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ACTION MEMORANDUM FOR THE MISSION DIRECTOR

From: Steffi Meyer, Chief, Office of Projects

Subject: PVO Co-Financing II (615-0267) - Project Approval

Date: July 20, 1995

Problem: Pursuant to Section 496 of the Foreign Assistance Act of 1961, as amended, your approval is required to authorize a total of \$3.5 million in Development Fund for Africa (DFA) funds to support the PVO Co-Financing II Project. It is planned that a total of \$500,000 will be obligated during FY 95.

Background: The PVO Co-Financing II Project is a \$3.5 million five-year project which is designed as a follow-on activity to the PVO Co-Financing I Project. The Co-Financing I was a ten-year \$12 million Project initiated in 1985 with the purpose of strengthening the capacity of Kenyan NCOs to increase their institutional capabilities and beneficiary level impact. An impact study and final evaluation of the project completed in January 1995 established that the project had achieved its purpose of strengthening the capacity of the PVOs it supported and that it had impressive people level impact. During the life of the project, Co-Financing I had reached a total of 27 NGOs and supported 43 Kenyans for short-term training in U.S. and third world countries. In addition, it had promoted networking among NGOs through workshops.

PVO Co-Financing II is designed to build on this achievement while focusing more on promoting community participation at the local level. USAID, like other donors involved in development, has shifted emphasis towards sustained people level development as a means of reducing the continuous need for development assistance. Community participation which strengthens civil society is seen as critical to sustained development. A PVO Co-Financing II Project, with its multi-sectoral approach, is best suited for the promotion of community participation and a strong civil society. The Project will focus on capacity building of NGOs involved in community-based development. It will mobilize local resources and strengthen indigenous NGOs, thus enhancing prospects for sustainable development activities.

Project Description: The goal of this five-year Project is to increase the level of civic participation, advocacy skills and self-reliance of the rural poor. The purpose is to strengthen the capacity of Kenyan NCOs to promote participatory community-based

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development. The End-of-Project Status (EOPS) indicators of achievement of purpose will be: a) increased institutional capacity of Kenyan NGOs and impact in community-based development; b) improved Kenyan NGO sector operational environment; and c) improved knowledge, skills, approaches and capacities of Kenyan NGOs working with local communities.

The Project consists of two components, namely: grants to NGOs; and support for special related activities. A third component, a pilot community development program operated in conjunction with other donors, was considered in the original design but will not be implemented at this time.

The project, through the grant component, will increase the internal institutional capacities of NGOs working together in multi-sectoral partnerships and networks and augment the capacity of these NGOs to effectively relate to and coordinate with other NGOs operating in the community development field, with communities they serve and with donors and the Government of Kenya (GOK). Under the special activities component, the project will improve the NGO operating environment through USAID-sponsored programs such as seminars, donor/USAID/GOK coordination meetings.

Project funds will be obligated through: a) a contract with a private locally-based firm which will serve as a "Grant Administration Contractor" who will administer the grants as well as the special activities components; and b) Direct Contracts for FSN PSCs and short-term technical assistance.

The total estimated cost of the five-year project is \$4,658,000 of which USAID contribution will be \$3.5 million (75%) and a counterpart contribution of \$1,158,000 (25%), the latter primarily from NGO contributions. A total of \$500,000 will be obligated during FY 95. The project was designed at a \$7 million level but increased cuts in the Mission's OYB have necessitated elimination of one component at this time. The Project will commence with the implementation of the grants and special activities components managed wholly by the FVO Unit. Should the Mission's OYB be increased from the current levels, implementation of the third component, i.e., Kenya Community Development Foundation, may be undertaken with the inclusion of a contractor to implement the first two components.

The table below summarizes USAID and counterpart contributions:

<u>Budget Item/Amount \$000</u>	<u>AID</u>		<u>TOTAL</u> <u>AID</u>	<u>CNTRP</u> <u>LC</u>	<u>TOTAL</u>
	<u>FX</u>	<u>LC</u>			
1. Grant component	462	1,785	2,247	1,158	3,405
2. Special Activities	75	225	300	0	300
3. Pilot Grant	0	0	0	0	0
4. Evaluations	255	45	300	0	300
5. Project Management	108	545	653	0	653
<u>Total</u>	<u>900</u>	<u>2,600</u>	<u>3,500</u>	<u>1,158</u>	<u>4,658</u>

Discussion: The Mission Review of the Project Paper (PP) was held on May 31, 1995. The results of discussion of major issues raised at the meeting are provided below (see issues paper, attachment no. 3).

1. Mission Portfolio/Size and Scope:

a) Resource Constraints. It was decided that despite the resource constraints facing the Mission, the Mission cannot afford not to go ahead with this project. It was noted that the PVO Co-Financing II Project is not a target of opportunity, but that it constitutes an attempt the Mission is making to address the concerns raised by USAID/Washington about the need to address broader issues of civil society in Kenya. A CDIE study on civil society ranked Kenya low on critical aspects of civil society although the Mission's performance on delivery of services was ranked high. As a result, Kenyan NGOs are not making as much of an impact as expected, especially in lobbying on environment and general issues of development as their counterparts in Latin America are.

b) Strategic Objectives. An issue was raised regarding the project's contribution to the achievement of the Mission's strategic objectives. It was noted that capacity building is an integral part of sustainable development and while technical offices have continued to focus on sector-specific areas, the PVO Co-Financing II Project is specifically aimed at developing the PVO sector and promoting community participation. Its bottom-up approach to development will in the final analysis contribute to broader economic development as local people acquire knowledge and skills to access resources and sustain those benefits.

Consideration is being given in development of the new Mission Strategic Plan (SP) to elevation of Democracy/Governance to a strategic objective (SO). If this is effected, the PVO Co-Financing II Project will fall under the purview of that SO inasmuch as it contributes to addressing the wider issues of civil society.

2. Project Management: It was decided that the responsibility for managing the grants and the special activities component will fall under a management contract. While the PVO Unit will continue to play a major role in the implementation of these components, there will not be any duplication of roles as the contractor will be reviewing concept papers/proposals and the PVO Unit will do the institutional needs assessment of the short-listed PVOs. One of the benefits of managing the grants component through a contractor is that it will reduce the involvement of the technical offices in the management of the PVO Co-Financing II Project. In addition, reduced workload will leave enough time for the PVO Unit to serve as a liaison PVO/NGO office for the Mission and thereby promote dialogue with NGO Bureau, the GOK and the wider NGO community. Also, it will engage in policy dialogue where necessary. The PVO Unit will be managed entirely by FSN personnel and management costs are expected to be low.

3. Project Components:

Grant Component: It was noted that grants to local voluntary associations will include value-added services and/or commodities to stimulate participation at the local level. However, the primary focus of the support will consist of networking activities, training, and management assistance.

Kenya Community Development Program (KCDP): If the Mission decides not to go ahead with the Ford Foundation-supported KCDP, the project will operate with only two components.

Despite the fact that the project was designed at a \$7 million level, it was approved at \$3.5 million level due to the effects of the budget cuts. As a result of budget constraints, a third component of the Project, the Kenya Community Development Foundation (KCDF) and the implementation of the Project through a "Grant Administration Contractor" is shelved at this time. Instead, the Project will now be managed wholly by the PVO Unit. The PP has been revised to reflect the Mission's decision to implement the Project at a reduced level while leaving open the possibility of implementing the Project at its original level should circumstances permit.

A New Project Description (NPD) for the PVC Co-Financing II Project was prepared for the Annual Budget Submission (ABS) in July 1993. The Mission was delegated approval authority of the PID and PP in February 1994 through STATE 086596. In a memo dated December 9, 1994 to AFR/EA, the Mission requested a waiver of the New Activity Description (NAD) since the Project was a follow-on activity and the purpose of the requirement for a NAD had already been met by the NPD submitted for FY 95. In February 1995, USAID/W authorized Mission to proceed with the development of a PP (STATE 025668). The Congressional Notification (CN) required for an initial obligation of \$500,000 has been sent to Congress and funds will be obligated when CN expires.

The Initial Environmental Examination (IEE) has been reviewed and approved by the regional Environmental Officer and the Regional Legal Officer and is currently awaiting USAID/W approval. Since the NAD requirement was waived, the IEE is part of the PP (see Annex G of the PP).

Authority: Delegation of Authority 551 provides you with the authority to authorize a project if the project: does not exceed \$50 million in life of project funding; does not present significant policy issues; does not require waivers that can only be granted by the Assistant Administrator for Africa; and does not have a project life in excess of 10 years. Since 94 STATE 086676 authorizes you to approve a project in an amount not to exceed \$50 million, authorization of this project is within your delegated authority.

Recommendation: That you sign (1) below indicating your approval, (2) on the Project Data Sheet (facesheet) of the attached Project Paper and (3) the Project Authorization.

Approved: _____

George Jones

Disapproved: _____

Date: _____

9/21/95

Attachments:

- (1) Project Paper and Facesheet
- (2) Project Authorization
- (3) Issues Paper dated May 31, 1995
- (4) STATE 086596, STATE 025668 Delegation of Authority cables

Clearances:

PRJ: Masbayi *AS* Date 6/27/95

PRG: CBwire *CB* Date 7/3/95

CONT: CAdams _____ Date _____

REDSO/RLA: TFillinger _____ Date _____

REDSO/CON: RWebber *Robson* Date 7/12/95 (per my dated procurement plan) ✓

D/DIR: KToh _____ Date _____

PL
PRJ:NGitau:NG:6/21/95 (u:\usaid\usaid.prj\docs\pvo\pvoapp.mem)

SW

PROJECT AUTHORIZATION

COUNTRY: KENYA

PROJECT: PVO Co-Financing II

PROJECT NO.: 615-0267

1. Pursuant to Section 496 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the PVO Co-Financing II Project for Kenya involving planned obligations not to exceed Three Million, Five Hundred Thousand United States Dollars (\$3,500,000) in grant funds over a five year period from the date of authorization, subject to the availability of funds in accordance with the USAID OYB/Allotment process, to help in financing foreign exchange and local currency costs for the Project. The planned life of the Project is five years from the date of initial obligation.

2. The purpose of the Project is to strengthen the capacity of Kenyan NGOs to promote participatory community development. The Project consists of two components; namely, the grants component to support multi-sector, partnership NGOs and NGOs working in networks to support key interventions and assist them to interact in new and more effective ways with local communities; special initiatives to support special seminars, tours and other activities aimed at improving the enabling environment for NGOs.

3. Source and Origin of Commodities, Nationality of Services.

Except as USAID may otherwise agree in writing:

(a) Commodities financed by USAID under the Project shall have their source and origin in countries included in USAID Geographic Code 935.

(b) Except for ocean shipping, the suppliers of commodities or services financed by USAID under the Project shall have countries included in USAID Geographic Code 935 as their place of nationality.

c) Ocean shipping financed by USAID under the Project shall be financed only on flag vessels of the countries included in USAID Geographic Code 941 and Kenya subject to the 50/50 shipping requirements under the Cargo Preference Act and the regulations promulgated thereunder.

4. Local Cost Financing. Based on information contained in the Project Paper and its supporting files, I hereby determine that local prices for goods and services to be acquired locally are reasonable.

George Jones
Mission Director

9/22/55
Date

PROJECT NO. 615-0267

Clearances:

PRJ:VMasbayi *VM* Date 6/27/95
PRJ:SMeyer *SM* Date 7/2/95
PRJ:CBwire *CB* Date 7/2/95
CONT:CADams *1* Date _____
RLA:AVance *AV* Date _____
D/DIR:KToh *KT* Date _____

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7/2/95*

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PVO CO-FINANCING PROJECT II
PROJECT PAPER

PROJECT PAPER
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Executive Summary

INTRODUCTION:

USAID's PVO Co-Financing project initiated in 1985 and redesigned in 1988 has invested about \$8 Million dollars in developing the capacity of Kenyan NGOs and gained valuable experience. In the face of declining foreign aid assistance indigenous PVOs will increasingly take on the development role and will be expected to continue and sustain significant development initiatives. Given USAID's broad-based development strategy it is logical that developing the institutional capacity of the NGO sector as a whole becomes even more important at this point in time. This project intends to build on the experience gained and to share experiences with other donors and to develop local capacity that will help sustain development initiatives.

The Project was designed at \$7 million over a five-year period. However, due to lower OYB level, for the Mission, the project was approved at \$3.5 million. While the PP retains a full description of the project, only the Grants and the Special Activities components will be implemented at this time. Mission retains the management responsibilities of these two components through the PVO Unit.

GOAL:

In keeping with USAID's emphasis on sustainable development, the goal of the project is to **increase the level of civic participation, advocacy skills and self-reliance of the rural poor.**

PURPOSE:

The purpose of the project is to **strengthen the capacity of Kenyan NGOs to promote participatory community-based development.**

STRATEGY:

The project has direct logical continuity with its predecessor, PVO Co-financing I and builds on the earlier experience by remaining focused on capacity building of NGOs, but adds an explicit focus on NGOs involved in community-based development.

The strategy is to empower communities to participate in the process of identifying their own needs and participating in the planning process. This will encourage communities feel a sense of ownership and to mobilize local resources thus enhancing prospects for sustainability of the development activities they initiate.

The Republic of Kenya, Country Position Paper presented at the recent World Summit for Social Development notes that NGOs operating in Kenya, should address four key development issues:

- 1) participation in development programming of self-help and community groups, professional and trade associations;
- 2) the element of participatory democracy and involvement of local citizens in the governance of the country;
- 3) the fostering of equitable development in terms of regions and income levels;
- 4) the involvement of women in development programs by encouraging gender equity.

The "**New Partnership Initiative: Building Local Capacity**" announced by Vice President Gore in March 1995, strongly advocates an augmented role of NGOs and commends USAID's renewed attention to the support of community-based activity.

BENEFICIARIES:

The project targets up to forty Kenyan NGOs over the next five years. NGOs to be targeted are of two types:

- 1) Community Development NGOs: Based in the districts and working with neighboring communities with a long term presence within such communities.
- 2) National Development NGOs: Working nation wide with support for several local organizations/community groups but do not have long term presence within the communities.

The primary beneficiaries of this project are the rural poor participating as part of local voluntary associations (LVAs), groups of local people working together, which exist throughout Kenya.

PROPOSED INTERVENTIONS:

Project interventions under the PVO Co-Financing II Project will be organized into three components, each addressing key constraints to effective NGO interaction with local communities in Kenya. Although complimentary, the components are designed to operate independently:

- 1) **A Grants Component**: support for NGOs in three categories: multi-sector NGOs, NGOs working in partnerships, and NGO networks. This component is to increase NGO institutional capacity and impact in community-based development by means of up to fifteen grants awarded to NGOs for multi-sector, partnership and network initiatives. Grant assistance will build NGO organizational capacity by:

a) Increasing the internal institutional capacities of any or all NGOs working together in the above categories;

b) Augmenting capacity of NGOs to effectively relate to and coordinate with other NGOs operating in the community development field, with communities they serve and with donors and the Kenya government.

2) A Special Activities Component:

This component is designed to improve the operating environment of NGOs with programs involving local community development by allowing USAID to sponsor at least four seminars/workshops on capacity building, including NGO/Donor/GOK coordination; Country visits/tours for NGO personnel involved in community development to share experiences and lessons with other successful programs in the developing world; and at least two studies to document experiences and practices on the subject of community participation and empowerment.

3) An Operational Research and Pilot Community Development Component:

This component will support the KCDF in collaboration with Ford Foundation in order to establish local capacity for the sustainability of participatory development initiatives. The KCDF should at the end of the project have developed an adequate capacity to be a major national resource for support of participatory development initiatives. In collaboration with Ford Foundation, USAID will help document operational research and implementation experience to improve the knowledge, skills, coordination and organizational capacities among Kenyan NGOs and enhance their ability to relate more effectively to local communities.

Means of Implementation:

The major actors in this project are USAID, a range of NGOs operating in Kenya, a single grants administration contractor and, one direct grant recipient.

At the \$ 7M level a team of three FSN professionals and a secretary will coordinate the project through two mechanisms:

1) a contract with a private locally-based firm which will serve as "Grants Administration Contractor" for Components 1 and 2 of the project, and

2) a separate grant or cooperative agreement to support the Kenya Community Development Foundation Initiative.

At the lower level of \$ 3.5 M the team will manage the project directly and use direct contracts where necessary.

Project Budget:

The overall project budget includes the following major line items of costs:

	<u>option 1(7m)</u>	<u>option2(3.5m)</u>
Component 1 (Grants)		
Grants Mgmt	\$1,200,000	-
Subgrants	\$3,150,000	\$2,247,000
Component 2		
(Sp. Activities)	\$500,000	\$300,000
Component 3	\$850,000	
(Pilot Comm Dev Project)		
Monitoring and		
Evaluation	\$430,000	\$300,000
Direct USAID		
Management	\$870,000	\$653,000
TOTAL	\$7,000,000	\$3,500,000

NGO grant recipients will make in-kind or cash contributions of 25% of total project costs.

Measurement of Results:

Key indicators will be as follows:

-Community groups which are able to identify and negotiate for actions addressing community needs and which have increased capability to mobilize the needed resources to sustain activities started by external sources.

-NGOs which are effectively including their constituents in the design and implementation of interventions intended to improve conditions at the community level.

Indicators will focus on community-level groups with which the NGOs work, and with participating NGOs themselves. Gender issues will be an inherent part of the project.

(See logical framework Annex A).

I. RATIONALE AND STRATEGY

A. STATEMENT OF PROBLEM/OPPORTUNITY

1. Kenya Government View-The Challenge and Role of NGOs

The official Republic of Kenya, Country Position Paper, prepared for the World Summit on Social Development, December 1994, set forth two main objectives for poverty alleviation:

- 1) Broad-based national economic growth using Kenya's most abundant resource--labor, and
- 2) The provision of basic social services and the means to meet necessities of individual poor households.

The Paper identifies seven priority areas for action: 1) employment creation, 2) macro-economic framework conducive to growth, 3) increased broad-based welfare services, 4) expanded infrastructure provision, 5) conservation of natural resources, 6) land reform, and 7) redressing the rural-urban balance.

The Paper notes that NGOs operating in Kenya, although often lacking the capacity to handle larger scale development efforts, should be encouraged to address several important development issues:

- participation in development programming of self-help and community groups, professional and trade associations;
- the element of participatory democracy by local citizens in governance;
- the fostering of equitable development in terms of regions and income levels ;
- Involving women in development programs by encouraging gender equity;
- Maintaining emphasis on family planning service delivery.

2. NGOs and Development issues, problems and constraints

The current GOK development plans indicate that NGOs are important partners in development. Donors consider them prominent actors. NGOs in Kenya exist at several levels and are of many types including international or national (indigenous) agencies. Among the indigenous NGOs are to be found national, regional or local NGOs: NGOs that operate in single or multiple sectors; community development NGOs or church development associations; networks or umbrella NGOs. (See Annex C, "Background Analysis of NGOs in Kenya" for more details on the NGO community.)

The NGO community membership is estimated to be between 600 to 1000 organizations; agencies with legal status and or some permanent staff and funding. About 400 of these are international NGOs or local branches of international NGOs.

A sample of 210 Kenyan NGOs indicated that 46% were established in the last 5 years, 17% were established in the last two years. This indicates the continuing growth in the NGO community.

Another important level of NGOs, not included in the above categories is the Local Community Development NGOs. These are agencies that have paid staff and some financial resources and that work exclusively in a single region or only with neighboring communities. Over 150 such NGOs exist mainly as church development associations.

Programs focusing on poverty reduction in Kenya have long been full of language about participatory development. This includes empowering community-based organizations, the development of civil society and working at the grass roots level. However, these key concepts have not been effectively implemented due to various reasons:

Many NGOs have underdeveloped institutional capacities, interior to their own management and affects how they interact with their clients and beneficiaries.

