account are used for the agreed purposes?

If assistance is terminated to a country, will any unencumbered balances of funds remaining in a separate account be disposed of for purposes agreed to by the recipient government and the United States Government?

There will be no local currency generations within the meaning of Sec. 592(a). Any local currency program income resulting from PVO activities funded by A.I.D. will be used in furtherance of project purposes as provided by A.I.D. Handbook 13.

B. FUNDING CRITERIA FOR PROJECT

3. Economic Support Fund Project Criteria

- a. FAA Sec. 531(a). Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA? Yes, to both questions.
- b. FAA Sec. 531(e). Will this assistance be used for military or paramilitary purposes? No.
- c. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? N/A.

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5C(3) - STANDARD ITEM CHECKLIST

Listed below are the statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by imposing limits on certain uses of funds.

These items are arranged under the general headings of (A) Procurement, (B) Construction and (C) Other Restrictions.

A. PROCUREMENT

1. FAA Sec. 602(a). Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? Yes.
2. FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or determined under delegation from him? Yes.
3. FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company? Egypt does not so discriminate.
4. FAA Sec. 604(e); If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.) N/A.
5. FAA Sec. 604(g). Will construction or engineering services be procured from firms of advanced developing N/A

countries which are otherwise eligible under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.)

6. FAA Sec. 603. Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates? 50/50 shipping rules will apply to this Project.
7. FAA Sec. 621(a). If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? Will the facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs? U.S. and Egyptian private firms will be utilized to the maximum extent feasible.

8. International Air Transportation Fair Competitive Practices Act, 1974. If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available? Yes.
9. FY 1990 Appropriations Act Sec. 504. If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States? Yes.
10. FY 1990 Appropriations Act Sec. 524. If assistance is for a consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)? Yes.
11. Trade Act Sec. 5164 (as interpreted by conference report), amending Metric Conversion Act of 1975 Sec. 2. Does the project use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Yes.

12. FAA Secs. 612(b), 636(h); FY 1990 Appropriations Act Secs. 507, 509. Describe steps taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services. N/A. Egyptian PVOs will contribute substantially to the local currency costs of the project. U.S.-owned Egyptian currency is not available specifically for this project.
13. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? No.
14. FAA Sec. 601(e). Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes.

B. CONSTRUCTION

1. FAA Sec. 601(d). If capital (e.g., construction) project, will U.S. engineering and professional services be used? N/A.
2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable? N/A.
3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the CP), or does assistance have the express approval of Congress? N/A.
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C. OTHER RESTRICTIONS

1. FAA Sec. 122(b). If development loan repayable in dollars, is interest rate at least 2 percent per annum during a grace period which is not to exceed ten years, and at least 3 percent per annum thereafter? N/A.
2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? N/A.
3. FAA Sec. 620(h). Do arrangements exist to ensure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries? Yes.
4. Will arrangements preclude use of financing:
  - a. FAA Sec. 104(f); FY 1990 Appropriations Act under heading "Population, DA," and Secs. 525, 535. (1) To pay for performance of abortions as a method of family planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization; (3) to pay for any biomedical research which relates, in whole or part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; or (4) to lobby for abortion? Yes.

- b. FAA Sec. 483. To make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated? Yes.
- c. FAA Sec. 620(q). To compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President? Yes.
- d. FAA Sec. 660. To provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? Yes.
- e. FAA Sec. 662. For CIA activities? Yes.
- f. FAA Sec. 636(i). For purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? Yes.
- g. FY 1990 Appropriations Act Sec. 503. To pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel? Yes.
- h. FY 1990 Appropriations Act Sec. 505. To pay U.N. assessments, arrearages or dues? Yes.
- i. FY 1990 Appropriations Act Sec. 506. To carry out provisions of FAA Section 209(d) (transfer of FAA funds to multilateral organizations for lending)? Yes.
- j. FY 1990 Appropriations Act Sec. 510. To finance the export of nuclear equipment, fuel, or technology? Yes.