NGOs are often territorial and may stake claims on specific communities. Communities thus "claimed" become dependent on a given NGO's service delivery systems which may or may not include community empowerment and capacity-building elements.

NGOs often do not coordinate or learn from one another to increase effectiveness, much less work together. This limited interaction, coordination and information sharing reduces potential to increase impact by working and sharing as partners in development.

There is the tendency of NGOs, at all levels, to be inflexible when dealing with community support. The problems lie largely in the short term perspectives and approaches which put pressure on the "delivery" of tangible products and neglect the need to build institutional capacities within target communities.

There is inadequate research and empirical analysis on community development work and the effectiveness of various approaches. Few objective assessments and evaluations of community development activities can be found.

Many community development NGOs do not link relief to development. Many agencies create dependency due to relief programs that deliver "gifts" to communities. This can exacerbate already strong community expectations in Kenya for hand-outs, a tendency quite detrimental to building community capacity. Relief is necessary and right, but data on how NGOs could provide such subsidies without compromising sustainability and capacity building is still lacking in Kenya.

In summary, the main challenges facing NGOs delivering services to communities remain related to encouraging effective involvement of the local community in decision-making.

3. Local Voluntary Associations

NGOs and donors are becoming increasingly aware of the complexity involved in interacting successfully with local voluntary associations (LVAs). These exist throughout Kenya as a long-standing feature of community life.

These local associations typically have between five and thirty members, rarely have paid staff and focus on efforts to better the lives of their members through self-help activities. Groups usually raise funds from members or their families and harambees, and when possible from government, donors or NGOs, most always for specific activities. Groups take a variety of forms:

Housing groups and cooperatives. Especially in areas facing land pressure, people band together to purchase land, or renovate or build better homes, often in response to forced displacement.

Credit associations. People in communities continue to follow the practice of forming rotating credit associations or "merry-go-rounds." Members regularly contribute a small sum and loans are made to each member in turn for business activities, school fees or other uses.

Women's groups. Women often form formal or informal associations to help solve several problems. These include meeting the demands of child rearing, food production and acquisition, gathering cooking and heating fuel, extended family obligations and production of cash income for school fees, and other family essentials. As well as assisting with these responsibilities, such groups provide peer support as members deal with business, marital, family or other social problems.

Rural resource management groups. Neighbors, and at times a major portion of a village's adult residents, come together to increase their access to agriculture or drinking water, to learn new agricultural practices, or cooperate in other pursuits--to dig wells, to buy livestock or poultry for members, improve housing or schools.

The listing of women's groups as a separate category above should not be taken to mean that they are in any way segregated from other groupings. Women are involved in every variety of community initiative, and increasingly in leadership roles. Further, research in Kenya is building a growing body of evidence that women are more often poor, especially among the increasing incidence of female-headed households. The simple fact is that women are central to family and community life and this leads to their disproportionate participation in community development.

LVAs seldom have a membership encompassing an entire community, and any one village will contain multiple groups at a given time. Individuals may be members of several groups. Frequently groups, most operating without outside encouragement, continually develop, become discouraged and atrophy.

4. NGO-LVA Interaction

As mentioned earlier in the paper, NGOs take many forms. These include Local Community Development NGOs working with communities regionally, or Nationally. The latter are usually headquartered in Nairobi and are better known to the donor community.

Local community development NGOs are usually organizationally weak and lacking consistent funding. However, they take an integrated approach when working with communities, supporting activities directly or through referral to other agencies. The referrals are in areas such as housing, community organizing and training, advocacy, reproductive health, sustainable agriculture or informal sector credit.

Many national NGOs already work with such local NGOs, or run programs of their own with LVAs. But such national agencies usually do not have a long term presence in any given community. As indicated earlier, many of these national NGOs, whether sector-specialized or not, inconsistently provide capacity building at the local level and often do not integrate the community in what they are doing. Their efforts often collapse after the NGO withdraws.

The challenge under such circumstances is to "tip the balance" of donor-NGO support, NGO to NGO support and NGO to LVA support to favor an enabling set of actions by NGOs with reference to local community action groups, to ensure that such groups exert their own agendas and desires on those that seek to assist.

The Ford Foundation points out that each group involved has particular advantages and limitations:

<u>Ingredient</u>	<u>LVAs</u>	<u>Local NGOs</u>	<u>National NGOs</u>
Knowledge of local needs	High	Medium	Low
Works well w/ local gov. & traditional power structure	High	Medium	Low
Accountability to beneficiaries	High	Medium	Low
Fund raising	Low	Medium	High
Attracting skilled staff	Low	Medium	High
Access to decision-makers	Low	Medium	High

The combination of strengthened national-local NGO interaction with local communities may well promise large-scale local poverty reduction over time if three main problems can be overcome:

- organizational weaknesses in local community development NGOs and LVAs,
- organizational and conceptual weaknesses among national NGOs in how to interact more effectively with local NGOs and LVAs;
- the lack of coordination of NGOs, now sporadic and unsystematic, concerning participatory approaches that work.

B. PROJECT PURPOSE AND STRATEGY FRAMEWORK

This new project has direct logical continuity with its predecessor, the PVO Co-Financing Project, which had the purpose of "assisting PVOs in Kenya to increase their development impact by strengthening their institutional, implementation and beneficiary outreach capabilities." The new project's design also, like the earlier project, identifies with the Mission's overall objective of promoting sustainable broad-based economic growth.

Within that context, the goal of the new project is:

--to increase the level of civic participation, advocacy skills and self-reliance of rural poor.

This is in keeping with USAID's emphasis on sustainable development to increase the level of civic participation and self-reliance of rural poor which will empower communities to become active agents in their own development.

The Purpose of the project is:

-- **Strengthen the capacity of Kenyan NGOs to promote participatory community-based development.**

This purpose statement, though focused as was the earlier project on institution and capacity building of NGOs, adds an explicit focus on NGOs involved in community-based development.

This purpose and its "community-based concentration" was arrived at after an intensive process of consultations with USAID staff, the Kenyan NGO community and selected other donors, who have become increasingly aware that the flow of donor and other resources through NGOs to local communities has reached a certain impasse.

Despite prolonged infusion of aid to local communities, sustainable development has yet to be achieved. The short-term "stove-pipe" approach to development has resulted in communities which remain largely dependent on external assistance. The project was also discussed with GOK officials of the NGO Bureau and Treasury. All the NGOs consulted overwhelmingly felt that too often donors design projects without consultation. They felt that the concept of community participation is a critical ingredient to development and that the NGO community would be prepared to form an advisory committee to help develop the effective implementation of "community participation" programs. The NGO Council and the NGO Bureau both see this as an important activity and want to participate.

Present approaches and funding practices in Kenya, many have concluded, too often have missed or restrained the capacity building in local communities themselves. The problem lies largely in the short-term perspectives and approaches which put pressure on "delivery" of tangible products. While meeting some community needs these approaches too often involve predetermined sectoral focuses or methodologies. They tend to limit the scope of assistance, training imparted, and local communities' capacity to carry on in the absence of outside assistance.

The NGO and donor communities in Kenya are also acutely aware that Kenyan NGOs--advocacy and regular service delivery NGOs (which this project targets), are often reformist and happen to be operating in less than a fully enabling environment in Kenya. Many in the community have commended the efforts of the NGO Council to press for a changed atmosphere. Most believe that development NGOs are accepted by the Government of Kenya as important but will have to adhere closely to GOK guidelines if they are not to arouse undue suspicion.

Under these conditions, many have concluded that NGOs can most effectively operate and have eventual large scale effects by fulfilling their traditional development roles and sincerely advocating and implementing participatory methods.

Such "local" conclusions coincide centrally with conclusions being reached elsewhere. The new set of imperatives now obvious in Kenya, is increasingly the focus in the development community at large.

B. IMPORTANCE OF NGOS IN COMMUNITY DEVELOPMENT

The "New Partnership Initiative: Building Local Capacity" announced by Vice President Gore in March 1995, strongly advocates an augmented role of NGOs and commends USAID and its attention to the support of community-based activity such as that incorporated in this new project:

"The strength of a democracy and the vitality of its economy rest on the degree to which its citizens are actively engaged in and empowered to participate in their communities. The strengthening of civil society--including grassroots development and community organizations--is critical to achieving and sustaining development."

The New Partnership Initiative also indicates that such activity supported by USAID should, as will be the case for the project described herein:

"...derives from a recognition of the need to pursue local capacity building in an integrated and mutually reinforcing manner. Just as the pursuit of sustainable development would be hampered by the parochial pursuit of single sector strategies, grassroots empowerment must be a consolidated effort to build and foster multiple channels of development effort."

Finally, the New Partnership Initiative has also a central theme concerning leveraging resources and engaging other players, a theme that this project makes operational.

• USAID's Strategies for Sustainable Development of 1994 also endorses the essential approach set forth in this new Kenya project as it indicated that:

- the fundamental thrust of USAID programs will address building indigenous capacity, enhancing participation, and encouraging accountability, transparency, decentralization, and the empowerment of communities and individuals.

- USAID projects are to involve/strengthen elements of a self-sustaining, civic society: indigenous non-governmental organizations, productive associations, educational institutions, community groups, and local political institutions.

- USAID will minimize so-called "stovepipe" projects and programs that operate without regard for other development efforts or broader objectives.

- USAID will pay special attention to the role of women, for a development process that fails to involve half of a society is inherently unsustainable.

- Solutions to many of the problems in the areas where USAID will concentrate resources demand creation and involvement of indigenous NGOs as intermediary

organizations that enhance popular participation, deepen the benefits to society and whose very existence can promote peaceful change.

The exact themes of this new Kenya project are also sounded within the strategies of the "Greater Horn of Africa Initiative" and the new AID Africa Bureau Strategy on NGO Collaboration. Both call for a larger and stronger community of national NGOs arising from international institutions and African people alike; both indicate that the Africa Bureau will give central importance to programs that establish and strengthen indigenous NGOs, and the reliance on NGOs to take the lead in building popular participation.

The strategy framework of this new project complements the activities of the USAID/Kenya which have long been bifurcated between 1) three excellent, well focussed and results-oriented sectoral programs in health and population, private enterprise development, and agriculture, which relied heavily on NGOs for implementation, and 2) the predecessor Co-Financing Project, that took a more general approach by building institutional capacity in a style of being more "of and for" NGOs than USAID's sector-based programs. The USAID portfolio also includes a Democracy and Governance project which partly relies on NGOs, and activities in disaster relief which heavily involve NGOs. The new project relates to both; its community-based approach is particularly applicable to the relief program.

(For more detail, see Annex B, "USAID/Donor NGO Sector Assessment.")

As USAID's sector based programs continue using NGOs as the main implementation mode, and focus more tightly on accomplishing well defined sector objectives, it is important that USAID retain its long standing "other approach" to NGOs with the intent to improve the institutional condition of key selected NGOs in the community at large, particularly those practicing community development approaches.

There is considerable cross-fertilization between USAID/Kenya's two ways of using/supporting NGOs. If successful, the broader based approach of this project should allow for the replication over time of USAID's sector-specific approaches in many more communities in Kenya than those directly included in the sector offices' actual programs.

D. INTERVENTION PROPOSED

Responding to the USAID/Kenya and USAID global program mandate, outlined above, the project will contribute to sustained, broad-based economic growth and the increase in the level of civic participation, advocacy skills and self-reliance of low income citizens through activities that strengthen the Kenyan NGO sector in effectively fostering community based development.

Project interventions are planned within the context of three major intervention areas: 1) grants to NGOs working in three categories: multi-sector NGOs, NGOs working in partnerships, and NGOs working in networks;

2) support for special related activities; and 3) a pilot community development program operated in conjunction with other donors.

These activities comprise the three components of the project and are described in more detail in the next section, "Plan of Action."

The rationale for planning interventions in these three components is based on the following logic:

Component 1 will provide grants to NGOs working in three categories: multi-sector NGOs, NGOs working in partnerships, and NGOs working in networks--offers direct continuity with the PVO Co-Financing Project and assures that USAID maintains its leadership role in supporting capacity building among Kenyan NGOs. This component is designed so that USAID can immediately support certain NGOs already well positioned, if not always well-prepared, to interact in new and different and more effective ways with local communities.

Grants under this component will support key interventions and promote changed behaviors among selected NGOs. The network category of grants is particularly important as high priority will include support for the NGO Council, which has not received any substantial support from the donor community.

Component 2, Special Initiatives, the smallest of the three, will allow USAID/Kenya to flexibly complement the project's grant oriented activities with special issue seminars, study tours and other special activities aimed at improving the enabling environment NGOs need to operate effectively in Kenya. It will also provide for the PVO unit coordination of a USAID consultative committee.

Component 3, the pilot community development program, is designed to directly complement Component 1 in particular. Component 3 represents a conscious decision to approach the problem of fostering community involvement as a socio-economic and cultural learning exercise including operational research and careful documentation of options and results. This component involves an important new initiative which will be implemented through the support of USAID and other donors working in partnership.

II. PLAN OF ACTION

A. SUMMARY OF COMPONENTS

Based on the above constraints and opportunities description, the PVO Co-Financing II project will be organized into three components, each addressing key constraints to effective NGO interaction with local communities in Kenya:

1) Grant Component: support for NGOs in three categories: multi-sector NGOs, NGOs working in partnerships, and NGO networks.

This component is to increase NGO institutional capacity and impact on community-based development by means of up to fifteen grants awarded to NGOs for multi-sector, partnership and network initiatives.

2) Special Activities Component.

This component is designed to improve the operating environment of NGOs with programs involving local community development by allowing USAID to sponsor a series of activities--special issue seminars, study tours and studies--to flexibly complement the project's grant oriented activities.

The PVO Unit will also coordinate an NGO Consultative Committee for USAID to better inform the Mission on critical issues impacting the NGO sector in Kenya.

3) Operational Research and Pilot Community Development Component.

This component will include practical operational research and implementation experience which will improve the knowledge, skills, coordination and organizational capacities among Kenyan NGOs attempting to relate more effectively to local communities. Each component will be described in greater detail later in this section.

III. POTENTIAL PARTICIPANTS: NGOS TARGETED BY THE PROJECT

Despite the proliferation of NGOs in Kenya many of which work among and with local community groups--and some expansion by these agencies of "empowerment" approaches to durable poverty reduction--emphasis in the field has become increasingly centered on sector-specific projects managed by larger national and international NGOs. As discussed in earlier sections of this paper, major implementation gaps between participatory concepts and actual implementation practices have been noted. These can be summed up as a situation in which the field of community development is "losing balance," moving too far from building the knowledge, skills and organizational strength at the

community level which are necessary to achieving the desired degree of involvement of the poor in choosing, designing and managing community development activities.

Thus it is clear that the NGO actors who should be involved in all components of this project are those operating in the community development field. NGOs will be selected for inclusion in the project from the overall NGO community in Kenya. In general, NGOs to be targeted are of two types:

1) Community Development NGOs, usually headquartered outside of the capital in secondary cities or towns, which work regionally or with several neighboring communities. Such agencies are distinguished by having paid staff; usually taking an integrated approach when working with local communities, Local Village Associations, and community groups which work on a self-help basis; and having a long-term presence in the communities in which they work.

2) National Development NGOs which are distinguished by the nationwide or at least multiple-community focus of their work. Such NGOs always have field staff, and sometimes field offices, but usually do not have a strong long-term presence in any one low income community. While many national NGOs, work with local communities and LVAs encouraging participation in a broad range of community development needs, others specialize in only one type of development activity.

The number of NGOs of the above two types are quite large--an estimated 150 NGOs in the first category and over 400 in the second. Thus, the pool of eligible applicants for support under one or another of the components of this project is likewise extensive. Each component of the program therefore requires a method to screen proposals against defined categories of grants available, and criteria for each. These are described in the discussion below concerning how each component will work.

ACTIONS AND ACTIVITIES

COMPONENT I

Types of Grants

Component I involves grants from USAID to NGOs that are already well positioned or wish to develop capacities to interact more effectively with local communities.

Included will be:

Grants to Multi-sector NGOs: support for 2-5 initiatives involving NGOs from strong multi-sectoral lead agencies (Kenyan or international) to improve their ability to develop institutional capacity of up to 20 emerging KNGOs or Local Community NGOs in effectively utilizing community-based development;

Grants to NGOs Working In Partnerships: support for 5-7 partnerships (at least 2 NGOs working collaboratively) initiatives to increase their capacities as organizations and as partners in fostering community-based development, and;

Grants to Networks: support for 1-3 networking initiatives aimed at strengthening the impact of the NGO sector in community-based development.

Objectives of Grants

Grant funds for multi-sector NGOs would be to support their involvement with and strengthening of Local Community Development NGOs to experiment with new forms of participatory methods or expand recently successful approaches. This grant element would incorporate action-research components, including clear learning questions, performance targets, methods for documenting and assessing results and lessons, and methods for spreading lessons to others.

Grant funds for partnerships would be to support joint activities of two or more NGOs working collaboratively on specific community development interventions. Such joint operations would attempt to improve the participatory development techniques of the NGOs involved and combine the technical expertise of these agencies to give a wider choice of interventions to communities served.

Grant funds for networks would support activities of any grouping of NGOs with support for efforts to research and learn, document experiences, or disseminate information among NGOs or to donors and government about promoting participatory strategies that are effective in empowering communities.

Uses of Grant Funds

Funds available from USAID will in the main not be used to fund projects, but rather will be available to NGOs to cover costs associated with building their organizational capacity:

1) by increasing the internal institutional capacities of any or all NGOs working together in the above grant categories, and

2) by augmenting capacity of NGOs to effectively relate to and coordinate with a) other NGOs operating in the community development field, b) communities they serve, and c) donors and Kenyan Government.

PVO Co-Financing II will support NGOs in meeting their management and capacity building needs in both these areas.

Internal efficiency capacity building:

In terms of increasing internal capacity, PVO Co-Financing II funds will be available for technical assistance, training, capital equipment or salary expenses to NGOs.

Organizational development of external relationships and coordination:

Given the nature of the PVO Co-Financing project's focus on community-based development, funds will also be available to cover training or technical assistance.

In addition to the above, funds will be available for core personnel and equipment costs associated with the operation of local participatory processes among local community groups and expenses of community organization and training activities run by participating NGOs.

Technical Assistance and Training:

Technical assistance, training and other support needs of NGOs applying for grants will be determined before any grant agreement is executed. NGOs applying to USAID for grants will undergo a collaborative institutional assessment as described in Annex D. NGOs whose proposals score high in terms of determined criteria, will be invited to take part in such an assessment.

This assessment will provide diagnostic information for writing that part of the grant agreement dealing with internal capacity building needs of NGOs involved, and be the baseline from which measurement of improvements over the life of the grant can be established.

Institutional development objectives will then be built into the expected outputs of the grant, and key activities (such as training, management consultants, MIS systems and capital equipment) will be funded in the grant.

Grantees will be responsible for procuring the necessary services (after seeking bids or collecting resumes and notifying USAID of how they wish to proceed and getting USAID's prior approval).

Grant Selection Criteria

Proposals in all three categories of grants will be judged against the following criteria:

ORGANIZATIONAL ASSESSMENT CRITERIA

1. Demonstrated or convincing potential to reach and work with grassroots and have "impact"
2. Record of working well with other organizations
3. Women-managed organization
4. Operational gender policy at organizational and program/service delivery levels or demonstrated potential, interest in developing gender policy
5. Demonstrated knowledge, and if possible utilization, of people oriented, participatory development approach
6. Legally operating in Kenya
7. Appropriate experience in geographic area of proposed initiative (organization(s) and proposed key staff)
8. Demonstrated capacity to manage proposed initiative [including proposed grant-provided resources, if necessary]
9. If multi-sectoral agency: have identified and can demonstrate compatibility, interest of more locally-based NGO collaborator(s)
10. If partnership of agencies: can demonstrate compatibility, interest of partners to work together
11. If network for group of agencies: can demonstrate interest of members to participate.

INITIATIVE ASSESSMENT CRITERIA

1. Clarity on how proposed initiative will help NGO(s) achieve their strategic objectives
2. Potential for "rippling effect" within communities, among NGOs
3. Demonstrates approach for inclusion of women within community decision-making; NGO decision-making

4. Soundness of approach for strengthening NGO-community-government relations
5. Indicates how self-reliance of network and/or NGO(s) and community participants will be strengthened
6. Satisfactorily addresses sustainability of process and material improvements of initiative after period of grant support
7. Demonstrates understanding of needs of organization(s) and community, and shows broad-based involvement of affected individuals/entities and gender sensitivity in proposed design (NGO, community, local officials, etc); includes preliminary baseline conditions for affected entities
8. Feasibility of scheme for implementation at network and/or NGO(s) and community levels
 - roles/responsibilities of all partners
 - preliminary plan of action; timeline
 - budget, other resource needs defined
 - environmental impact, if any, described
 - management plan, including monitoring and evaluation

COMPONENT 2

This component is designed to improve the enabling environment of NGOs with programs involving local community development by allowing USAID to sponsor 1 or 2 activities each year--special issue seminars, study tours and studies--to flexibly complement the project's grant oriented activities and its NGO Consultative Committee.

SPECIAL ISSUE SEMINARS:

Four workshops/seminars will be held over the life of the project. While it is difficult to state in advance the nature of the sessions, it is expected that they will cover the following:

a) Networking: Through the Contractor this will bring together the NGO Bureau, NGO council and the NGOs on the subject of collaboration for development. It is expected that such a seminar/workshop will help bring out key issues that are seen as bottlenecks to the work of NGOs and provide the opportunity for the beginning of positive dialogue between the NGOs and GOK.

b) This will bring together the NGOs working on community participation to explore the concept and share ideas and experiences . It is expected that such a workshop can begin to help develop a similar understanding of the concept among the NGOs and define approach to implementation process.

c) This will be designed for a limited number of NGO (funded under the project) to explore internal organization weaknesses in capacity building and discuss strategies to strengthen NGO capacity.

d) The final workshop will bring together NGOs funded under the project to share experiences in collaborating with Local Voluntary Associations. Lessons learned will be documented and case studies of success prepared.

TOURS:

Key staff of participating NGOs will have the opportunity to visit other NGOS doing similar work and with experience in other parts of the developing world. This will include both the NGO Council and NGO Bureau personnel to visit other countries with similar organization to learn more about NGO/government relationships.

SPECIAL STUDIES:

It is envisaged that a minimum of two studies will be carried out to increase understanding of the community participation concept and practice and recommend ways in which such an approach can strengthen USAID's development strategies.

COMPONENT 3

Under Component 3 USAID, along with other international donors, will be in a position to consider support of new initiatives designed to change and strengthen the delivery of services by NGOs to community groups. Several major and potentially attractive initiatives along these lines are being discussed in the NGO and donor community. Such initiatives would relate closely and with beneficial effects on the field of community development, and hence on the USAID Component 1 grants program.

One such initiative involves the creation of a new Kenyan foundation, the Kenyan Community Development Foundation (KCDF). The KCDF will be an independent and endowed (in its fifth year of operation) non-profit donor, controlled and professionally managed by Kenyans. It will provide information, core funding and other support for organizational development assistance to NGOs that focus explicitly on increasing the ability of low-income people to play a full and effective role in development activities of their own communities. The KCDF's focus will be less on projects and more on developing this facet of civil society. Some support provided by the KCDF will be on learning grants, operational research and assisting established NGOs to experiment with new forms of participatory methods or expand recently successful approaches.

The Foundation will start its first funding cycle in January 1996. It is expected that an externally-based NGO will be asked to manage KCDF activities for the first three years, acting as a "midwife" organization (World Education, PACT, World Learning, New TransCentury are among agencies being considered for this role). An Advisory Committee of prominent Kenyans is overseeing the development of the KCDF along with representatives of the Ford Foundation, the organization spearheading the initiative; the committee is prepared to include at least one or two other seriously interested donors. USAID will support the Kenya Community Development Foundation by serving actively on the Advisory Committee, and providing a single support grant to KCDF over its first three years of operation. The purpose is to enable KCDF to reach a larger number of LVAs promoting community participation and to develop a national capability for long term support of community based development.

A. PROJECT BENEFICIARIES

The primary beneficiaries of this project are the rural poor participating as part of local voluntary associations (LVAs), which exist throughout Kenya. Such groups are a long-standing feature of community life in Kenya and number in the tens of thousands. They typically have between five and thirty members, rarely have paid staff and focus on efforts to better the lives of their members through self-help activities. Groups usually raise funds from members or their families and harambees, and when possible from government, donors or NGOs, most always for specific activities--to dig wells, to buy livestock or poultry for members, to supplement rotating credit group resources, to provide sustenance for orphans or widows, improve housing or schools, etc. Women's participation in LVAs is exceptionally high.

B. MEANS OF IMPLEMENTATION, ROLES AND RESPONSIBILITIES

The major actors in this project will include USAID, a range of NGOs operating in Kenya, a single grants administration contractor and one direct grant recipient.

The present PVO Unit of four Personal Services Contractors-- three officers and an administrative assistant-- in USAID's Office of Projects will coordinate project implementation through processes and instruments indicated below.

The overall responsibility for management of the project will be through the PVO Unit which will administer the project through two other mechanisms:

1) a contract with a private locally-based firm which will serve as "Grants Administration Contractor" for Components 1 and 2 of the project, and

2) a separate grant or cooperative agreement to support a new initiative, along with other donors, as described under Component 3.(See "Roles and Responsibilities within USAID" below)

Roles and Responsibilities Within USAID

This project will be implemented under the overall oversight of a project-funded USAID's PVO Unit in the Office of Projects which will perform the following functions:

- * Overall coordination of the development and implementation of the three components.
- * The preparation for and negotiation with the procurement office of up to two institutional arrangements to facilitate the project's administration (the preparation of terms of reference for an RFP designed to select a firm to perform grant administration functions for Components 1 and 2, and, if needed, a multi-year grant for Component 3).
- * Completion of organizational assessments and ratings for each NGO likely to be considered for receipt of a grant. This analysis would form the baseline of each recipients institutional status at the beginning of the grant, and be the basis for negotiating capacity-building support to be provided in each grant agreement.
- * Control of programmatic decisions concerning specific NGO proposals to be supported by the project and preparation of specific terms of reference for NGO grants to be executed by the Grants Administration Contractor.
- * Monitoring of the performance of Components 1, 2 and 3 activities, and in the case of component 1 and 2, the performance of the Grants Administration Contractor; the contractor will monitor mainly financial administration of the grants and special activities, the PVO Unit will monitor (and interact with grantees concerning) the programmatic content of grant implementation.
- * Coordination with other USAID activities, GOK, and donors.
- * Contributing to strategic reporting and development.
- * Development of special activities and coordination of NGO Consultative Committee for USAID.
- * Ensure that audits are performed on a timely basis by approved audit firms.

Within USAID, a Project Review Committee consisting of representatives of the Projects, Program, Controller/USAID Kenya and relevant REDSO offices. (Other USAID technical offices would be included and kept informed as the need arises.) The function of the Project Review Committee would be to:

- * monitor project evolution
- * approve work plans and schedules
- * review NGO activities proposals which the PVO Unit selects for funding.

Division of Responsibilities Between USAID and Grants Administration Contractor

For ease of implementation, the grants component of the new Co-Fi II project will be managed using a "grants administration contractor" to handle all financial and administrative aspects of grants to US and Kenyan NGOs (both registered and unregistered with USAID). The suggested division of responsibilities between the PVO Unit and the Grants Administration Contractor, and the function of the Grants Administration Contractor are as follows:

* USAID will agree to the administrative arrangements, selection criteria and roles/responsibilities between the contractor and the PVO Unit.

* USAID will retain control of final approval of:

- grant selection/criteria package
- sub-grant agreement and annexes format
- sub-grant financial/administrative management systems and procedures including pre-award financial reviews
- the substance of all sub-grants

and will handle program M&E activities.

* The Grants Administration Contractor will be responsible for:

- contract for project design/proposal writing workshops eight to 10 weeks before due dates for NGO proposals
- processing of proposals--screening, sorting and presenting those ready for consideration by USAID during each grant solicitation/selection cycle (3 over LOP)
 - include bidders conferences approximately 4-6 weeks before due date for concept papers/proposals
 - assure organizational assessments are conducted with NGOs with approved concept papers for their use in development of proposals

- assure complete packages received (concept papers and proposals)
 - manage selection process (contract for outside reviewers as necessary; provide summaries of all proposal reviews, minutes of review meeting with recommendations for awards to USAID)

 - conduct pre-award financial reviews of sub-grantees to assure satisfactory systems and procedures are in place
 - based on recommendations from USAID, negotiate with selected grantees modifications to program and budget aspects of proposals and sign sub-grant agreements
- conduct of how-to-manage-your-grant workshops within 2 months of award of each round of sub-grants

 - handle logistics for annual lessons-learned workshops for sub-grantees and others interested under direction of PVO Unit staff.

Roles and Responsibilities of USAID and Other Donors

USAID will hold intensive consultations with other donors interested in supporting the Ford Foundation initiative with KCDF. USAID staff will keep close contact with the Advisory Committee overseeing the development of the KCDF. A representative of USAID will be invited to sit in meetings of the Advisory Committee and in sessions held by the Ford Foundation with proposed collaborating donors.

IV. DEFINITION OF SUCCESS

A. MEASUREMENT OF PROGRESS

Co-Fi II will include three components, each of which will contribute to the overall success of the project but which will also operate essentially independently. A picture of what Co-Fi II "success" would look like includes communities and community groups impacted by the project which are better able to identify and negotiate for actions addressing community needs and which have increased capability to mobilize the needed resources to sustain activities started by external sources. An additional element of this "success" will be NGOs which are better serving their constituencies by more effectively including them in the design and implementation of interventions intended to improve conditions at the community level. (See logical framework, Annex A).

Goal: The combined effect of the components of the project is expected to impact on the Kenya mission program goal of promoting sustainable, broad-based economic growth by contributing to an "increase in the level of civic participation, advocacy skills and self-reliance of the rural poor" (which is the stated goal of this project).

Indicator: The measure of achievement of this goal will be a percentage increase in the number of local communities participating in district-focused development.

This will be measured through two surveys, a baseline survey to be conducted within the first quarter of project implementation and the other to be conducted within the last quarter of the project as part of the project final evaluation.

Purpose: The purpose of the Co-Fi II project is to strengthen the capacity of Kenyan NGOs to promote participatory community-based development.

Indicators: The achievement of the project purpose will be measured through two sets of indicators, one set focused on the community-level groups with which the NGOs work, and the second set on the participating NGOs themselves.

- 1) At least 50% of participating community groups show increased performance based on the following categories by the end of project:

- a. representative leadership
- b. resource mobilization
- c. identification of and negotiation for community priorities

2) At least 75% of the Kenyan NGO participants show improved performance by the end of project, based on the following:

- a. trained staff utilizing gender-sensitive and community-led program designs and implementation
- b. demand for services by government and communities
- c. stability and utilization of resources (financial, human, and material)
- d. collaboration (with communities, other NGOs, the government)

Data on the effectiveness of the participating community groups and NGOs will be collected through the use of participatory institutional assessment methodologies. (See Annex D for details of the methodology suggested, a definition of institution building, and an analysis of NGO capacity building needs.)

Baseline statistics for organizations which are part of the grants initiatives will be collected as part of the grant selection process. Progress will be measured on a semi-annual or annual basis using these same instruments to note changes in organizational performance; the PVO Unit staff will assure this information is collected in collaboration with the participating NGOs. These individual statistics will be summarized annually for reporting against the purpose level indicators.

For the broad Kenyan NGO sector, a baseline survey will be conducted by a local firm utilizing a survey instrument agreed upon by the Co-Fi staff with the assistance of a NGO working group. This survey will include information on network membership and utilization as well as special attitudinal surveys of the Kenyan NGO sector credibility. Follow-up sector surveys will be conducted as part of the Project's mid-term and final evaluations.

For the pilot program, the means of verification will be established through the grant negotiation process and will provide data compatible with that collected through the other two project components.

Outputs:

Component 1: Through the USAID sponsored grants component for multi-sector, partnership and network initiatives, the expected result is to increase Kenyan NGOs institutional capacity and impact in community-based development.

Component 2: Through the Special Activities Component the expected result is to improve the Kenyan NGO sector operational environment.

Component 3: The expected result of the Pilot Community Development Program is to improve knowledge, skills, approaches and capacities of Kenyan NGOs working with local communities.

Magnitude of Outputs for these components include:

- 1) up to 5 multi-sector, 7 partnership, and 3 network initiatives implemented
- 2) 1-2 "enabling environment" activities implemented per year
- 3) semi-annual USAID NGO Consultative Committee meetings held
- 4) number of action research program results disseminated
- 5) number of Kenyan NGOs participating in pilot program efforts
- 6) number of community group members, at least 40% female, trained in:
 - effective decision-making
 - mobilizing resources
- 7) number of NGOs/networks with improved operating systems/procedures (financial, MIS, . . .)
- 8) number of NGOs/networks with improved operating equipment (financial, communications, . . .)
- 9) number of NGO staff/Board members trained, at least 30% female, in:
 - participatory strategic management
 - managing change and growth
 - community-led development
 - resource management

Quantitative definition of the magnitude of outputs for several of these indicators will be developed early in the project as baseline conditions are obtained and preliminary institutional assessments made.

Statistics generated by the grants administration contractor as part of the grant selection process and semi-annual progress reports from grantees will provide a large part of the information required.

Reports of the special activities (including a listing of all participants) from the institutional contractor and the PVO Unit staff semi-annual progress reports will provide additional data on the results of special activities.

The semi-annual reports from the grantee for the pilot community development program will provide the remaining data for reporting progress against these outputs.

The PVO Unit staff will work with all project partners to develop reporting formats which provide the needed information in an effective manner.

B. MONITORING PROGRESS DURING IMPLEMENTATION

The ability to collect and utilize data assessing the progress being made depends upon several conditions:

- agreement on key indicators and the means of verification is achieved with all major actors before baseline data is collected, and the ongoing relevance of these indicators discussed and appropriate modifications made on a periodic basis (normally annual).

- the collection of data furnishing relevant baseline conditions is done early in the implementation of the project (or major project components), if possible within the first quarter of implementation.

- monitoring regarding "impact" is conducted, reported, and utilized on a schedule which reflects the type of progress being assessed.

- at the output level, progress can be tracked on a quarterly or semiannual basis since the information to be provided is linked to accomplishment of certain tasks; useful information is typically available after the first 3 months of task implementation.

- at the purpose level, tracking of progress is usually more relevant on a semiannual or annual basis; initial progress (non-baseline) data is typically not available until after 9-12 months of implementation has occurred.

- at the goal level, progress attributable to individual components of a project is difficult or impossible to measure; on an overall project basis, the initial baseline, mid-term and final evaluations are normally the maximum number of opportunities to gather relevant data at this level.

With these conditions in place, the various collaborators in Co-Fi II: USAID, GOK, NGO sector, community-level participants and others will be able to track the impact of their efforts in achieving the common outcome all desire. (See Annex A)

V. FEASIBILITY, KEY ASSUMPTIONS, RELATED RISKS

As indicated previously, this project provides direct logical continuity with its predecessor project. USAID/Kenya's ability to relate to the institution building needs of Kenyan NGOs has long since proven feasible, as shown in evaluations of the PVO Co-Financing Project. The new project's focus on building capacity among NGOs and local communities they serve, however, does raise several issues which were not relevant in the earlier project. In the process of designing this new activity, a number of issues were identified as potential risks of which USAID needs to be aware.

A. EXTERNAL ASSUMPTIONS--POLITICAL ECONOMY ISSUES

I. Enabling Environment

The environment in which the new project begins implementation is not fully enabling in terms of NGO programming. With the advent of multi-partyism there are concerns in some rural areas about how land and other resources are allocated, and whether organizing and advocacy of the poor will be encouraged or met with resistance. Furthermore, ethnic clashes in a number of areas of Kenya are also detrimental to the implementation of some NGO projects and development work generally.

This relatively modest USAID project is not likely to have major generalized impacts on any "balance of power" in rural Kenya, but will work in a field that might become increasingly controversial as elections near, other tensions arise, and/or there is an obviously increased level of concentration among donors and NGOs on community organizing. This project will concentrate on funding collaborative NGO actions and initiatives such as the creation of the new Kenya Community Development Foundation or the strengthening of the NGO Council and promoting dialogue with the NGO Bureau.

There is also some risk that competing political interests in any given region or community might try to co-opt NGO programs, programs in ways seen as advantageous to one faction or another. The degree to which such factors might negatively influence community development activities will vary according to the level and type of activity, and geographic location.

The project attempts to manage such risks by operating straightforwardly, trying to approach the problem of rural communities without a point of view other than to prepare communities to accept outside NGO support in ways that will increase their "say" in what is done, and how such activity can have more permanent effects almost exclusively in terms of developmental activities, and with the careful fiduciary controls common to all USAID programs.

Community organizing under the project will also take some pains to include linking community actions to the local government structure, both in terms of keeping them informed and in trying to draw their active support.

Overall, the GOK is well aware that NGOs contribute substantially to development and bring major resources into the country. However the GOK is keen to ensure that what NGOs do is carefully controlled. There is a need for GOK/NGO dialogue to avoid misunderstandings that would hinder operations of the NGO community.

This can best be managed by donors and NGOs standing firm to assert civil society rights, but also by being straightforward about keeping the GOK informed of the scope, content, purpose, locations and developmental results of their various NGO support efforts. Although such information can be used for ill conceived reasons, this same information is needed simply to be able to document success or failure of projects and their coverage and results. The NGO Bureau of the GOK, and the NGO Council (with its NGO membership) both desire to collect such information. Helping them both to do so, may have an overall good effect on the enabling atmosphere for NGO operations.

2. Economic Growth

The situation of low income groups in Kenya is deteriorating due to the economic environment and policy changes being introduced pursuant to economic liberalization. Public data indicates decline in per capita economic activity in recent years. Structural adjustment as well as general government budgetary pressures are steadily increasing the costs of health care, education and other public services. NGOs are expected to increasingly fill such tangible gaps, and the results of their programs are increasingly affected by the external economic environment. The government and people in rural communities have long shown a preference that donor-supported NGO activities focus on the concrete and immediate--building and operating hospitals and clinic, or constructing schools, delivering credit--rather than on the more abstract and less immediate--organizing networks and communities.

Both the GOK and local communities preferences are understandable. This project is designed to reverse the preference in ways that will have what is done in communities--the tangible--be more "of and for" the community than is now the case, be done by leveraging community and government resources and, therefore, be more sustainable in the long term.

B. INTERNAL ISSUES--NGO TO NGO AND GOK COLLABORATION

Inter-agency Communication and Coordination

At the present time, analysis shows that communication, coordination and collaboration between organizations is not taking place in a systematic or substantial way in Kenya. There is, however, evidence that even that coordination that is carried out in ad hoc and informal ways among NGOs have yielded tangible results. Research has also shown that the several networks of sectoral based NGOs are not very well organized or effective as yet.

Likewise, the mandate for coordination at the District level carried out by District Development Committees is in most areas of the country regarded as ineffectively implemented. The NGO Council is a structure that has potential to further NGO interaction but that as yet has largely not been realized. The Council's success will depend on its ability to develop its institutional capacity to build and then maintain NGO and donor support, as well as the degree to which the GOK allows it to play a central coordinating role.

V. FINANCIAL PLAN

A. COMPONENT BUDGET

The component budget is shown as Table 1. The underlying assumptions for this are shown as Table 2. The budget is for \$7 million of project funds starting in FY95 and ending in FY00.