- k. FY 1990 Appropriations Act Sec. 511. For the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights? Yes.
- l. FY 1990 Appropriations Act Sec. 516; State Authorization Section 109. To be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress to influence in any way the outcome of a political election in the United States, or for any publicity or propaganda purposes not authorized by Congress? Yes.
5. FY 1990 Appropriations Act Sec. 574. Will any A.I.D. contract and solicitation, and subcontract entered into under such contract, include a clause requiring that U.S. marine insurance companies have a fair opportunity to bid for marine insurance when such insurance is necessary or appropriate? Yes.
6. FY 1990 Appropriations Act Sec. 582. Will any assistance be provided to any foreign government (including any instrumentality or agency thereof), foreign person, or United States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employee, expressly prohibited by a provision of United States law? No.
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PVO DEVELOPMENT PROJECT  
263-0220

CERTIFICATION PURSUANT TO  
GRAY AMENDMENT

As Director and Principal Officer of the Agency for International Development in Egypt, I certify that full consideration has been given to the potential involvement of small and/or economically and socially disadvantaged enterprises, historically black colleges and universities and minority controlled private and voluntary organizations covered by the Gray Amendment.

The attached Project Paper discusses the efforts that will be undertaken in connection with the procurement plan to maximize the participation of minority owned and small and disadvantaged organizations. At the time of each procurement action, every effort will be made to encourage the participation of these organizations and draw upon their knowledge and expertise.

Marshall D. Brown  
Director

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Date

PROJECT AUTHORIZATION

Name of Country: Arab Republic of Egypt  
Name of Project: PVO Development Project  
Project Number: 263-0220

1. Pursuant to Part II, Chapter 4 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the PVO Development Project (the "Project") for the Arab Republic of Egypt (the "Cooperating Country"). The Project involves planned obligations of not to exceed \$9,000,000 (nine million dollars) in Grant funds over a four year period, subject to the availability of funds in accordance with the A.I.D. Operating Year Budget/Allotment process, to help in financing the foreign exchange costs and local currency costs of the Project. The estimated life of the Project is four years from the date of initial obligation.

2. The Project will support and strengthen PVO community self-help activities in order to help improve the quality of life of poor and disadvantaged groups in Egypt. The initial phase of the Project will provide grant funding to AID-registered PVOs, to implement development activities in order to strengthen local private voluntary organization capacity. Technical assistance, training, and limited grant funding will be provided to up to twenty non-A.I.D. registered, but experienced Egyptian PVOs in order to facilitate their qualification for AID-registration, strengthen their ability to design, request funding for, and carry out development activities, and improve their ability to do strategic planning and management, personnel and financial management, and do effective fund raising and provide development education.

3. The Project Agreement may be negotiated and executed by the officers to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority. The Project Agreement shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate:

a. Source and Origin of Commodities, Nationality of Services

Goods and services, except for ocean shipping, financed by A.I.D. under the Project shall have their source and origin in the Cooperating Country or in the United States, except as A.I.D. may otherwise agree in writing.

Ocean shipping financed by A.I.D. under the Project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.

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Marshall D. Brown  
Director

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Date

J. GOE Request for Assistance



file 0 220 Annex 1 Page 1 of 2

ARAB REPUBLIC OF EGYPT  
MINISTRY OF INTERNATIONAL COOPERATION  
DEPARTMENT FOR ECONOMIC COOPERATION  
WITH U. S. A

00703

August 16, 1990

Mr. Marshall D. Brown  
Director  
USAID/Egypt  
American Embassy  
Garden City, Cairo.

ACTION TO <u>PDS</u>		<u>DIR</u>
ACTION TAKEN	DATE	<u>8/21</u>
<u>9/3/90</u>	INITIALS	<u>[Signature]</u>

Dear Mr. Brown,

Subject: PVO Development Project  
No. 263-0220

We are writing this letter to request USAID assistance for an amount of US \$ 9 million to finance phase I of the PVO Development project over a four year period. The budget for this fiscal year (1990) is \$3 million. It is understood that U.S. \$ 2.167 million equivalent of project costs will be contributed by participating PVOs from their own or other resources. The total cost of the initial phase of the subject project is estimated at US \$ 11.167 million.

The goal of the proposed project is to improve the quality of life for poor and disadvantaged groups in Egypt. The purpose of the two-phased project is to support and strengthen PVO community self-help activities. The strengthening of the capacity of Egyptian organizations, especially at local level is the overarching objective of this project. Grants made to the USPVOs and experienced Egyptian PVOs



ARAB REPUBLIC OF EGYPT  
MINISTRY OF INTERNATIONAL COOPERATION  
DEPARTMENT FOR ECONOMIC COOPERATION  
WITH U. S. A

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will contribute to this end. Local organizations will be involved throughout the life of the project as implementing agents, partners, and as participants to ensure that activities to be financed are mutually agreed to and desired by intended beneficiaries. The Ministry supports the project, and hereby requests USAID's timely assistance in the amount requested.

Best regards.

Sincerely yours,

~~Dr. Hassan Selim~~  
Administrator.

Conditions Precedent to Disbursement and Covenants

The following conditions precedent to disbursement and covenants are expected to be negotiated with the MSA and included in the Project Agreement in the form and substance agreed to by the parties:

I. Conditions Precedent to Disbursement

(1) Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as A.I.D. may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D., a statement of the names of the persons holding or acting in the offices of the Grantee specified in Section 8.3., and of any additional representatives, together with a specimen signature of each person specified in such statement.

II. Covenants

(1) Authorization of Egyptian PVOs to Receive Grant Funding:

The Grantee agrees that each Egyptian PVO that is selected by the UMI, in accordance with criteria mutually agreed upon by A.I.D. and MSA, for funding under the Grant, through the UMI, is hereby authorized to receive such funding.

(2) Social Insurance and Taxes on Expatriates:

Any Egyptian taxes on expatriates arising under Grant financed work will be paid directly or reimbursed by the Grantee from its own resources.

(3) Customs Duties and Taxes Related to Importation  
of Commodities for Project Purposes:

The MSA shall provide letters of guarantee as needed to the Customs Administration for:

- (a) all commodities, including vehicles, financed under the Grant,
- (b) all materials, equipment, supplies, and vehicles imported by any firm or organization financed under the Grant which are to be used for Project purposes, and
- (c) all household effects and personal vehicles imported by non-Egyptian individuals financed under the Grant.

All letters of guarantee so provided in order to comply with the terms of this covenant shall provide for payment of customs duties and all other taxes in the event that the commodities imported are not exempted from customs duties or re-exported.



UNITED STATES AGENCY for INTERNATIONAL

Annex L  
Page 1 of 10

CAIRO, EGYPT

**ACTION MEMORANDUM FOR THE BUREAU ENVIRONMENTAL OFFICER**

DATE : April 11, 1990 *Ken LuePhang* *WHS*  
FROM : Ken LuePhang, Mission Environmental Officer (MEO), USAID/Cairo  
SUBJECT : FVO Development Program, Project No. 263-0220  
Concurrence in the Initial Environmental Examination (IEE)

**ISSUE:**

Your concurrence is requested for a "Categorical Exclusion" IEE for the above subject project.

**BACKGROUND**

Egypt has a strong tradition of voluntary social work. Throughout the past half century, Egyptian Private Voluntary Organizations (EPVO) have successfully maintained an uninterrupted presence and have had considerable impact on Egyptian communities. U.S. Private Voluntary Organizations (USPVO) have also participated in the development process in Egypt through community development activities as well as by assisting EPVOs.

USAID has always supported these FVOs, and, through this project, is seeking to provide a more effective mechanism to fund them.

**DISCUSSION:**

The project simplifies the means of providing capacity building and provides subgrants to a number of eligible, experienced EPVOs and USPVOs through a multi-purpose mechanism managed by an Umbrella Management Institution (UMI). If the mechanism is successful, the project will be expanded.

The first part of the project, Phase I, requires technical assistance to establish and test this mechanism along with associated subprojects. Subprojects funded under Phase I and the expanded project, Phase II, through the UMI, fall under the "categorical exclusion" as defined under USAID Environmental Procedure 22 CFR 216.2(c) (1) (ii) which states: "A.I.D. does not have knowledge of or control over, and the objective of A.I.D. in furnishing assistance does not require, either prior knowledge of or control over, the details of the specific activities that have an effect on the physical and natural environment for which financing is provided by A.I.D."

However, in order to ensure that funded subprojects are environmentally sound, all FVO applicants will be required to demonstrate consideration of any possible environmental impacts of their project, as is required by the grant selection criteria. The UMI will be responsible for compliance.