B. METHODS OF IMPLEMENTATION AND FINANCING

The following is an illustration of the methods of implementation and financing required by this project at a finding level of US\$ 3.5 Million.

Type of Assistance	Method of Implementation	Method of Financing	Amount \$000
Pilot Community Development	PIO/Ts	Direct Grants	--
PVO Grants	Terms of reference and PIO/Ts	Sub-grant and Direct Grant	2,247
Project Management: PSCs	PIO/Ts/Direct AID Contracts	Direct Payment	653
Project Management: Institutional Contractor	PIO/Ts/Direct AID Contract	Direct Payment	--
Special Activities	Terms of Reference or PIO/Ps/Direct AID Contracts	Direct Payment	300
Evaluations	PIO/Ts/Direct AID Contracts	Direct Payment	300
TOTAL			3,500

TABLE 3: OBLIGATIONS SCHEDULE

Item	Fiscal Year of Obligation						Total
	FY95	FY96	FY97	FY98	FY99	FY00	
Component 1							
Grant Admin/subgrants	0	0	0	0	0	0	0
Direct grants	500,000	747,000	600,000	400,000	0	0	2,247,000
Component 2							
Special Activities (Direct)	0	75,000	125,000	50,000	50,000	0	300,000
Component 3							
Pilot grant	0	0	0	0	0	0	0
Monitoring and Evaluation							
Baseline survey	0	60,000	0	0	0	0	60,000
Org Assessment methodology	0	80,000	0	0	0	0	80,000
Mid term evaluation	0	0	80,000	0	0	0	80,000
Final evaluation	0	0	0	0	0	80,000	80,000
Direct Management							
PSCs	17,250	69,000	69,000	69,000	69,000	51,750	345,000
International Training	0	30,000	0	30,000	0	10,000	70,000
Office Accom	7,500	30,000	30,000	30,000	30,000	22,500	150,000
Office Equipment	0	38,000	0	0	0	0	38,000
Travel and subsistence	1,000	10,000	10,000	10,000	10,000	9,000	50,000
TOTAL	525,750	1,139,000	914,000	589,000	159,000	173,250	3,500,000

TABLE 2: ASSUMPTIONS IN FINANCIAL PLAN

ITEM	COST	BASIS
Component 1		
1st round grants	500,000	2 grants each in the range \$200k to 300K
2nd round grants	747,000	2 to 3 grants each in the range \$k to 300K
3rd round grants	600,000	2 grants each in the range \$k to 300K
4th round grants	400,000	1 to 2 grants in the range \$200K to 400K
Component 2		
Special activities	300,000	Average of 1 activity each year, costing \$50K to 75K
Component 3		
Pilot grant		
Evaluation and Audit		
Baseline survey	60,000	3 people, x 20 days (1 month) x \$336 per day x 2.4 overhead x 1.25 for expenses = \$79K
Organizational Assessment Methodology	80,000	3 people, x 26 days (1 month) x \$336 per day x 2.4 overhead x 1.25 for expenses = \$79K
Mid term evaluation	80,000	3 people, x 26 days (1 month) x \$336 per day x 2.4 overhead x 1.25 for expenses = \$79K
Final evaluation	80,000	3 people, x 26 days (1 month) x \$336 per day x 2.4 overhead x 1.25 for expenses = \$79K
Audits		
Direct Management		
PSCs	345,000	(1@\$32+1@\$25+1@\$12)Kp.a. x 5 years
International Training	70,000	\$10,000 x 3 people 2 years
Office Accom	150,000	\$7,000 x 4 people x 5 years
Office Equipment	38,000	3 new computers and misc.
Travel and subsistence	50,000	Local travel for project monitoring etc.
Total Project Costs	3,500,000	

4/2

Indirect Management		
US Direct Hire	1,000,000	Proportion of time of following staff: Project Development Officer .25 Contracts Officer .2 RLA .1 Project Committee .15 Controller .15 Misc .15 Total 1.0 @ \$K x 5 years
FSN	150,000	Time as above @\$300,000 x 5 years
Office Equipment and Accom	230,000	20% of above 2 items.

Funds for this project will be obligated to each of the implementing entities through direct grant agreements. Grants will be fully funded through PIO/Ts and will be executed by REDSO/ESA/RCO. Grants and sub-grants will be made following Handbook 13 requirements and procedures. Kenyan PVO sub-grantees will be able to request consideration (retroactively) for reimbursement for a portion (i.e, not to exceed \$10,000 or 10% of the value of the total grant, whichever is less) of project development costs as part of an approved grant.

A single institutional contract will be used to obtain services in grant administration. This contract will be renewed once during the project through a PIO/T from funds within the project obligated by AID. The contracting process for this will be managed through REDSO/ESA/RCO.

A baseline survey will be conducted at the start of the project. A contractor will be engaged to develop organizational assessment methodologies and train PSC staff in its use. Two major evaluations are anticipated during the life of the project. These will be carried out by independent firms with substantial relevant experience. Funds for these inputs will be obligated through direct AID contracts through full competitive means or through available centrally managed USAID IQCs. Contracting will either be handled through REDSO/ESA/RCO or USAID/Kenya/EXO as appropriate.

Financial accounting for the project will be the responsibility of the Controller, USAID/Kenya.

C. SUMMARY OF EXPECTED OBLIGATING INSTRUMENTS

The following funding instruments will be used:

1. Contracts with four PSCs to form the project management unit.
2. 1 or 2 direct grants to beneficiaries in advance of appointment of institutional contractor.
3. 1 contract with grants administration contractor for grants administration and special activities.
4. 1 or 2 grants to pilot project.
5. 4 contracts for baseline survey, organizational assessment methodology, mid-term review, and final evaluation.

Obligations by year of obligation are shown in Table 3. The number of obligating actions by year will be approximately as follows:

	95	96	97	98	99	00
Activity						
Grants	2	2	2	1		
Evaluation			1			1
Management -PSC	4	4	4	4	4	4
Contract for grants administration			1	1		
Contracts for organizational assessment methodology and baseline	2					
Contracts for special activities	1	1	1	1	1	1
TOTAL	9	8	8	7	5	6

In the schedule, the special activities shown in component 2 are only those managed directly by the PVO Unit. The remainder of the funds are included in the grants administration contract.

D. USAID MANAGEMENT COSTS

USAID management costs not funded under the PVO Co-Fi II will include:

1. The equivalent of five person years of US direct hire time over the life of the Project.
2. The equivalent of five person years of FSN time over the life of the project.
3. Office accommodation and equipment for the above staff.

The time of US direct hires and FSN will be used to:

- supervise project management
- negotiate the grants and contracts, approve PIO/Ts and terms of reference, supervising reporting and evaluation, and processing vouchers.
- negotiating contracts, review grants and assisting in mid-term and final evaluations.
- Track the performance of audits and resolution of audit recommendations.

Total non-project management costs are estimated to be of the order of \$1.38 million as shown in Table 1.

E. FINANCIAL ANALYSIS

This sub-section examines the stream of expected expenses to assess if they can be met as set out in the financial plan. Total expenses are shown in Table 4.

TABLE 1: PROJECTIONS OF USAID EXPENDITURES BY FISCAL YEAR

Category	FY95	FY96	FY97	FY98	FY99	FY00	Total
Component 1							
Grant Administration	0	0	0	0	0	0	0
Direct Grants:							
1st Round Grants	500,000	0	0	0	0	0	500,000
2nd Round Grants	0	747,000	0	0	0	0	747,000
3rd Round Grants	0	0	600,000	0	0	0	600,000
4th Round Grants	0	0	0	400,000	0	0	400,000
Component 2	0	0	0	0	0	0	0
Special activities	0	75,000	125,000	50,000	50,000	0	300,000
Component 3							
Pilot grant	0	0	0	0	0	0	0
Monitoring and Evaluation		0	0	0	0	0	0
Baseline survey		60,000	0	0	0	0	60,000
Org Assessment methodology		80,000	0	0	0	0	80,000
Mid term evaluation	0	0	80,000	0	0	0	80,000
Final evaluation	0	0	0	0	0	80,000	80,000
Direct Management							
PSCs	17,250	69,000	69,000	69,000	69,000	51,750	345,000
International Training	0	30,000	0	30,000	0	10,000	70,000
Office Accom	7,500	30,000	30,000	30,000	30,000	22,500	150,000
Office Equipment	0	38,000	0	0	0	0	38,000
Travel and subsistence	1,000	10,000	10,000	10,000	10,000	9,000	50,000
Total Project Costs	525,750	1,139,000	914,000	589,000	159,000	173,250	3,500,000
COUNTERPART	257,576	384,818	309,091	206,061	0	0	1,157,545
Indirect Management				0	0	0	0
US Direct Hire	50,000	200,000	200,000	200,000	200,000	150,000	1,000,000
FSN	7,500	30,000	30,000	30,000	30,000	22,500	150,000
Office Equipment and Accom	11,500	46,000	46,000	46,000	46,000	34,500	230,000
Total	69,000	276,000	276,000	276,000	276,000	207,000	1,380,000

Indirect Management Costs are not attributable to project funds.

TABLE 4: SUMMARY COST ESTIMATE AND FINANCIAL PLAN

Category	USAID		Donors		PVOs/NGOs		Total	Combined USAID		
	FX	LC	FX	LC	FX	LC	FX	LC	Total FUNDING	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Component 1										
Grant Administration	0	0								
Direct Grants:										
1st Round Grants	125,000	375,000			64,438	193,172	189,438	568,172	757,610	500,000
2nd Round Grants	186,750	560,250			96,205	288,604	282,955	848,854	1,131,808	747,000
3rd Round Grants	150,000	450,000			77,273	231,808	227,273	681,808	909,081	600,000
4th Round Grants	0	400,000			0	206,046	0	606,046	606,046	400,000
Component 2										
Special activities	75,000	225,000					75,000	225,000	300,000	300,000
Component 3										
Pilot grant	0	0	0	0			0	0	0	0
							0	0	0	0
Evaluation and Audit										
Baseline survey	15,000	45,000					15,000	45,000	60,000	60,000
Org Assessment metho	80,000	0					80,000	0	80,000	80,000
Mid term evaluation	80,000	0					80,000	0	80,000	80,000
Final evaluation	80,000	0					80,000	0	80,000	80,000
Direct Management										
PSCs	0	345,000					0	345,000	345,000	345,000
International Training	70,000	0					70,000	0	70,000	70,000
Office Accom	0	150,000					0	150,000	150,000	150,000
Office Equipment	38,000	0					38,000	0	38,000	38,000
Travel and subsistance	0	50,000					0	50,000	50,000	50,000
							0	0	0	0
Total Project Costs	899,750	2,600,250	0	0	237,915	919,630	1,137,665	3,519,880	4,657,545	3,500,000

1. AID

The total direct USAID contribution to the project is \$7 million. The amount to be obligated in FY95 is estimated to be \$500,000. The balance of AID funding to be provided will be subject to the availability of funds to AID.

2. PVOs/NGOs

The PVOs/NGOs receiving grants will provide approximately \$1,157,545. This will come in the form of their required contribution of approximately 25% of total project costs. Experience with Co-Fi I, and a review of the current situation showed that PVO activities in Kenya enjoy strong support and it is reasonable to assume that the project will be able to identify proposals for funding which meet some local contribution requirements.

3. Pilot Project

Discussion with other donors have shown that, in addition to USAID funds, \$1.25 million can reasonably be expected to be provided over the first three years of the project. The amount could increase to over \$4 million should the Foundation become endowed. USAID funds will not be obligated until negotiations have reached full agreement on the level of contribution by participating organizations.

F. COST EFFECTIVENESS ANALYSIS

At each stage of the development and design of the project, attention has been given to issues of cost and effectiveness. The approach is designed to foster a limited number of high impact PVO development initiatives in Kenya on a sustainable basis. The emphasis on institutional development of individual NGOs, and the NGO sector, plus support for special community level initiatives will ensure that project benefits continue to be realized long after the life of the project.

Although it is not possible to determine the exact ratio before beneficiaries have been selected, the project will have a particularly high labor/capital ratio. Of the initial budget, only \$55,000 has been set aside for capital equipment (for the USAID PVO Unit). The project focus will be on the institutional strengthening of Kenyan organizations, which may include some support for equipment purchase.

Staffing for the project will be primarily Kenyan. The PVO Unit will be staffed by Kenyan PSCs. No expatriate staff have been explicitly provided for. It is possible that expatriate staff will be employed by contractors for some services. However, these will account for a low proportion of the project budget.

The project seeks to access the implicit volunteerism of the PVO sector. By increasing the effectiveness of LCDOs, it will mobilize and increase the impact of the enormous potential for voluntary activities at the community level.

VI. MANAGEMENT PROCEDURES

A. OVERALL

The Office of Projects through the PVO Unit will be responsible for the overall management of the Co-Fi II Project, including preparation of the individual obligation instruments, working with the REDSO Contracts Office, LEG, Controller/USAID Kenya .

B. PROJECT COMPONENTS

1. GRANTS COMPONENT

USAID will select a grants administrator through a competitive process of locally-based firms. A contract will be signed with a firm best responding to the conditions of the RFA and having demonstrated internal controls and procurement procedures adequate to manage the contract.

The systems to be utilized by the contractor for reporting to USAID on the status of individual grants as well as overall grants component finances will be agreed to by USAID. These systems will be compatible with those utilized by USAID in its management reporting.

USAID will also approve the approach to be used by the contractor to determine the financial capability of potential sub-grantees. The contractor will be responsible for monitoring the financial and administrative aspects of sub-grant implementation. Audits of sub-grantees as required by USAID regulations will be managed by the grantees. The grants administrator or the PVO unit will ensure the grantees carry the required audits..

Quarterly reporting from the contractor to USAID will be required. An annual plan is to be submitted during the fourth quarter of each project year including projected disbursements for the upcoming period.

Evaluations of individual sub-grants will be handled through each sub-grant. The PVO Unit will conduct periodic site visits (expected to be semi-annual) for programmatic monitoring of progress of each sub-grant, complementing the financial/administrative monitoring by the contractor.

2. SPECIAL ACTIVITIES COMPONENT

A part of the above contract will include a line item for provision of services for a number of special activities during the life of project. The RFA will provide sufficient definition of these services for bidding purposes.

The contractor will report on these activities through a special report at the end of the activities if appropriate or through regular quarterly reports. Special reports will be agreed to between the PVO Unit and the contractor.

3. PILOT COMMUNITY DEVELOPMENT COMPONENT

A single source grant will be developed consistent with Handbook 13 requirements. USAID will maintain involvement with this component through participation in the pilot's advisory committee and through regular programmatic and financial reports received from the grant recipient.

Monitoring and evaluation requirements for this component will be contained in the grant.

C. OVERALL EVALUATIONS/ AUDITS

USAID will be responsible for contracting for a midterm and final evaluation of the Co-Fi Project. Audits will be done under the RCA program; USAID will review and approve contracts, ensure that independent non-federal auditors are being used to audit, and will review audit reports to ensure adherence to USAID audit guidelines.

D. REVIEW OF MANAGEMENT PROCEDURES

USAID is in the midst of significant change in its management procedures and requirements of grantees and contractors. For this reason, USAID and the recipients of the two primary obligating instruments of this project will jointly review at the time of signing of the agreements the relevant procedures to assure common understanding and to make modifications in the systems and procedures to be used if necessary.

A review of these systems should be carried out on an annual basis to allow further modifications/simplification as may result from the re-engineering efforts of USAID.

Executive Committee Project Review (ECPR)
PVO Co-Financing II Project
Issues Paper
May 31, 1995

COUNTRY: Kenya
PROJECT NAME & NUMBER: PVO Co-Financing II Project
(615-0267)
PROPOSED OBLIGATION: FY 1995 - \$500,000
LOP FUNDING: \$7 million

1. Mission Portfolio/Size and Scope

a. Resource Constraints. The project is being proposed at a time when the Mission has been advised to expect a declining OYB over the next planning cycle. Given scarce resources to address development problems in Kenya, can USAID afford a project with a "general approach" to development issues? What can the project offer the Mission that cannot be addressed through other new projects, such as APHIA and Micro-PED? What are the likely costs of not going forward with the project at this time?

b. Strategic Objectives. How will the project contribute to achievement of the Mission's current strategic objectives? Given current information gathered for development of a new Country Program Strategic Plan (CPSP), can the project address the new or revised strategic objectives expected to result from the CPSP exercise?

2. Cross-sectoral Concerns

The Project Paper (PP) gives an impression that the project is avoiding involvement of and with Mission technical offices. Is this the intent of the project? Given the synergies between portfolio activities, should there be greater linkages with the efforts undertaken by USAID technical offices?

3. Project Management

a. Implementation Arrangements. Although the Project Paper addresses the roles and responsibilities of the contractor and the Mission PVO unit, there appears to be overlap between the

functions of the two implementing groups. Given that the overall contractor will administer the grants, is a PVO Unit of the size being proposed still required? Given low funding levels and constraints on Mission staff, could funds simply be channelled through one mechanism, for example, either the Ford Foundation or a contractor? What is the additionality of maintaining a PVO Unit within the Mission?

b. Staffing Requirements. The Mission is facing significant uncertainty about out-year funding for the Kenya bilateral program and increasing pressure on its FTE levels. PVO Co-Fi II calls for investment part-time of one USDH and full-time of four FSNs at the Mission. Will grants be made directly by USAID or by the proposed contractor? If individual grants are used to obligate funds, the audit and close-out requirements could increase workload in other support offices such as the Controller and the Regional Contracting Officer (RCO), especially in view of recent changes which reduce delegations to Mission Directors. Could Annex F be clarified as to which implementation/management model would be selected?

Clarifications

1. Funds under the project will in the main not fund projects. How will the NGOs fund LVAs/local community activities? Would NGOs be required to provide value-added services and/or commodities to stimulate participation of the local communities? Given NGO and community resource constraints, how is this to be accomplished?
2. How does the Project define sustainability of the activities to be funded? How will the NGOs sustain themselves and continue to provide services if they do not have donor or GOK support? One constraint to empowering community-based organization that is not discussed in the analysis is the GOK.
3. If the Mission does not fund the Ford Foundation-supported KCDF, then what?
4. Some concerns were raised that the project, in working with LVAs, appears to be "working at the margins."

ACTION AID-2 INFO AMB ECON POL/RLO

PROJECT-615-0267

VZCZCTRO358NAC883
PP RUEHNR
DE RUEHC #6596 0920408
ZNR UUUUU ZZH
P 020425Z APR 94
FM SECSTATE WASHDC
TO AMEMBASSY NAIROBI PRIORITY 0515
BT
UNCLAS STATE 086596

OFFICIAL FILE

02-APR-94 FOR: 04:57
CERG: AID
DIST: AID

BUD 5

AIDAC

E.O. 12356: N/A

TAGS:

SUBJECT: PVO CO-FINANCING II (615-0267) - DELEGATION OF AUTHORITY

4/ ACTION COPY

Action taken.....

No action necessary.....

(Initials) MS (Date) 4/16

1. ON MARCH 7, A PROJECT COMMITTEE MET AND RECOMMENDED THAT AA/APR DELEGATE AUTHORITY TO USAID/KENYA TO APPROVE THE SUBJECT PID AND PROJECT PAPER IN THE FIELD.

2. MISSION WAS PRAISED FOR ITS ACCOMPLISHMENTS TO DATE UNDER PVO CO-FINANCING I. IN PARTICULAR, THE PROJECT COMMITTEE PRAISED THE MISSION FOR THE STEADY PROGRESS OF THE PROGRAM. MISSION PROJECT IMPLEMENTATION REPORTS (PIRS) CONTINUE TO SHOW END OF PROJECT STATUS IS PROCEEDING WELL AND IN SOME CASES HAVE EXCEEDED TARGET GOALS. WHILE THE PROJECT COMMITTEE DID NOT RAISE ANY ISSUES OR MAJOR CONCERNS, MISSION IS REQUESTED TO FORWARD A COPY OF THE LAST EVALUATION OF THE PROJECT TO THE KENYA DESK.