**AUTHORITY:**

Under USAID Environmental Procedures, 22 CFR part 216.3(a)(2)(i), you may signify your concurrence with the determination by the officer in the originating office.

**RECOMMENDATION:**

That you concur with the IEE "Categorical Exclusion" by signing below and on the attached face sheet, which will be used as an Annex to the Project Paper. Please return the original copies of the signed documents for our files.

CONCUR: M. Kuk  
Molly Kuk, ANEE/PD/ENW

NOT CONCUR: \_\_\_\_\_

DATE: 5-25-90

INITIAL ENVIRONMENTAL EXAMINATION

Project Location : Egypt

Project Title and Number : FVO Development Program  
No. 263-0220

Funding : A.I.D.: FY 1990 US \$ 3.0 million  
LCP US \$ 9.0 million  
FVO : FY 1990 US 0 million  
LCP US \$ 2.167 million

Life of Project : 4 years, FY 1990 - FY 1993

IEE Prepared by : Signature K. Gohar  
Karim Y. Gohar PDS/P/FVO  
USAID Project Officer

Date April 11, 1990

Environmental Action Recommended : **Categorical Exclusion**

Mission Environmental Officer's concurrence : Signature Kenneth P. LuePhang  
Kenneth P. LuePhang

Date April 11, 1990

Associate Mission Director's Concurrence : Signature Paul Thorn  
Paul Thorn, AD/DR

Date 4/11/90

Decision of Environmental Officer, Bureau for Asia and the Near East : Concur M. Rux  
Molly Rux, ANEE/PD/ENV

Not Concur \_\_\_\_\_

Date 5-24-90

PVO Development Program, Project No. 263-0220.

I. Examination of Nature, Scope, and Magnitude of Environmental Impacts.

Description of Project.

This project is to provide a mechanism to simplify the bureaucratic imperatives of the Government of Egypt (GOE), USAID and the PVOs in order that USAID supported work of PVOs can be effectively expanded. The proposed multi-purpose mechanism is intended to simplify means of providing capacity building and also to provide related subgrants to a number of experienced Egyptian and USFVOs.

The project is divided into two phases. Phase I is to test the validity of a multi-purpose mechanism, which emphasize providing technical assistance and grants to PVOs through an Umbrella Management Institution (UMI.) At the end of three years the funding and technical assistance mechanism is expected to be fully operational. Phase II is an expansion of Phase I activities.

Identification and Evaluation of Environmental Impacts.

Subprojects funded under Phase I and Phase II through the UMI fall under the "categorical exclusion" as defined under USAID Environmental Procedure 22 CFR 216.2(c)(1)(ii), since USAID does not have knowledge of, or control over the details of those subprojects that have an effect on the physical and natural environment. The very objective of the UMI is to remove some of these bureaucratic review impediments, such as those required by USAID prior to implementation of PVO activities.

However, in order to ensure that funded subprojects are environmentally sound, all PVO applicants will be required, if warranted, to address identified environmental concerns in their proposal, as is required by the grant selection criteria. UMI will be responsible to ensure compliance.

II. Recommendation for Environmental Action.

The project is entitled to a "categorical exclusion" under the terms of 22 CFR.216.2(c)(1)(ii). Thus, neither an environmental assessment nor an environmental impact statement is required for the project or its major activities.

April 25, 1990

FAX to Ken Luo Phang, Mission Environmental Officer Annex L  
Page 5 of 10

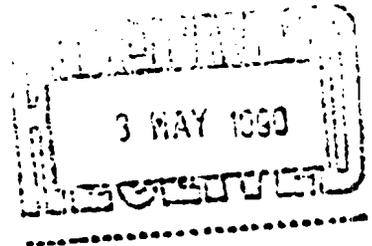
This fax is in regard to the IEE for the PVO development Program (Project No. 263-0220). ANE/PD/ENV currently believes that USAID/Cairo should consider requiring the Umbrella Management Institution (UMI) to develop some simple environmental procedures similar to those suggested in the draft cable on agriculture production and credit. (See my fax dated April 11.) Since the funding for this project is much less than ag prod & credit, the mission may wish to consider a cutoff (e.g. subprojects under \$100,000 would be exempt from the environmental procedures).