3. AA/APR HEREBY DELEGATES AUTHORITY TO THE MISSION DIRECTOR, OR TO THE PERSON ACTING IN THAT CAPACITY, TO APPROVE THE PID AND THE PROJECT PAPER FOR THE SUBJECT

PROJECT, IN AN AMOUNT NOT TO EXCEED DOLS. 7 MILLION. THIS AD HOC DOA SHALL BE EXERCISED IN ACCORDANCE WITH ALL THE TERMS AND CONDITIONS OF DOA 551, EXCEPT FOR THE DOLLAR AMOUNT LIMITATIONS.

TABBOTT5- 5-2-1-QOP3-
PT
#6596

NNNN

DATE RECD	4-2
REPLY DGB	4-8
ACTION OFFIC	PROG
INFO	
DIR	
REDSO	
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GSD	
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C & R	
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RF	1
CHRON	1

PRJ

UNCLAS

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STATE 25668

ACTION: AID-1
INFO: DCM-1 ECON-1 AMB-1 CHRON-1 POL-1

OFFICIAL FILE

Project 615-62

DISTRIBUTION: AID
CHARGE: AID

VZCZCTRO137NAO156
PP RUEHNR
DE RUEHC #5668 0320324
ZNR UUUUU ZZH
P 010320Z FEB 95
FM SECSTATE WASHDC
TO AMEMBASSY NAIRCOBI PRIORITY 8306
BT
UNCLAS STATE 025668

AIDAC

E.O. 12356: N/A

TAGS:

SUBJECT: PVO CO-FINANCING II (615-0267) DESIGN PLAN

REFS: (A) MASBAYI TO TERRY E-MAIL, 1/12/94 (B) 94 STATE 086596

1. PER REF B, USAID/KENYA WAS DELEGATED AUTHORITY TO APPROVE THE PID FOR THE SUBJECT PROJECT AFTER THE NEW PROJECT DESCRIPTION IN MISSION'S FY 1994 ABS WAS REVIEWED BY A PROJECT COMMITTEE. AFRICA BUREAU UNDERSTANDS THAT MISSION HAS NOT DEVELOPED A PID FOR THIS ACTIVITY AND WOULD LIKE TO PROCEED TO DEVELOPING THE PROJECT PAPER. AS MISSION IS AWARE, INTERIM GUIDELINES, WHICH ELIMINATED PIDS, WERE PUT INTO EFFECT BY PPC IN NOVEMBER 1994. AFRICA BUREAU IS CURRENTLY IN THE PROCESS OF APPROVING SUPPLEMENTAL GUIDANCE SUCH THAT PIDS AND PAIPS WILL BE ELIMINATED, AND 5-10 PAGE NEW ACTIVITY DESCRIPTIONS (NADS) WILL REPLACE THESE DOCUMENTS. BUREAU SUPPLEMENTAL GUIDELINES REQUIRE THAT A NAD BE SUBMITTED TO AID/W FOR REVIEW AND APPROVAL OF ALL PROJECT AND NON-PROJECT ASSISTANCE ACTIVITIES WHICH EXCEED DOLS 1 MILLION.

2. SINCE MISSION WAS DELEGATED AUTHORITY TO APPROVE A PID FOR SUBJECT ACTIVITY, AND IT IS THE AFRICA BUREAU'S

UNDERSTANDING THAT SUBJECT PROJECT IS A PHASE II FOLLOW-ON ACTIVITY WHICH CONTINUES THE SAME OR SIMILAR ACTIVITIES THAT WERE CONDUCTED UNDER THE PHASE I PROJECT, THE REQUIREMENT TO SUBMIT A NAD FOR SUBJECT ACTIVITY IS HEREBY WAIVED. MISSION MAY NOW PROCEED TO DEVELOP THE PROJECT PAPER.

CHRISTOPHER

BT

UNCLAS

AIDAC

SECSTATE 25668

#5668

ACTION COPY
Action taken
No action necessary
VLR
(Initials)
2/16/95
(Date)

DATE RECD	2-3
REPLY DUE	2-3
ACTION OFF	PRJ
	INF
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REDSO	
RFMC	
RHUDO	
RIG/A	
RIG/I	
PROG	
PRJ	
PEO	
PH	
AGR	
CONF	
FXO	
FXR	
GS	
DMJ	
C & R	
C&R BB	
RF	1
CHRON	
TOTAL	

2

ANNEX A PROJECT LOGICAL FRAMEWORK

NARRATIVE SUMMARY	MEASURABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Goal: Promote sustainable broad-based economic growth</p> <p>Subgoal: To increase the level of civic participation, advocacy skills and self-reliance of rural poor</p>	<p>MEASURE OF GOAL ACHIEVEMENT: ??</p> <p>Subgoal: Increased number of local communities and citizens actively participating in district focused development</p>	<p>GOAL: ??</p> <p>Subgoal: Baseline surveys - initial and final</p>	<p>(Goal to Supergoal):</p> <p>Subgoal: GOK retains active support for decentralization of services</p>
<p>Purpose: Strengthen Kenyan NGOs to deliver effective community-based development services</p>	<p>PURPOSE LEVEL INDICATORS:</p> <p>1. Community groups: at least 50% show improved performance based on following categories by EOP:</p> <ul style="list-style-type: none"> a. representative leadership b. resource mobilization c. identification of and negotiation for community priorities <p>2. Kenyan NGO participants: at least 75% show improved performance by EOP based on following:</p> <ul style="list-style-type: none"> a. trained staff utilizing gender-sensitive and community-led program design, implementation b. demand for services by government, communities c. stability and utilization of resources (fin, human, matl) d. collaboration 	<p>Initial and final baseline organizational assessments of participating community groups and NGOs</p> <p>Semi-annual assessments included with semi-annual reports</p> <p>Aggregate statistics from individual grantee monitoring and evaluation reports</p> <p>Special attitudinal surveys of KNGO sector credibility</p> <p>Special studies of network membership and utilization</p>	<p>(Purpose to Subgoal) GOK maintains enabling environment for NGOs to operate at community level</p>

<p>Outputs:</p> <p>1. GRANTS:</p> <p>Grants for multisector, partnership, and network initiative from NGO sector to increase NGO institutional capacity and impact in community-based development</p> <p>2. SPECIAL ACTIVITIES:</p> <p>Special activities to improve KNGO sector operational environment</p> <p>3. PILOT COMMUNITY DEVELOPMENT PROGRAM:</p> <p>Support pilot program for establishment of foundation providing action research and local community development organization institutional strengthening grants</p>	<p>Magnitude of Outputs:</p> <p>1. up to 5 multisector, 7 partnership, and 3 network initiatives implemented</p> <p>2. 1-2 "enabling environment" activities implemented per year</p> <p>3. semi-annual USAID NGO Consultative Committee meetings held</p> <p>4. ___ action research program results disseminated</p> <p>5. ___ Kenyan NGOs participate in pilot program efforts</p> <p>6. ___ community group members, at least 40% female, trained in:</p> <ul style="list-style-type: none"> - effective decision-making - mobilizing resources - <p>7. ___ NGOs/networks with improved operating systems/procedures (financial, MIS, ...)</p> <p>8. ___ NGOs/networks with improved operating equipment (financial, communications, ...)</p> <p>9. ___ NGO staff/Board members trained, at least 30% female, in:</p> <ul style="list-style-type: none"> - participatory strategic management - managing change and growth - community-led development - resource management - ... 	<p>Baseline organizational assessments; semi-annual updates</p> <p>Special activity reports</p> <p>Semi-annual statistical information from grant administrator</p>	<p>(Output to Purpose)</p> <p>Sufficient interest by NGO sector towards utilizing more empowering CD approaches</p> <p>NGO Act is not repealed</p> <p>Self regulation by NGO community</p> <p>NGOs will actively collaborate and coordinate</p>
<p>Inputs:</p> <p>Activities:</p> <ul style="list-style-type: none"> - research - grants - TA, training - equipment 	<p>Resources:</p> <p>\$7 million over 5 years (FY1996-FY2000)</p> <ul style="list-style-type: none"> -\$m component 1 grants -\$m component 2 -\$m component 3 <p>activities</p> <ul style="list-style-type: none"> -\$m project mgmt --Comp 1/2 (contract) --Comp 3 (grant) --overall (USAID) 		<p>(Activity to Output)</p> <p>USAID funds availability</p> <p>USAID continues in Kenya</p>

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ANNEX B

USAID/DONOR NGO SECTOR ASSESSMENT

1. CURRENT STATUS OF USAID WORK WITH NGOS
 - A. Technical/Sectoral Coverage
 - B. Service Delivery and Capacity Building Mix
 - C. Geographic Distribution

2. LINKING MISSION STRATEGY REGARDING NGOS WITH GOK PLANS
 - A. Government of Kenya
 - B. NGO Activities and Current Mission Strategic Objectives

3. COMPLEMENTARITY OF USAID APPROACH TO NGOS WITH OTHER DONOR ACTIVITIES
 - A. Donor Interactions with NGO Community
 - B. Other Donor NGO Support Compared/Contrasted With USAID

ANNEX B

USAID/DONOR NGO SECTOR ASSESSMENT

1. CURRENT STATUS OF USAID WORK WITH NGOS

A. Technical/Sectoral Coverage

USAID/Kenya continues to be a heavy user and supporter of PVOs and NGOs. Overall, USAID/Kenya works with approximately 75 PVOs and NGOs. These numbers would be increased with the inclusion of organizations which act as food distribution points which are part of the Emergency Assistance Program and indirect participants in the PL-480 programs.

Their support to Kenyan NGOs (KNGOs) includes 52 organizations (including branches); approximately seven of which are women-managed. Eight KNGOs received/are receiving multiple support from USAID through several project activities in the same or different offices. Nineteen KNGOs are USAID registered.

TABLE 1. MAGNITUDE OF USAID NGO INVOLVEMENT

OFFICE	INTL NGO	KENYAN NGO DIRECT	KENYAN NGO INDIRECT	TOTAL
POPH	6	3	13	22
PEO	0	2	5	7
AG	2	0	0	2
PRJ	15	20	9*	44*
TOTAL	23	25	27*	75*

*Not including PL-480 & EAP KNGO contacts; use generally as distribution points

The Population and Health Office portfolio includes direct grants to three Kenyan NGOs. Another nine Kenyan NGOs receive support through nine cooperating agencies and contract groups; four church-based NGOs are reached through the Family Planning/Private Sector Program. The total POPH Office KNGO involvement is 16 organizations.

The Private Enterprise Office works directly with two Kenyan NGOs created through USAID support. Five other KNGOs have received

support either directly or indirectly. The total PEO involvement with KNGOs is 7 organizations.

The Agriculture Office currently has no involvement with KNGOs, but has the potential to work with them indirectly through the COBRA project and through an ongoing phase of the seed research project. The total Ag Office KNGO involvement to date is zero.

The Projects Office has supported seven Kenyan NGOs through 116(e) grants, and funded creation of IPAR through the SDG/K project. The current Co-Fi supported a total of 27 NGOs, including 21 Kenyan NGOs. Both the PL-480 and Emergency Assistance Programs reach local Kenyan organizations, an estimated 100-200 for the EAP programs, primarily as food distribution sites. The total Projects Office involvement with KNGOs (not including PL-480 and EAP) is 29 NGOs.

Both PEO and POPH, as befitted their sector-specific focus, are involved mainly with NGOs which have single sector specializations. The same is true with Democracy and Governance activities. The Co-Fi Project reached more multi-sectoral agencies than other programs.

TABLE 2. SECTORAL CONCENTRATION OF USAID FUNDED NGOS		
USAID OFFICE	UNI-SECTORAL NGOs	MULTI-SECTORAL NGOs
POPH	17	5
PEO	5	2
AGR	2	0
PRJ		
D/G	8	0
Co-Fi	9	18
PL-480/EAP*	1	8
TOTAL	42*	33*

*PL-480 & EAP not including KNGO distribution points

B. Service Delivery and Capacity Building Mix

Most USAID NGO support efforts focus some resources on both service delivery/activities and institutional strengthening.

POPH focusses on service delivery, but includes six KNGOs which receive significant institutional strengthening support through a

centrally-funded management development support program. The new POPH project intends to concentrate, among other things, on consolidating the capacity, particularly financial, of participating KNGOs.

PEO has concentrated throughout on service delivery but has also included some institutional strengthening support, especially with newly created agencies.

Project office support through D/G is solely for service delivery. The same is generally true of the EAP and PL-480 efforts. Co-Fi grant recipients received support for a combination of capacity building and service delivery, with increasing emphasis on capacity building being made through technical assistance. Co-Fi's workshops/training were also intended to enhanced NGO capacity.

To the extent that Technical offices dealt with institutional strengthening of NGOs they often did so with concentration on that portion of the NGO's activities interacting with the sectoral program in question, not the NGO in terms of its fuller service role. This is particularly true of PEO.

Co-Fi has focused on NGOs more holistically; institutional strengthening has included all aspects of the organization.

C. Geographic Distribution

The provincial distribution of the mission portfolio reflects the location of the client base for specific projects.

POPH programs are active in all provinces except Northeastern.

PEO program sites vary, but most are concentrated in Nairobi and Central provinces, followed by Coast and Eastern provinces.

Ag Office programs are equally distributed among the provinces served; no projects are included in Northeastern, Coast or Nairobi provinces.

Project Office D/G programs have included some activity in all provinces; Co-Fi projects have been concentrated in Eastern Province with Northeastern, Nyanza and Central provinces having no activities. PL-480 activities have reached 4 provinces (Central, Eastern, Rift Valley, and Nyanza. EAP activities have been heavily concentrated in 2 provinces: Rift Valley and Northeastern; other activities have also taken place in Eastern, Coast and Western provinces.

2. LINKING MISSION STRATEGY REGARDING NGOS WITH GOK PLANS

A. Government of Kenya

Relevant to NGO programming, the GOK strategy, as contained in their Country Position Paper for the World Summit for Social Development, notes several cross-cutting issues that need to be addressed:

- an increased emphasis is needed to encourage formation of cooperatives, self-help and community groups, professional and trade associations to assure better participation in the governance of the country
- NGOs are best able to promote participatory democracy, but tend to be small and lack the capacity to handle larger scale efforts; their development is therefore important
- equitable development must consider:
 - regions and income levels
 - treating women's issues throughout, not separately
 - gender equity includes increased income and could include such actions as improving agricultural productivity, water access, and participation in cooperatives and entrepreneurship

B. NGO Activities and Current Mission Strategic Objectives

Technical Office activities are directly and unambiguously tied to and contributing to current Mission Strategic Objectives.

The Co-Fi Project, conceptually, was included as a "Target of Opportunity" in the current strategy, contributing to some aspects of the overall strategy -- participation, civil society -- but was not directly tied to a given Strategic Objective. As it was implemented, however, Co-Fi activities overwhelmingly operated in sectors of Mission strategic focus. Co-Fi's 29 grants dealt with NGOs with activities in following sectors: Enterprise (13), Health (8), Agriculture (4), Nutrition (2), Water (1), Environment (1).

The new Mission strategy, currently under development, is likely to include consideration of a number of new initiatives developed by USAID since the last strategy was written. Among these documents there is considerable discussion about sustainable development, civil society, participation, and the role of NGOs in achieving more effective development.

3. COMPLEMENTARITY OF USAID APPROACH TO NGOS WITH OTHER DONOR ACTIVITIES

3.A. Donor Interactions with NGO Community

A recently established database of 718 NGOs in Kenya included information on sources of financing by NGO. This information has been analyzed by donor (typically by country or UN agency). Results show:

NUMBER OF NGOS SUPPORTED BY DONORS

<u>Number of NGOs Supported</u>	<u>Funding Agency</u>
1 - 10	Austria, Belgium, FAO, Finland, France, Greece, ILO, Ireland, Italy, Japan, Kuwait, Luxembourg, Malawi, Norway, Pakistan, Saudi Arabia, South Africa, Switzerland, UNEP, UNESCO, UNFPA, UNHCR, WFP, WHO, WB
11 - 20	Australia, Denmark, Germany, UN, UNDP
21 - 30	Netherlands, UNICEF
31 - 40	Canada, Sweden
41 - 50	UK
51 - 60	--
61 - 70	USA
71 - 100	European Union

The overall number of NGOs supported are both Kenyan and international. A total of 39 funding sources are included in this list. UN related agencies support approximately 75 NGOs; countries other than the USA support 232 NGOs. The US supports 63 NGOs.

Not on the above list, but an important part of NGO support transactions are those involving NGO-to-NGO support, typically church groups to local NGOs, and unspecified donors (such as foundations). This includes support to nearly 250 organizations.

Two separate analyses were conducted of donor support to Kenyan NGOs. One analysis lists the number of donors individual KNGOs have. The second shows the number of Kenyan NGOs supported by each donor.

The proliferation of donor support transactions is illustrated by the following:

KENYAN NGOS BY NUMBER OF DONORS

Number of Kenyan NGOs in sample = 321

Column 1 includes only international donors, excludes NGO-to-NGO donors and "other" donors.
Column 2 eliminates only NGO-to-NGO category.

	I	II
KNGOs supported by one donor:	50	80
two	31	34
three	13	15
four	7	9
five	3	5
six		1
	---	---
Totals	104	144

Among the respondents, 55.5% receive donor support from only one donor (excluding the NGO-to-NGO category); 23.6% receive support from 2 donors; 21% from 3 or more donors.

The second analysis showed that thirty-one of the thirty-nine agencies listed earlier provide support to KNGOs. The distribution of support is similar to that for all NGOs. The UN system provides 75% of its support directly to KNGOs (56 groups). Countries other than the USA provide 44% of their support to KNGOs (103 groups). Seventy-two percent (72%) of the NGO-to-NGO support is to KNGOs, as is half of the other sources of support (such as foundations).

As is evident from a comparative listing below of the "top 5" donors to all NGOs and to KNGOs, the European Union is heavily supportive of international NGOs, while UNDP and UNICEF are very supportive of Kenyan NGOs. The other top donors, including the USA, which is top in the number of Kenyan NGOs directly supported and number two to all NGOs, provide between 40-50% of their direct support to indigenous groups.

"TOP 5 DONORS" SUPPORTING NGOS/KNGOS

<u>Funding Agency</u>	<u>Total NGOs</u>	<u>Kenyan NGOs</u>	<u>% KNGO/Total</u>
Canada	31 (#5)	17 (#3)	55%
European Union	92 (#1)	--- 12 (#8)	13%
Sweden	35 (#4)	15 (#5)	43%
UNDP	--- 16 (#9)	15 (#5)	94%
UNICEF	--- 32 (#6)	23 (#2)	72%
UK	44 (#3)	17 (#3)	39%
USA	63 (#2)	24 (#1)	38%

B. Other Donor NGO Support Compared/Contrasted With USAID

Other donor programs, like those of USAID, mirror general GOK development interests. In USAID's three technical sectors there is multiple donor support to NGOs.

Active coordination and collaboration among USAID and other donors involved takes place in all sector areas, but its form is variable. POPH meets on a bi-monthly basis with major donors involved in its sector; PEO coordinates less formally. AGR has rather extensive donor coordination efforts; and PRJ has monthly D/G donor coordination meetings. Where programs include work with NGOs, the coordination meetings also cover these issues.

Other donors have, as did USAID, moved over the past 5 to 7 years to increasingly use NGOs in the execution of development activities. However, most focus on using NGOs for service delivery; only a few include capacity building support of the NGO community, as such. The Ford Foundation is a major supporter of institutional strengthening efforts, in a manner similar to the USAID institutional strengthening efforts.

Representative donor NGO efforts include:

DANIDA: broad-based NGO support plus TA through volunteer programs, particular interest in NGO networks and directory of NGOs

ODA: Co-Fi like project, broad-based, cost share, able to respond to local NGOs through UK-based grantees; L 2 million.

CIDA: Canadian \$ 100,000 maximum per grant, cost share, focus: small enterprise, especially women; environment.

SIDA: three programs with/for NGOs, new, focus water, small business, arid lands.

UNICEF: 40% of country budget for service delivery child survival.

Ford: Funds NGO "ideas" in 6 general areas, 45% of program; initiative to begin 1996 focussed on capacity building for 10-12 established NGOs; pilot support through new foundation for "local community development organizations", many church related, through I/B and research on participatory methods for community development.

ANNEX C

BACKGROUND ANALYSIS--NGOS IN KENYA

In Kenya as elsewhere, it is generally believed that NGO programs, which direct their services towards society's poorer members, are able to deliver services more cost effectively than can the public sector, and that NGOs provide their beneficiaries services that they could not afford to purchase from the private sector even if such services were available. For some years, a feature of many Kenyan NGO programs has been the community-based and oriented delivery point of services.

There has been a steady evolution of NGOs in Kenya. NGOs active in the country date back to the early years of the 20th century when church related organizations began building schools and hospitals to serve the country's underprivileged majority. These agencies grew slowly and steadily until the turmoil of the 1950s, associated with the independence movement, precipitated the emergence of a number of new NGOs attempting to cater to the disadvantaged through providing relief services.

At independence, although there were already quite a number of indigenous NGOs operating in Kenya, foreign NGOs other than church groups had not yet entered Kenya in any significant number. In 1964, Kenya's fledgling government officially welcomed, accommodated, and encouraged the full participation of NGOs in the country's development. This decision arose from the realization that the government alone could not possibly meet development needs, and that organized citizen participation in the development process was desirable. NGOs were able to operate virtually without interference.

A measure of the extent that NGOs have made significant contribution to the country is that missionary schools have educated approximately 80% of the country's political, technocratic and private sector leadership as of the late 1970s and early 1980s. In the same time frame, over 40% of the Kenya's medical services countrywide were NGO or church provided.

Following independence, the Government not only welcomed NGO operations but took active measures to add to their effectiveness by providing grants to implement projects. In order that the benefits of some NGO projects could be continued, the Government often funded and then assumed direct management. The youth polytechnic program, now government funded and operating countrywide, was pioneered by NGOs; the Turkana Fisherman's cooperative, several orphans homes, and dozens of small-scale water projects have similar histories.

In the same period the government also welcomed criticism from

NGOs. Opposition to the Public Security Act of 1965 led to changes in the act; Government practices such as public employment practices along tribal lines were also subject to NGO-led opposition, with action taken accordingly.

The atmosphere began to change, however, in Kenya's second decade of independence as many new foreign NGOs entered the scene. The government began to express discomfort about the number of such agencies operating and the beginning of some criticisms of government performance emanating from NGOs with expatriate leadership. Concurrently, as economic growth slowed, the government curtailed grants to NGOs. Nevertheless, the 1970s ended with Kenya having probably the largest volume of NGO activity anywhere in Africa.

NGO government tensions further heightened following the death of President Kenyatta in 1979. The Government became increasingly intolerant of criticism, regardless of source. Freedoms were gradually eroded and many democratic processes were deliberately weakened and rendered ineffectual.

Community participation in development, which had begun to be part of the modus operandi of some NGOs, began to be discouraged. Instead, the government encouraged development assistance that took the form of "handouts" by NGOs, an approach that favored small brick and mortar projects for which ribbon-cutting ceremonies could be held, rather than process oriented approaches.

NGOs and their principal supporters--international donors--acceded somewhat to the government's preferred approach. NGOs and donors also agreed to follow government procedures that required somewhat more oversight of NGO activities by the GOK, and that DDC approvals were needed for project operations in any given area. The GOK's efforts to coordinate NGO activities had some good effects, but for the most part slowed NGO operations and left NGOs more susceptible to "political interference."

The above circumstances also combined in the 1980s with another unfavorable trend in regard to NGO programs which attempted to follow participatory community-based precepts. Although a fair number of NGOs continued to try to use community-organizing approaches through the 1980s, donors started to attempt to avoid bilateral funding to government and in its stead direct ever more resources through NGOs. This resulted in a further spurt of growth in the numbers of NGOs operating in Kenya. It also put a larger number of NGOs, foreign and domestic, in competition for funding from donors and churches, and led to many NGOs feeling pressured to spend funds rapidly, rather than to engage in the more lengthy process of organizing communities, encouraging participation, and then deciding how to spend funds.

Likewise in the late 1980s, Government discomforts continued to escalate. These centered, again, on the proliferation of NGOs, the

fact of the increasing flow of donor funds through NGOs, and, more generally, about criticism, some of which continued to come from NGOs. As a result, in 1990, the Kenyan Parliament passed, and the President quickly signed, an act creating the NGO Bureau and NGO Council to regulate and coordinate NGOs. The effect this legislation is having and will have on the NGO community continues to be a matter of lively dispute.

The trends in the NGO community to the present--continuous growth in the numbers of NGO operating and the ample funding available from donors over the past years--has meant that the community development approach has often been given short shrift in practice if not in concept. (Local participation has been part of the development litany of donors and NGOs alike for at least 15 years.) In summary, what has happened is that the continually emerging crop of new NGOs probably did not have the skills to do proper participatory development, that even among more established NGOs the availability of funding and pressures to perform "tangible and quantifiable" actions diminished enthusiasm for the hard work of organizing communities, and the handout mentality (some from colonial habit) and episodic relief programs, left community development practices and community acceptance uneven in application.

Characteristics of NGO Community

At the present time the NGO community in Kenya remains quite sizable and dynamic. Data and information analyzed in the course of developing this Project Paper illustrates the characteristics of NGOs in Kenya in the mid-1990s.

Types of NGOs

NGOs in Kenya exist at several levels and are of many types. There is no generally accepted agreement on the terms used to categorize types of NGOs. Common naming distinguishes NGOs as:

- international or national (indigenous);
- membership NGOs or private service organizations;
- sectoral or multi-sectoral NGOs;
- welfare (charity) or developmental NGOs;
- national, regional or local NGOs;
- community development NGOs or church development associations;
- networks or umbrella NGOs.

Firm data on local and foreign NGOs functioning in Kenya are difficult to obtain. (This is an area in need of definitive study, and in which there is much interest.)

The NGO community recently has been described as having from 600 to 1000 members, agencies with legal standing and/or some permanent staff and funding, about 400 are registered with the new NGO

Council). About half of the NGO community included in data sets recently analyzed is thought to be international NGOs or locally funded branches of international NGOs. Study of data from the EU covered 718 agencies, of which 397 were of this international or internationally linked type, and 321 were Kenyan.

Among these NGOs, currently being researched, is a type that is very important to the design of any new initiative to support NGOs active in community development. There appear to be a number of NGOs operating in Kenya which do not appear consistently in data on NGOs, or on "radar screens" of most donors: Community Development NGOs which work exclusively in a single region or with one or a few neighboring communities but do have paid staff and some financial resources. Estimates of up to 150 community development NGOs have been given, many are said to be church development associations.

Age of Kenyan NGOs

Table 1, below, indicates that of a sample of 210 Kenyan NGOs:
 --46% had been established in the last 5 years,
 --17% in the last two years, and
 --30% were over 15 years old.

These figures show the continuity and change in the NGO community including the magnitude of recent growth in the community, its continuing growth. This data does not include the presumed growth of community development NGOs.

Table 1: KENYAN NGOS BY DATE OF ESTABLISHMENT

Total Surveyed: 321; Not reporting: 111; June 1994

AGE	NUMBER OF NGOS
Less than 2 years	37
3 to 5	60
6 to 10	29
11 to 15	19
15 and over	65
TOTAL	210

Size of NGOs Sampled in Terms of Staff

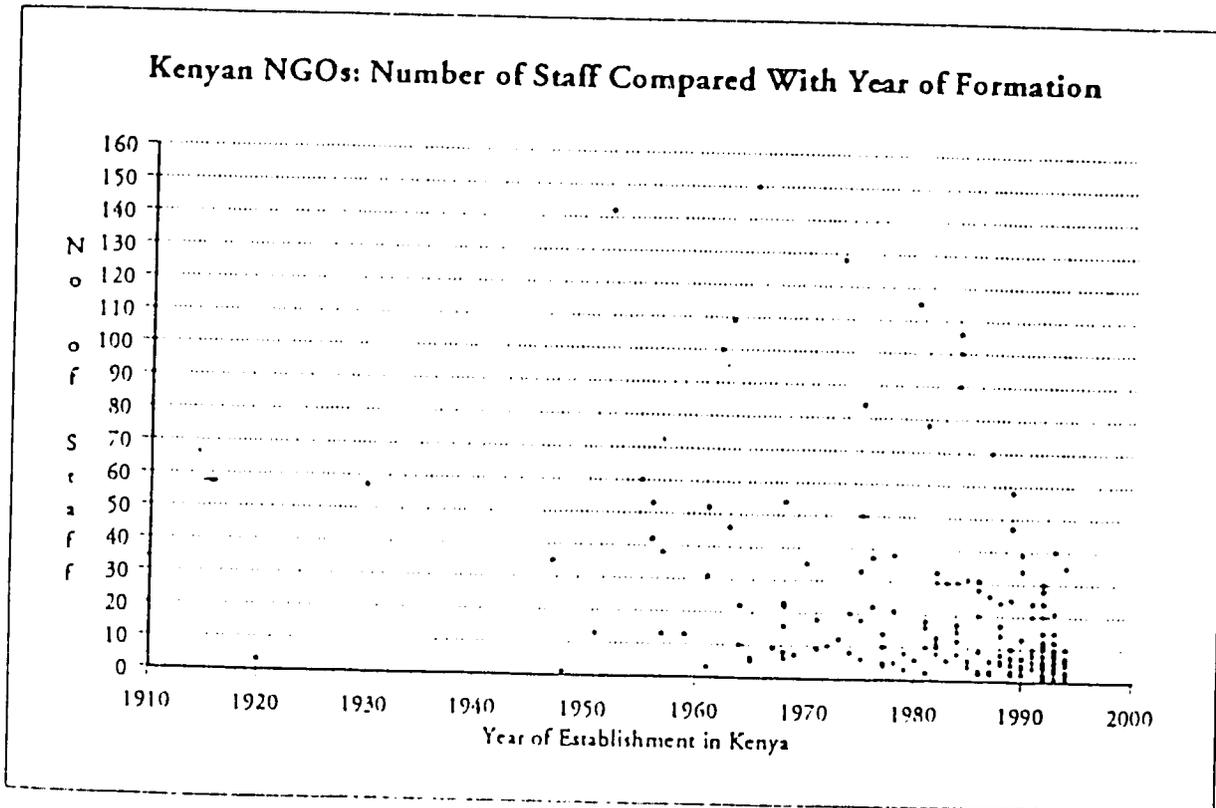
Table 2 NGOS FOREIGN AND NATIONAL,
BY STAFF SIZE

316 of 718 reporting

Number of Staff	Number of NGOs
1-10	157
11-20	64
21-50	62
51-100	25
101-150	11
> 150	7

Data above cover international and Kenyan NGOs, just under half of NGOs reporting had staff of less than 10.

Table 3 below, combining staff and year of formation of only Kenyan NGOs, indicates that most newer NGOs, are relatively small in terms of numbers of staff. Most NGOs created since 1990, have less than 10 staff.



NGO Sectors of Operation

Many Kenyan NGOs work in areas corresponding to USAID program areas: at least 31% of NGO respondents work in health; 12% in private enterprise; and 20% in agriculture.

NUMBER OF KENYAN NGOS ACTIVE IN USAID AND OTHER SECTORS

From those responding among 321 Kenyan Agencies surveyed.

POP AND HEALTH	TOTAL--145
Health subsector	119
Pop subsector	26
 PRIVATE ENTERPRISE	 TOTAL-- 67
Credit	38
Jua Kali	20
Production	9
 AGRICULTURE	 TOTAL--175
Agriculture	56
Environment	60
Food	39
Livestock	15
Pastoralist	5
 OTHER	 TOTAL --722
Children	77
Communication	12
Disabled	20
Education	114
Housing	18
Infrastructure	3
Insti support	6
Others	11
Refugees	12
Religion	40
Research	6
Rural Development	73
Technology	14
Training	112
Water	45
Women	110
Youth	7
Unknown	42

GRAND TOTAL --1109

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Study of changes in sectoral focus over part of the period discussed at the beginning of this annex show some gradual but clear shifts in NGO sectoral emphases. With the caveat that the lack of firmness of data and the fact that survey data covered different samples each time, the following chart attempts to take data from three different time frames --1978, 1988 and 1994--to see what changes in sectoral coverage have occurred in the NGO community.

CHANGES IN SECTORAL/ACTIVITY CONCENTRATION OF NGOS IN KENYA

By Percent of Frequency of Responses in Three Time Periods

	FOREIGN AND LOCAL			KENYAN NGOS		
	1994	1988	1978	1994	1988	1978
Social Welfare	2.3%	12.3%	18.5%	2.0%	16.1%	27.5%
Relief	2.1	4.9	4.2	1.2	3.0	3.7
Social Dev Services	64.4	53.4	55.4	62.0	55.7	53.3
Production & Econ Dev	14.7	14.8	9.4	15.9	10.6	3.7
Women	8.5	3.4	6.4	10.8	3.3	6.6
Environment	5.3	6.3	3.4	5.8	6.9	2.9
Development Services	2.6	4.6	2.5	2.2	4.2	2.2
Total responses:	1880	754	233	962	330	135

Most clearly shown is the shift over the years from Social Welfare to Social Services and Production and Economic Development activity.

Shifts indicate that both international and Kenyan NGOs made similarly scaled changes in concentration.

Donor Interactions with NGO Community

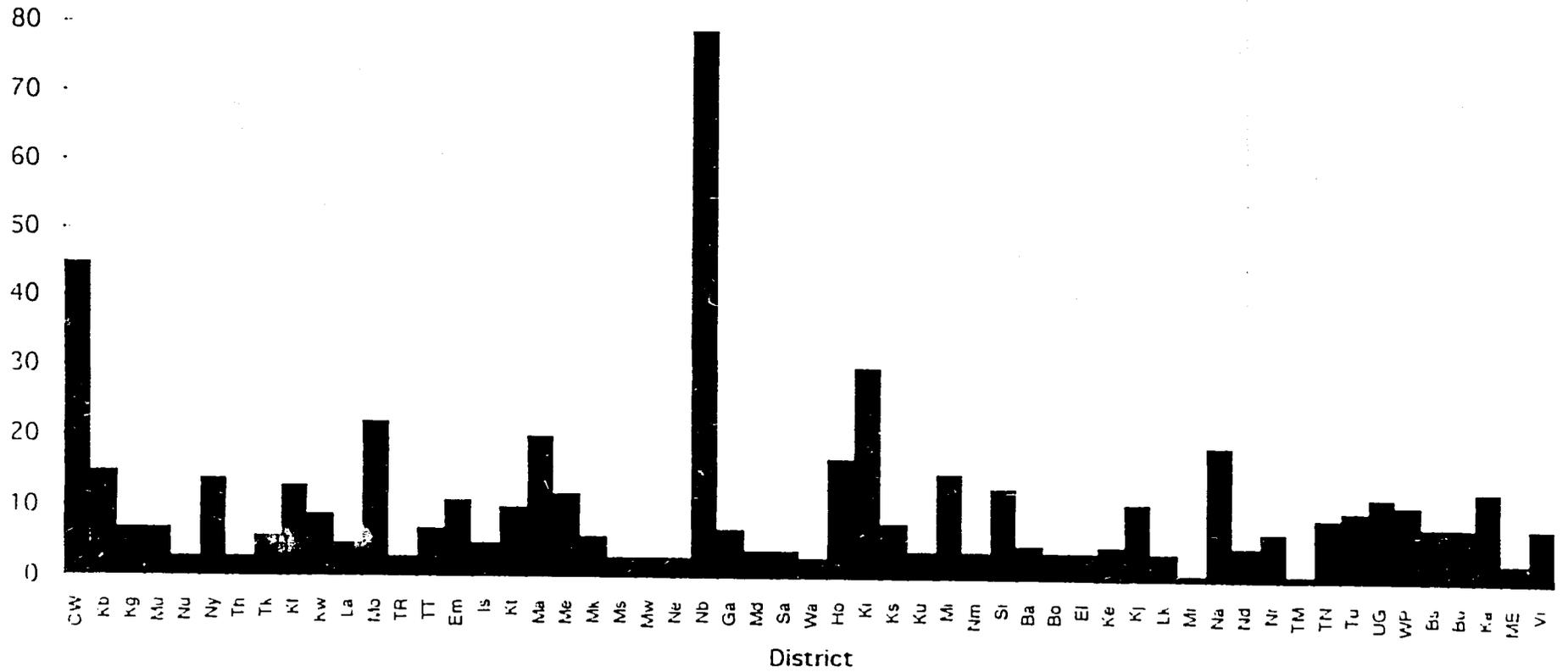
Please refer to Annex B for information on this subject.

Geographic Coverage of NGO Programs

NGO activities are spread throughout the country, with only a few NGOs with country-wide programs.

Specific distribution by district of NGO activities is shown in the chart at the end of this annex.

Kenyan NGO Activities by District



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ANNEX D

INSTITUTIONAL STRENGTHENING

- A. DEFINITION OF INSTITUTIONAL STRENGTHENING (CAPACITY BUILDING)
- B. A COLLABORATIVE METHODOLOGY FOR ASSESSING INSTITUTIONAL CAPACITY
- C. LEVELS OF ORGANIZATION MATURITY AND ORGANIZATIONAL NEEDS
- D. HELDS OF KENYAN NGOS FOR CAPACITY BUILDING
- E. TYPES OF SUPPORT FOR CAPACITY BUILDING
- F. SUGGESTED APPROACH TO COLLABORATIVE INSTITUTIONAL ASSESSMENTS FOR CO-FI II

ANNEX D INSTITUTIONAL STRENGTHENING

A. DEFINITION OF INSTITUTIONAL STRENGTHENING (CAPACITY BUILDING)

Institutional strengthening, now more commonly called capacity building, is one of several terms used to describe a process for increasing the capability and/or capacity of an organization to achieve its mission. It includes assisting an organization achieve a higher level of self-reliance or sustainability. The field of organizational development provides the theoretical basis for these efforts.

The development of an organization is a complex, time consuming, process. Capacity building efforts too often focus on just one or two aspects of the process and therefore often fall short of achieving the longer term results desired.

For example, the availability of sufficient financial resources is certainly a critical element for the sustainability of an organization, but it is not a sufficient definition nor a satisfactory proxy for determining sustainability.

Sustainability of an organization includes several elements:

- Resource sustainability (financial, human, material)
- Organizational sustainability (systems, procedures)
- Programmatic sustainability (quality, relevance)
- External environment sustainability (political, social, economic)

If any of these is severely deficient, an organization is unlikely to survive.

B. A COLLABORATIVE METHODOLOGY FOR ASSESSING INSTITUTIONAL CAPACITY

There are a number of models to describe the elements involved in the development of an organization. All of them include the following (or similar categories):

- 1) Oversight/Vision (Organizational mission, autonomy; Board, leadership)
- 2) Management Resources (Management style, planning (strategic/operational), management/administrative systems (including monitoring and evaluation))
- 3) Human Resources (Staff skills, staff development, staff diversity)

4) Financial/Material Resources (Financial/resource management and systems, financial security, financial solvency)

5) External Resources (Recognition, ability to work with local community, government, peers)

6) Product Quality/Service Delivery (With respect to reason organization exists)

An organizational assessment "measures" the quality or completeness of the organization in each of these categories. While there can be some detail differences within each category depending on whether the organization is a NGO, community organization, for-profit institution, or government entity, the general categories are relevant for all organizations.