In your Action Memo on the PVO project, you state "all PVO applicants will be required to demonstrate consideration of any possible environmental impacts of their project, as is required by the grant selection criteria." Is the grant selection criteria similar to the environmental procedures we forwarded in our ag prod & credit draft cable? Is the grant selection criteria based on the GCE environmental assessment procedures (if they have requirements)?

Since the mission is closed this week and I will be away on Monday April 30, please fax me a message whether I should telephone you to discuss these two projects on Tuesday May 1 or give me an alternate date and time.

Jim Gallup, ANE/PD/ENV

cc: Molly Kux, ANE/PD/ENV



Annex L  
Page 1 of 10

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UNITED STATES

memorandum

Annex L  
Page 6 of 10

DATE: May 17, 1990

REPLY TO  
ATTN OF: Karim Gohar, PVO officer



SUBJECT: PVO Development Program, Project No. 263-0220  
Concurrence in the Initial Environmental Examination (IEE)

TO: Jim Gallup, ANE/PD/ENV

To accommodate your guidance contained in your fax message of April 25, 1990 to Mr. Ken Lue Phang, Environmental Officer, the attached Action Memorandum and IEE have been modified to include the following language:

UMI will develop environmental guidelines and procedures acceptable to ANE/PD/ENV to review proposed PVO sub-projects, including a simple screening mechanism to identify those activities receiving USG financing in excess of \$500,000 which require environmental review.

If you agree with the proposed action, please sign both the Action Memorandum and IEE and send by fax ASAP as your clearance is the only remaining one required for review and approval of the Project Paper by USAID/Egypt's Executive Committee.

We appreciate and accept your offer to send the environmental guidelines and procedures that you have developed with similar conditions to be executed by UMI.

Your cooperation and expeditious reply is very much appreciated.

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UNITED STATES AGENCY for INTERNATIONAL

Annex L  
Page 7 of 10

CAIRO, EGYPT

ACTION MEMORANDUM FOR THE BUREAU ENVIRONMENTAL OFFICER

DATE : May 20, 1990 *Lu Phang*  
FROM : Ken Lue Phang, MEO, USAID/CAIRO  
SUBJECT : PVO Development Program Project No. 262-0220  
Concurrence in the Initial Environmental Examination (IEE)

ISSUE:

Your concurrence is requested for a "Categorical Exclusion" IEE for the above subject project.

BACKGROUND

Egypt has a strong tradition of voluntary social work. Throughout the past half century, Egyptian Private Voluntary Organizations (EPVO) have successfully maintained an uninterrupted presence and have had considerable impact on Egyptian communities. U.S. Private Voluntary Organizations (USPVO) have also participated in the development process in Egypt through community development activities as well as by assisting EPVOs.

USAID has also always supported these PVOs, and, through this project, is seeking to provide a more effective mechanism to fund them.

DISCUSSION

The project simplifies the means of providing capacity building and provides subgrants to a number of eligible experienced EPVOs and USPVOs through a multi-purpose mechanism managed by an Umbrella Management Institution (UMI). If the mechanism is successful, the project will be expanded.

The first part of the project, Phase I, requires technical assistance to establish and test this mechanism along with associated subprojects. Subprojects funded under Phase I and the expanded project, Phase II, through the UMI, fall under the "categorical exclusion" as defined under USAID Environmental procedure 22 CFR 216.2 (c) (1) (ii) which states: "A.I.D. does not have knowledge of or control over, and the objective of A.I.D. in furnishing assistance does not require, either prior knowledge of or control over, the details of the specific activities that have an effect on the physical and natural environment for which financing is provided by A.I.D."

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However, in order to ensure that funded subprojects are environmentally sound, all PVO applicants will be required to demonstrate consideration of any possible environmental impacts. UMI will develop environmental guidelines and procedures acceptable to ANE/PD/ENV to review proposed PVO sub-projects, including a simple screening mechanism to identify those activities receiving USG financing in excess of \$500,000 which require environmental review.

**AUTHORITY:**

Under USAID Environmental Procedures, 22 CFR part 216.3 (a) (2), you may signify your concurrence with the determination by the officer in the originating office.

**RECOMMENDATION:**

That you concur with the IEE "Categorical Exclusion" by signing below and on the attached face sheet, which will be used as an Annex to the Project Paper. Please return the Original copies of the signed documents for our files.