These assessments are often most valuable if they are done in a participatory fashion which a broad cross-section of the organization being involved - not just an external consultant and/or upper management.

In a capacity building program, a baseline assessment is made of an organization at the start of the effort to provide the basis for deciding the type of capacity building assistance that would be the most appropriate to help the organization achieve its mission. Progress is then measured over time by looking at these same categories and seeing the changes that have resulted - especially compared to the weaknesses initially identified and the changes the organization hoped to achieve.

C. LEVELS OF ORGANIZATIONAL MATURITY AND ORGANIZATIONAL NEEDS

There are several progressive stages of organizational development: startup, developing, consolidating/expanding, and mature. While often a single organization will have aspects of it that may fit within several of these categories, a sector of organizations, such as NGOs, will tend to have common characteristics.

For example, a review of the Somali NGO sector in 1989 during the implementation of a USAID "umbrella" project led to a series of characteristics as compiled on the attached chart regarding PVO stages of development. This categorization also resulted in suggestions on the types of support an organization in a particular stage of development might need and how a decision regarding provision of support might be made for typically three-year support initiatives. These included:

1) Startup: technical assistance and/or grants up to \$10,000 (in range of organization's project budget) for initial

program development and/or office startup expenses; criteria for approval primarily based on "personal credibility" of individuals in organization.

2) Developing: technical assistance and/or grants up to \$250,000 to strengthen basic capability in financial accountability and project implementation along with activity implementation; criteria for approval based on basic systems in place because organizational "track record" often limited (often good candidate for linkage with more mature PVO).

3) Self-Managing: technical assistance for managing ongoing or multiple projects and donor accounts along with grants for project implementation; criteria based on demonstrated organization success in initial project implementation and financial management.

4) Mature: typically support was limited to grant funds for project implementation.

D. NEEDS OF KENYAN NGOS FOR CAPACITY BUILDING

A study conducted by the Co-Fi staff noted some mismatch in perceptions by donor and NGOs in defining institutional strengthening support. Donors tend to think of institutional strengthening in relation to their sectoral area of support, and often in terms of strengthening an NGOs understanding of the donor's financial and reporting systems. NGOs defined their institutional strengthening needs in terms of "sustainability" including: human resource development, administrative support, and becoming self-reliant financially.

The most frequently noted and mentioned institutional building needs include broad categories of internal challenges:

- the lack of a clear vision or strategy to guide NGOs in managing change
- inadequate or inconsistent written policies and procedures for planning and shared decision-making
- organizational structures inappropriately designed to accomplish a given NGOs mission
- ineffective governing boards characterized by undefined roles and functions and interference with the duties of NGO management staff
- lack of adequately trained staff at all levels leading to poor management and implementation of programs and action plans.

- small, rural groups which have clear target group and vision of what they want to do, but are not well organized
- weaknesses in networking and developing local resources and overreliance on donor(s) for direction

A second category of needs relates to increasing the effectiveness of NGO relationships and coordination with a) communities they serve, b) donors and Kenyan Government, and c) other NGOs. Studies and key informants in communities and NGOs and donors indicate that:

- NGOs operating development programs, especially those designed to bring vital services to people at the community level, need to broaden their understanding of indigenous, social and cultural structures and how these can be strengthened to utilize effectively NGO services.
- NGOs need to learn ways of facilitating communities to assess, prioritize and respond to their own needs through participatory processes and assist community groups to build their own management capacity in order that the communities themselves can make appropriate requests for assistance, tailored to their real needs, from NGOs, local government and the private sector.
- NGOs working at the community level too often work in isolation from one another, are not coordinating together to provide community level actors a full as possible range of development support, and are not learning together by means of sharing information on successful approaches.
- KNGOs need to develop "civic sense," not just in advocacy, human rights sense but the "civic sense of participation."

E. TYPES OF SUPPORT FOR CAPACITY BUILDING

In Co-Fi II several types of support for capacity building have been suggested. Through the proposed pilot project, certain Kenyan NGOs will receive financial and technical assistance to improve their internal operations. In addition, the development and diffusion of more appropriate participatory methodologies to improve NGO work at the community level are to also be developed.

Through the USAID grant initiatives, technical and financial assistance as well as training are to be made available to the participating NGOs to improve their internal operations as well as their approach to program delivery. These grants will often be made in conjunction with project implementation support financed through other sources in order to assure the NGOs and the communities involved have a way of assuring better results at

the community level.

Finally, the special activities managed by USAID will provide support for raising awareness and perhaps improving the "enabling environment" necessary for more effective NGO operations.

There are many resources available in Kenya to handle the technical assistance aspects of capacity building. During the development of this Project Paper a number of organizations were mentioned as providing these services. No attempt was made to determine the quality of these services, nor to assure that the list is exhaustive. With these provisos, the following list is provided as a starting point for identifying and assessing the quality capacity building support services that will be needed in the implementation of the Co-Fi II project.

EXAMPLES OF ORGANIZATIONS (Kenyan-based) PROVIDING CAPACITY BUILDING SUPPORT SERVICES

CPS (community level)
CRWRC
Egerton Clark University (community level)
FemNet (Gender Training Unit)
IIRR
locally based accounting firms
MATRIX
VADA
VITA
World Neighbors

Also, USAID/PVC has initiated an Excellence in Management project through Case-Western University; CRWRC is an organization that will be participating in this effort. POPH, through the Global Bureau, has access to MSH/FPMD which has a locally based office.

F. SUGGESTED APPROACH TO COLLABORATIVE INSTITUTIONAL ASSESSMENTS FOR CO-FI II

The PVO unit staff should consider the following in finalizing and utilizing methodologies for conducting institutional assessments in a collaborative manner.

1. Finalize methodology for NGOs utilizing working group composed of Co-Fi staff, NGO representatives, and OD experts.
2. Conduct assessment of NGO using 2 person facilitation teams (one management/program oriented, one administration/finance oriented) competent in using methodology (typically PVO unit staff with occasional

consultant assistance). Involve all or a broad cross-section of the NGO's Board and staff (paid and volunteer, professional and support).

3. Attempt to reach consensus as to conclusions of assessment by facilitation team and NGO; note any significant differing views which may remain in report of assessment.

4. NGO utilize results of assessment as basis for proposed capacity building (technical and financial assistance, training) support to be included in proposed initiative to Co-Fi II.

A similar approach should be used by NGOs with the community groups to be part of their initiative proposal, with similar baseline data as a basis for the proposed intervention.

1.20 STAGES OF DEVELOPMENT

	Starting	Developing	Self Managing	Mature
Time from start-up	0 - 12 months	6 - 36 months	12 - 60 months	over 60 months
Legal status	pending	meets specialized govt & donor requirements	meets requirements	meets requirements
#/types of projects	1-2 projects, very small, 3-6 mo to complete	1-2 projects, 1 sector, 1-2 yrs to completion	2-5 projects, 1-2 sectors, multi year	multiple projects, sectors; multi year
#/types of donors	individuals (cash, in kind)-50%; up to 3 donors (small grants, trig)-50%	individuals under 30%; 1-2 large donors-70%	individuals-20-30%; multiple large donors-70-80%	multiple donors
\$ value of projects	under \$10,000	under \$250,000	under \$1,000,000	over \$1,000,000
Staff	<ul style="list-style-type: none"> individual(s) w/ tech experience in primary sector indiv(s) experienced in most aspects of proj design, impl, eval; needs assess; proposal writing indiv(s) experienced in some or all of admin, bookkeeping, group mgmt 	<ul style="list-style-type: none"> broaden tech competence in sector of focus broaden experience to all aspects of proj design & mgmt broaden experience to operating all basic systems 	<ul style="list-style-type: none"> recognized tech competence in area of focus; broadening into new area(s) broaden experience into design & mgmt of multiple projects broaden experience into mgmt of all aspects of organization 	<ul style="list-style-type: none"> can train others staff depth; more than one person can handle major aspects of project & org mgmt
Organization	<ul style="list-style-type: none"> no "track record" determining org purpose, initial focus startup operations office admin systems financial systems 	<ul style="list-style-type: none"> developing track record in tech sector, proj mgmt initiating org planning & strategy basic systems fully operational 	<ul style="list-style-type: none"> multi project track record recognized org competence in tech sector, proj mgmt active mgmt plng & strategy systems can handle complex mgmt tasks - multi donors, project, offices 	<ul style="list-style-type: none"> financial, program, management flexibility to adapt to changing environment

mar/5/82

USAID/Somalia PVO Development Partners Project

Kenya Community Development Foundation

In collaboration with a group of Kenyans active in community development work, the Ford Foundation is planning to establish a new Kenyan foundation to advance community development work as well as further the practice of Kenyan philanthropy. This foundation will be an independent and endowed non-profit donor, controlled and professionally managed by Kenyans.

Over an 18 month period to the end of December 1994, the Ford Foundation conducted a highly participatory review of the community development field in Kenya. Over 150 people from local, national and international NGOs, donors, researchers, and national and local government workers were involved in this series of interviews and meetings. Over 40 low-income members of self-help groups were also consulted. The purpose of this review was to determine what has been learned about participatory poverty reduction strategies in Kenya, and to assess the current status of this field of work with an eye to developing new initiatives that could assist it to move forward in a major and effective way. A full report on this review is available from the Ford Foundation.

The principal finding of the review was that this "empowerment" approach to durable poverty reduction was healthy and expanding, but emphasis had become increasingly centered on specific projects managed by large national or international NGOs and funding was almost exclusively from foreign sources. While a variety of community organizing and training (COAT) activities are used in participatory programs, many people expressed concern that they are often conducted by NGOs in order to serve their, and donors, interests in developing certain projects. For these and other reasons, the field is "losing balance" and moving away from building the knowledge, skills and organizational strength at the community level which are necessary to achieving the desired degree of involvement of the poor in choosing, designing and managing community development activities.

Further, a surprising number of local community development organizations (LCDOs)¹ were found in urban and rural areas, but they have difficulty attracting the funds and assistance required to grow into powerful advocates for their communities and to put development programs in place over the years needed to make an appreciable and durable difference. It is estimated that at least 50 such LCDOs exist in Kenya, many of which are a part of churches.

Finally, during our review many people commented that most community development groups work largely alone and without benefit of experience gained by others. Only limited information about community development is available, and collaboration and co-operation among groups is rare. For example, we learned that field workers have limited opportunities to learn about new techniques and which ones work best in different communities.

To address these needs it was decided to create the Kenya Community Development Foundation (KCDF) to provide information, core funding and organizational development assistance to NGOs that focus explicitly on increasing the ability of low-income people to play a full and effective role in development activities in their own communities. KCDF is expected to target the bulk of its support to staffed, Kenyan NGOs working at less than the national level and headquartered within the low-income communities in which they work. It will focus less on funding for projects and more on the institutional support needed to develop this facet of civil society. The three overarching goals of KCDF will be to: build the strength of local community development organizations; advance knowledge and sharing of participatory approaches to development, and advance Kenyan philanthropy in support of such participatory poverty reduction activities

¹ Staffed groups working on community-wide development and poverty reduction at less than a national level

Building on its own experience, KCDF will seek changes in existing norms and policies that could improve support for community initiatives. This might involve promoting changes in donor, government, NGO and community approaches, and disseminating to the field KCDF's own learning about effective strategies.

The following outline presents the major facets of the KCDF and the process proposed for its implementation.

Objectives:

To create an endowed, Kenyan funding organization that:

- 1) Furthers community based organizations'² organizational development through community organization and training, funding and information;
- 2) Builds strong local community development organizations through funding and organizational development assistance, testing and expanding participatory strategies, gathering and providing information about what has been learned by its own and others' community development activities;
- 3) Uses its experiences and action research findings to increase understanding of and support for the above groups by government, donor and private sector institutions.
- 4) Raises significant funds from Kenyan citizens and corporations and, along with support from external sources, builds an endowment fund sufficient to finance its work without ongoing dependence on annual fund raising.

Expected KCDF Activities:

First and foremost, KCDF will be a Kenyan funder. But to build the strength of local groups, it will also concentrate on assisting grantees and potential grantees to design and test participatory strategies and to assess and strengthen their organization's internal governance and management systems. KCDF will also gather and disseminate information about participatory community development strategies and the building of local development strength. It is expected that KCDF will carry out the following activities.

1) Building the capacity of local community development organizations through core funding and organizational development.

- a) Develop a supportive and effective LCDO funding system..

Strong local institutions are important to participatory poverty reduction strategies as both catalysts and supporters of community initiatives. Their long-term presence at the grassroots level and affinity with formal and traditional local governance structures positions

² Self-help or community-wide groups without staff, often called "local voluntary associations".

them to advocate for the community and increase the quantity, quality and durability of community based poverty reduction work.

A grant programs directed towards LCDOs will be KCDF's principal activity. Funding practices will be flexible and varied in order to be supportive of different needs and organizational forms. Important features will be KCDF's ability to work with small and remote organizations, to work with grantees intensively when necessary, and with flexible time frames. KCDF is likely to support its LCDO grantees for five years. Accompanying this funding will be experimentation with the participatory processes of grantees in an action research approach, with full documentation and sharing of lessons. KCDF is not likely to fund projects.

While KCDF itself will represent a major new source of assistance for local community development groups, it will also seek to build support for their work from Kenyan individuals and corporations. A target of 30 percent of its budget will eventually be obtained from local sources, and while tax relief is not yet afforded such contributions, it is important that a concerted effort is made to secure them. Aside from the resources provided, a more important reason is to build Kenyan "ownership" of these activities. In the long term, community development activities will be much more effective if they gain important allies in the public and private sectors.

b. Increase the effectiveness of LCDO activities through organizational development assistance.

Funding is not the only constraint facing LCDOs, and KCDF will help to build the strength of their organizational infrastructure. It will focus on such fundamental issues as: well designed corporate documents, workable management and accounting systems, a sufficiently but not overly active board, clear definition of the roles of the board and staff, appropriate delegation and decision making practices, written and strategic financial and program plans with measurable targets, and internal incentives that reward experimentation and learning. The key will be first to set forth clear standards for assessing organizational strength, and then to develop means by which local groups can be assisted to meet them. KCDF will avoid, if at all possible, providing the facilitation and staff assistance to prospective grantees, but will fund them to purchase such help.³

2) Learning and Information

KCDF's will learn about and promote participatory processes that are effective in empowering communities.

While much experience with participatory development strategies can be found in Kenya and throughout the world, little has been put in forms readily usable by others. Our review highlighted the increasing fragmentation of the field as well as the desire by many people to find ways to speed and deepen the extent to which lessons are discovered and broadcast. KCDF will be in a good position to help stimulate such sharing.

KCDF's principal source of learning will be the performance of its grantees. Every grant will have clear and measurable targets and each grantee will develop means by which to assess its

³ It may be that KCDF will find the supply of organizational development assistance will be limited in Kenya, and might therefore have to assist in the provision of this in its first several years. At the same time, it will pursue strategies to strengthen and increase such supply.

progress and distill lessons. Crucial to this process will be involvement of intended beneficiaries in setting targets and assessing performance.

The many larger NGOs in Kenya also present a valuable source of learning, and KCDF is expected to make experimentation and learning grants to national (and possibly international) community development NGOs. Such grants would build on the existing knowledge and strong networks of these NGOs to experiment with new forms of participatory methods or expand recently successful approaches. This program would incorporate a strong action-research component, including clear learning questions, performance targets, methods for documenting and assessing results and lessons, and methods for spreading lessons to others.

Finally, KCDF will search for the best methods and lessons on participatory practices, within Kenya and worldwide. This could incorporate ongoing literature searches but, perhaps more importantly, could include visits of KCDF and key grantees to model programs elsewhere. Information gathered would be assessed and distributed.

Next Steps for Starting KCDF:

KCDF's first three years (1996-98) will be a pilot or testing period, using an explicitly experimental and learning process in the development of appropriate and effective strategies. Further, it is anticipated that there will be substantial input from other actors in the field with regard to how it can best fulfill its role in supporting community development activities. One way to ensure such input might be to hold regular meetings open to interested parties, to discuss ongoing progress and solicit feedback.

Planning and design for KCDF will begin early 1995, and by January 1996, it will start its first funding cycle. To guide this process, an "advisory committee" has been formed of experienced and committed Kenyans⁴ as well as representatives from the Ford Foundation, and may include at least one other seriously interested donor. It is expected that an externally based NGO will be asked to manage these activities for the first three years, acting as a "midwife" organization. Such an institution would have experience with capacity building and funding for local community development groups, and would operate under the direct "board-like" guidance of the advisory committee. Within three years, KCDF will become a full Kenyan institution and the midwife will exit completely. This approach will allow KCDF to first concentrate on developing its own program strategies before building its own board, staff and management systems.

By 1998, KCDF will be a fully independent Kenyan institution, by 1999 it should have a sufficient track record to attract endowment funds, and by 2002 it should have a sufficient endowment in place. While KCDF may continue to raise endowment funds after that date, it is important that it not compete with other Kenyan NGOs for available funding. It is expected that KCDF's endowment and any funds subsequently raised will come from sources that would not otherwise have been available to the community development field in Kenya. Initial discussions with donors indicate that it may be realistic to expect that such funds come from "special" sources often held at donor headquarters for such initiatives.

⁴ Joyce Malombe (HABRI, University of Nairobi), Christopher Aleke-Dondo (K-REP), Monica Mutuku (UNICEF), Harry Mugwanga (Credit Systems Ltd), Elvina Mutua (Consultant, formerly of Tote'o Home Industries) and Elkanah Odumbo (World Neighbors)

ANNEX F: MANAGEMENT/IMPLEMENTATION STRATEGY ASSESSMENT

F.1. Introduction

This annex considers the options for management framework for implementation of the PVC Co Financing II Project.

The main issues in developing the most appropriate framework are: (a) the bureaucratic burden on USAID versus the amount of control the framework gives the mission over the control of the project; (b) effectiveness at reaching target groups and accessing intermediary institutions such as those providing technical assistance services; and (c) related costs.

F.1.1 What needs to be delivered

Any management framework for the project has to be capable of delivering and monitoring these items: (a) Institutional strengthening and capacity building services. These would typically be delivered through technical assistance, workshops, and the provision of commodities or other non-activity financial support; (b) Grant funds to support project and core activities; and (c) training to selected staff, either in Kenya or overseas.

F.1.2 Obligor Mechanisms and Legal Considerations

In formulating the options, it is worth restating the obligator mechanisms that USAID can use:

- **Grants and Cooperative Agreements** These can be used to obligate funds directly to USAID registered PVCs. The latter is intended to give greater involvement by USAID in management. A particular issue with a project like PVC co-financing is that local PVCs often find it difficult to register with USAID. (The most common reason is difficulty in obtaining a local certificate of tax exemption from the Department of Income tax.) However, sub-grants can be awarded to non-USAID registered PVCs, providing funds accountability can be assured by using an intermediary through which funds can be passed.
- **Contracts** Although contracts can be drawn up with NGOs, this is seldom done - they are most common with for profit organizations. For profit contractors can administer and award sub-grants for USAID, but approval from Washington is required before this arrangement is concluded.
- **Indefinite quantity contracts** Which would most typically be awarded to a for profit firm to provide a range of institutional strengthening services to beneficiary NGOs.