CONCUR: \_\_\_\_\_  
Molly Kux , ANEE/PD/ENV

NOT CONCUR: \_\_\_\_\_

DATE: \_\_\_\_\_

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AID/ANE/PD/ENV:JGALLUP:JG 2717E  
05/23/90 647-9586  
AID/ANE/PD/ENV:MKUX

AID/ANE/EE:8PORTER

AID/ANE/PD/EE:TJOHNSON

ROUTINE CAIRO

AIDAC FOR KEN LUEPHANG, DR/ENG AND KARIM GOHAR, PDS/P.

E.O. 12356: N/A

TAGS:

SUBJECT: APPROVAL OF THE INITIAL ENVIRONMENTAL  
EXAMINATION (IEE) FOR THE PVO DEVELOPMENT PROGRAM  
{PROJECT NO 263-0220}.

REF: {A} FAX DATED APRIL 25, 1990 FROM JIM GALLUP TO  
KEN LUEPHANG; {B} FAX DATED MAY 17, 1990 FROM KARIM  
GOHAR TO JIM GALLUP.

1. THE PVO DEVELOPMENT PROJECT PROVIDES CAPACITY  
BUILDING AND SUB-GRANTS TO EGYPTIAN PRIVATE VOLUNTARY  
ORGANIZATIONS AND U.S. PRIVATE VOLUNTARY ORGANIZATIONS  
THROUGH A MULTI-PURPOSE MECHANISM MANAGED BY THE  
UMBRELLA MANAGEMENT INSTITUTION (UMI). ANE/PD/ENV  
CONCURS WITH THE MISSION'S DETERMINATION THAT THIS  
PROJECT MEETS THE CRITERIA FOR A CATEGORICAL EXCLUSION  
AS DEFINED UNDER USAID ENVIRONMENTAL PROCEDURES AT 22  
CFR 216.2(C)(1)(II). USAID/CAIRO DOES NOT HAVE  
KNOWLEDGE OF OR CONTROL OVER, AND THE OBJECTIVE OF USAID  
IN FURNISHING ASSISTANCE DOES NOT REQUIRE, EITHER PRIOR  
KNOWLEDGE OF OR CONTROL OVER THE DETAILS OF THE SPECIFIC  
ACTIVITIES THAT HAVE AN EFFECT ON THE PHYSICAL AND

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NATURAL ENVIRONMENT FOR WHICH FINANCING IS PROVIDED.

2. ANE/PD/ENV AGREES WITH THE MODIFICATIONS IN (B) INCLUDING THE IEE AND THE MAY 22, 1990 ACTION MEMORANDUM THAT ADDRESS THE CONCERN ABOUT POTENTIAL NEGATIVE ENVIRONMENTAL EFFECTS WE RAISED IN (A) ABOVE. IN ORDER TO ENSURE THAT FUNDED SUB-PROJECTS ARE ENVIRONMENTALLY SOUND, ALL PVO APPLICANTS WILL BE REQUIRED TO DEMONSTRATE CONSIDERATION OF ANY POSSIBLE ENVIRONMENTAL IMPACTS. UMI WILL DEVELOP ENVIRONMENTAL GUIDELINES AND PROCEDURES ACCEPTABLE TO ANE/PD/ENV TO REVIEW PROPOSED PVO SUB-PROJECTS, INCLUDING A SIMPLE SCREENING MECHANISM TO IDENTIFY THOSE ACTIVITIES RECEIVING USG FINANCING IN EXCESS OF \$500,000 WHICH REQUIRE ENVIRONMENTAL REVIEW.

3. THE INITIAL ENVIRONMENTAL EXAMINATION AND THE MAY 20, 1990 ACTION MEMORANDUM WAS APPROVED BY THE BUREAU ENVIRONMENTAL COORDINATOR ON MAY 23, 1990 AND SENT TO KEN LUEPHANG THE MISSION ENVIRONMENTAL COORDINATOR. A COPY OF THE APPROVED ACTION MEMORANDUM AND IEE WAS FAXED TO KEN LUEPHANG AND KARIM GOHAR ON MAY 23, 1990. WE WILL SEND EXAMPLE ENVIRONMENTAL GUIDELINES AND PROCEDURES FOR UMI UNDER SEPARATE COVER TO KEN LUEPHANG. YY

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