F.1.3 Issues of Project Effectiveness

F.2. Range of Tasks

Although, as discussed below, and shown in exhibit C1, there are a number of basic models for the management framework, they are characterised by who (or what entity) is responsible for different tasks, and a range of minor variations is possible. For clarity the range of tasks that need

to be accomplished by AID staff, under AID grants or cooperative agreements or by contract firms is listed here:

1.2.1 Institutional Strengthening

- a. **Formulation of eligibility criteria** to set out what type of organization is eligible for receiving assistance. The project paper will give guidelines on this matter, but details will need to be fleshed out. AID will have a role in approving them, but an intermediary (contracted) organization can do some of the drafting.
- b. **Assessment of eligibility** to assess whether the criteria are met.
- c. **Organisational Assessment and Diagnosis** The requirements of the beneficiary organization need to be identified. This often needs to be done in a very broad context which can be difficult for the organization itself to do. For example, an organization may identify a problem with financial systems, but part of the solution may require the recruitment of specific staff, which may not be possible until recruitment procedures are in place. This task may also require an assessment of the financial soundness of the organisation.
- d. **Preparation of TOR** Once the requirements have been identified, TOR need to be drafted and agreed between project management and the beneficiary organization. The TOR will consider the scope of work and the method of delivery.
- e. **Selection of suitable management resources to carry out strengthening work** This may be difficult if they are sector specific. In some cases the beneficiary organization may want to do the selection itself. However, administratively, it may be easier for AID to have contracts with one or a few suitable suppliers
- f. **Drafting and award of contracts** This may be done by AID on a case by case basis, or may involve a co-operative agreement or IQC with suitable pre-selected organizations.
- g. **Drafting and award of sub-contracts/preparation of work orders** In the case where an IQC is in place, AID needs to get out the relevant work order. In the case where an intermediary organization is doing work, it will award a sub-contract on AID's behalf.
- h. **Implementation**
- i. **Monitoring**

1.2.2 Grants

- **Development of selection criteria and procedures** is a first step and develops a framework for who the beneficiaries might be. As with institutional strengthening, although the project paper will give guidelines on this matter, details will need to be fleshed out. AID will have a role in approving them, but an intermediary (contracted) organization can do some of the drafting.

- **Pre-selection and selection** may need to be a two stage process, if the number of applicants is expected to be large. The process may involve some assistance with proposal development. Pre selection would allow partial delegation.
- **Drafting and award of grant agreements** could be direct to beneficiary NGOs or through and umbrella organization.
- **Drafting and award of sub-grant agreements** occurs where an intermediary contractor organization has been used.
- **Financial disbursements** are made against properly documented and vouched applications
- **Accounting** for the use of grants to ensure that they have been used in accordance with stated purpose.
- **General administration** including establishing relevant procedures, keeping records or target groups and beneficiaries.
- **Monitoring, Evaluation and Audits** have to be contracted with TOR approved by USAID.

1.2.3 General

- **Publicity and Promotion** to ensure that the target group is aware of the benefits available under the project, and that the public and other donors are aware of the project.

1.2.4 Training

[Outstanding]

F.3. Description of Basic Models

To perform the tasks described in the previous section, a number of basic models can be distinguished. These are shown in Exhibits C1 and C2 and described below.

1.3.1 Grants: In-house

Structure– USAID manages directly through the formation of a project management unit (PMU) staffed by PSCs in USAID's offices.

Entities and tasks The PMU performs all tasks.

Obligating mechanisms Grants or cooperative agreements awarded directly to each beneficiary NGO.

Considerations of management burden/project effectiveness A major constraint is the bureaucratic workload which may limit the number of beneficiary organizations.

Other comments Gives maximum control and best 'feel' of donor community building in-house expertise that can help with other projects. Project structures are not self-sustainable, although the beneficiary NGOs should become so.

Examples with AID/K currently The present PVO Co-Fi project.

1.3.2 *Grants: Umbrella NGO*

Structure USAID appoints a single umbrella NGO to implement the project.

Entities and tasks The umbrella NGO performs most tasks on behalf of USAID, except that USAID approves selection criteria and makes final approval of all grants over a determined threshold.

Obligating mechanisms Grants or cooperative agreements awarded to the umbrella NGO.

Considerations of management burden/project effectiveness This approach is the opposite of the previous one and is designed to reduce the management burden on USAID. However, as the VADA experience has shown, it may be difficult/impossible to find a suitable NGO, at least locally. The lead time may be relatively long, particularly with a local NGO.

Other comments This potentially leads to the possibility of a sustainable institution, although one that will always be dependent on donor grant funds. The umbrella organization could also provide or coordinate institutional strengthening activities.

Examples with AID/K currently The PVO Co-Fi project, before it was redesigned in the late 1980s.

1.3.3 *Grants: Mini-Umbrellas*

Structure This structure seeks to get round the difficulties with the previous one, by using a range of mini-umbrellas to perform the same function.

Entities and tasks For this arrangement to be not too administratively burdensome, there would probably be some harmonisation of procedures between mini-umbrellas. This means that the following tasks would be undertaken by USAID: development of selection criteria and procedures, selection/approval of grants over a threshold and establishing accounting formats.

Obligating mechanisms Grants or cooperative agreements awarded each mini-umbrella NGO.

Considerations of management burden/project effectiveness This would involve more work than the single umbrella. However, it may still be difficult to find umbrella organizations capable of handling the work. Most potential candidates are weak and sectorially focused.

Other comments

Examples with AID/K currently PEI where K-REP and PRIDE are used in a similar way in the credit sector.

1.3.4 *Grants Institutional Contractor*

Structure USAID appoints an institutional contractor to manage the project (the grants administration contractor).

Entities and tasks There is a variety of scenarios. As a minimum the contractor would perform accounting and general administration. However, it could prepare selection criteria, and do pre-selection and even selection on behalf of AID.

Obligating mechanisms A contract. This would have to be approved by Washington if the contractor is to be asked to award sub-grants to beneficiaries.

Considerations of management burden/project effectiveness Suitable contractors could probably be found locally, although it may take them time to establish suitable grant accounting systems. The management burden on USAID would be relatively light but gives them the option to have strong control over the project. The main concern, as with an umbrella NGO or mini umbrellas, would be the perception of the contractor by the NGOs.

Other comments

Examples with AID/K currently None

1.3.5 *Institutional Capacity Building Activity Grants*

Structure No special structures are set up: beneficiary NGOs buy in their own institutional strengthening using grants.

Entities and tasks No special entities are established.

Obligating mechanisms As for what ever corresponding grant mechanism is set up.

Considerations of management burden/project effectiveness In principal the management burden is very low, because the scope for which grants are awarded is simply expanded. However, there may be quality control work generated. AID/K would have to be given details of individuals or contractors considered by NGO management for provision of such TA, and approve of NGO's choice(s).

Other comments

Examples with AID/K currently PVO Co-Fi, proposed under new micro-PED

1.3.6 *Institutional Capacity Building NGO Intermediary*

Structure Similar to the corresponding arrangement for grants. USAID appoints a single NGO to provide institutional strengthening services.

Entities and Tasks The umbrella performs all tasks, except that USAID approves selection criteria, and may approve TORs for more than an agreed amount of work.

Obligating mechanisms Grants or cooperative agreements to the umbrella NGO. A contract would also be possible.

Considerations of management burden/project effectiveness The admin burden on USAID would be relatively low. It may be difficult to find a single intermediary offering the range and quality of services required. Assistance offered would be unlikely to be sector specific.

Other comments

Examples with AID/K currently K-MAP performs a similar role for PED

1.3.7 Institutional Capacity Building: Several Intermediaries

Structure USAID contracts with a few intermediary organizations to provide a range of services. The organizations could be NGOs or private sector or both.

Entities and tasks The intermediaries performs all tasks, except that USAID approves selection criteria, and may approve TORs for more than an agreed amount of work.

Obligating mechanisms Grants or cooperative agreements and/or contractors awarded to each organization.

Considerations of management burden/project effectiveness Would require the selection of a number of suitable intermediaries with contracting actions with each. However, this will give a broader range of services to beneficiary organizations.

Other comments

Examples with AID/K currently

1.3.8 Institutional Capacity Building: Single Institutional Contractor

Structure USAID appoints an institutional contractor to provide services under an IQC.

Entities and tasks The contractor performs all tasks except that USAID prepares work orders.

Obligating mechanisms IQC

Considerations of management burden/project effectiveness The work load should not be high. However, the method has a number of limitations. It is not suitable for very short interventions. Many potential contractors have limited experience with relatively small NGOs. It can be difficult to draft the IQC to be broad enough to cover all potential needs.

Other comments

Examples with AID/K currently PVC Co Fi

1.3.9 Institutional Capacity Building: Two tier with Institutional Coordinator

Structure USAID appoints an institutional contractor to coordinate but not provide technical assistance to individual NGOs. The actual assistance is provided by a variety of resources, selected, in part, by the individual NGOs. Contracts for this are either direct with AID or sub-contracted through the coordinator.

Entities and tasks The coordinator performs all tasks, except that AID approves work over a certain budget limit.

Obligating mechanisms Grants or cooperative agreements awarded directly to each beneficiary NGO.

Considerations of management burden/project effectiveness This attempts to delegate administration from AID, while giving the NGOs say in who they use for institutional strengthening activities. As such the work load on AID is limited, if the coordinator is responsible for sub-contracting. The principal constraint will be in finding an effective coordinator. Most candidates are likely to be competitors with potential management resources.

Other comments

Examples with AID/K currently

F.4. Conclusion

The above models show that a broad range of options is legally and administratively possible.

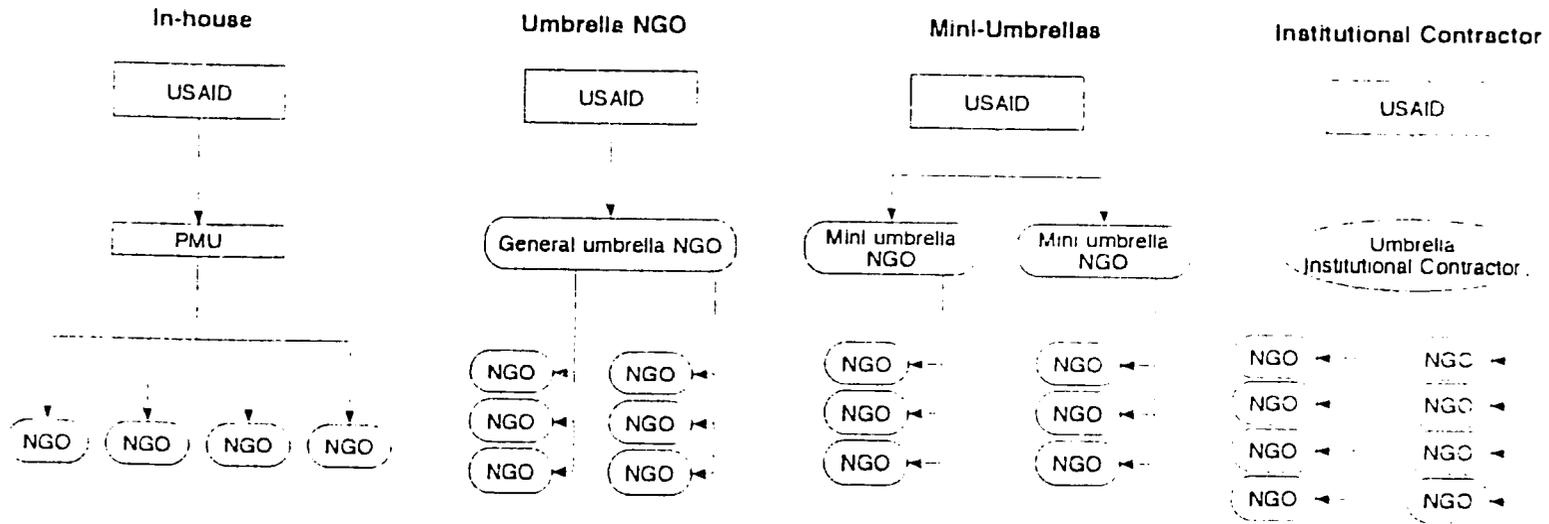
Given number of obligating actions in the project is:

Component 1: 1 or 2
Component 2: 8 to 15
Component 3: 5 to 10.

The level of activity is in principal, within that which can be handled by AID in house. However, each participating NGO will require an organisation assessment, review of financial capability and audit. For these, the services of an institutional contractor will be required. The management structure proposed, is therefore a composite of those described:

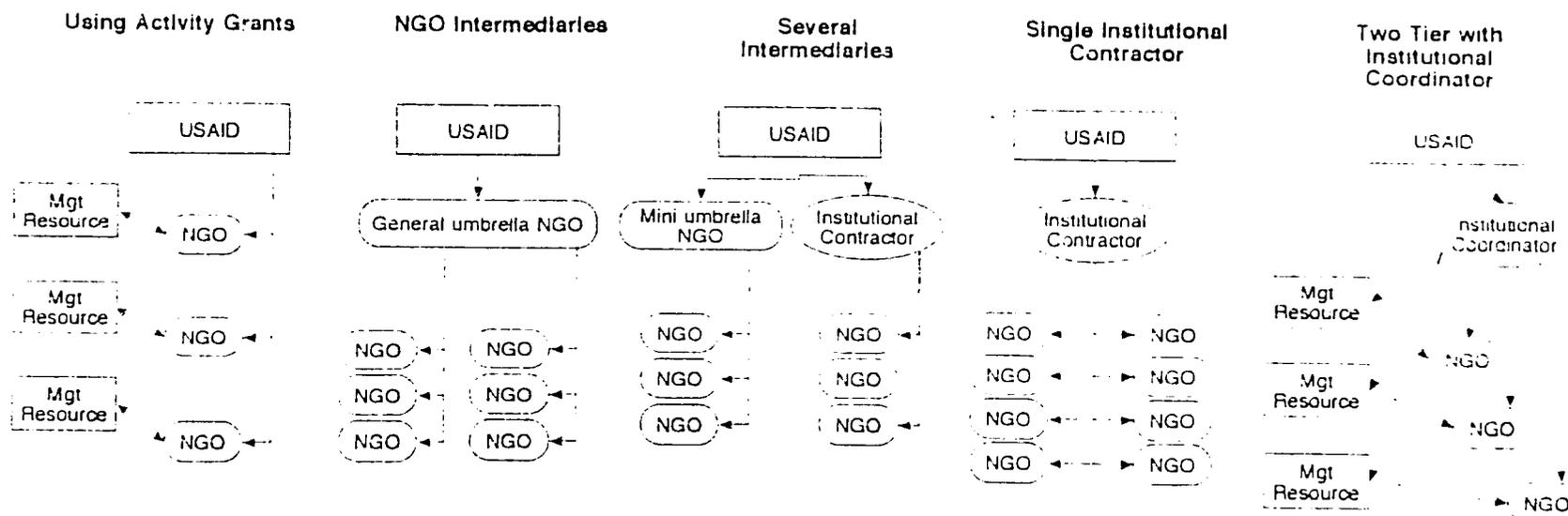
1. A project management unit staffed by four PSCs, will give AID appropriate control over the project.
2. Component 1 will be managed direct by the PMU.
3. An institutional contractor will be selected to act as a grants administrator, and provide the services described above. Members of PMU will participate in all organizational assessments.
4. The institutional contractor will also provide the services required for the special activities in component 3.
5. Participating NGOs will be allowed to select their own sources of institutional strengthening, subject to approval by AID. AID will have gained sufficient knowledge to make this arrangement effective through its participation in the organizational assessment process.

PVO Co-Fi: Possible Management Structures for Grant Fund Delivery



Number of NGO Targets	4-6 per year	10 per year once after start up period	10 per year after start up period	10 per year after start up period
Number of contracting transactions	4-6 per year	1 LOP	2-5 LOP	1 LOP
Obligating mechanisms	Cooperative agreement or grant	Contract or cooperative agreement	Cooperative agreement or grant	Contract
Overhead costs	Lower	Relatively high	Moderate to high	Relatively high
Implications for USAID management	Management intensive. Gives close control	Significantly reduces management burden. May reduce control over activities	Somewhat reduces management burden. May reduce control over activities	Significantly reduces management burden. May reduce control over activities
Limiting Factors	Mission's ability to complete contracting actions	May not be possible to find local umbrella. May require US PVO	May not be possible to find suitable umbrellas	Requires prior AID/W approval
Could suit	Where number of target NGOs is limited (e.g. narrowed by sector or by maturity)	Where target NGOs are immature and not sectorially focussed	Where target NGOs are immature and are sectorially focussed	Where large number of NGOs are to be accessed
Project issues	High management burden	Possibly long lead time	Likely to be sector specific	May encounter resistance from NGOs

PVO Co-Fi: Possible Management Structures for Institutional Capacity Building



No of NGO Targets	4-6 per year	10 per year once after start up period	10 per year after start up period	10 per year after start up period	10 per year after start up period
Number of contracting actions	None -covered by activity grants	1 LCP	2-5 LOP	1 LCP	1 LCP or several per year, if AID contracts direct
Obligating mechanisms	None	Cooperative agreement or grant	Contract and/or cooperative agreement and/or grant	Contract	Contract
Overhead costs	Moderate	Higher	Higher	Higher	Higher
Implications for USAID management	None beyond intensifying activities grants actions	Significantly reduces management burden May reduce control over activities	Somewhat reduces management burden May reduce control over activities	Significantly reduces management burden May reduce control over activities	Significantly reduces management burden May reduce control over activities
Limiting Factors	Number of NGOs reached by grants Ability of NGOs to identify needs and access local resources	May not be possible to find suitable umbrella. If possible may be foreign and must be USAID registered			Difficult to find appropriate independent contractor with adequate knowledge other intermediaries
Would suit	Where technical assistance is highly sector specific/NGO is competent to identify own general I/B needs	Where target NGOs are immature and not sectorally focussed Possibly where a relatively narrow range of lower level management and institutional skills are needed.	Where a broad range of general management/institutional skills are needed.	Where large number of NGOs are to be accessed Where a broad range of relatively higher level management skills are needed	Where large number of NGOs are to be accessed under a very big project
Project issues	Would be difficult to ensure quality control Does not build holistic	Possibly long lead time May encounter resistance from some NGOs.	Limited potential to offer sector specific activities Offers some choice to NGOs	May encounter resistance from NGOs	

**FY 1995 PROCUREMENT PLAN - FIELD ACTIONS
 REDSO CONTRACT OFFICE ACTIONS**

PROJ/OFFICE NAME	REQUIREMENT DESCRIPTION	TOTAL EST. AMOUN	PIO RSVD			PIO NO./ AMOUNT	REMARKS
			EST. DATE	REV. DATE	ACT. DATE		
ABEO 615-0249 KEDS	IESC Grant	\$400,000	10/94		11/30/95	615-249-3-30156 \$619,000	done
PRJ 615-0510 PD&S	Project Design	\$120,000	10/94		1/24/95	615-0510-3-50005 \$100,000	contract/d o 2/27
PRJ 615-0267 PVO Co-Fill	Two Grant Agmt to NIGOs	\$350,000	04/95	08/95			
PRJ 615-0266 D/G (IPAR)	Coop. Agmt Amendment	\$350,000	03/95	07/95			
PRJ 615-0266 D/G	USPSC Contract D/G Advisor	\$290,000	05/95		05/05/95	615-0266-3-50012 \$290,000	in process
PRJ 615-0266 D/G	IBD	\$250,000	09/95				

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INITIAL ENVIRONMENTAL EXAMINATION
OR
CATEGORICAL EXCLUSION

PROGRAM/PROJECT DATA:

Program Number:

Project Number: 611-0267

Country/Region: Kenya

Program/Project Title: PVO Co-Financing II

Funding Begin: FY95 Funding End: FY2000 LOP Amount: \$ 3.5 million

Sub-Activity Amount: \$

IEE Prepared By: Charlotte Bingham Date: August 29, 1995

Regional Environmental Advisor

ENVIRONMENTAL ACTION RECOMMENDED:

Categorical Exclusion: Negative Determination:

Positive Determination: Deferral:

ADDITIONAL ELEMENTS:

EMEMP: _____ CONDITIONS: _____ PVO/NGO:

SUMMARY OF FINDINGS:

PVO Co-Fi II is a five-year project utilizing \$3.5 million in DFA funds. The goal of this project is to increase the level of civic participation, advocacy skills and self-reliance of the rural poor. The purpose is to strengthen the capacity of Kenyan NGOs to promote participatory, community-based development. The project has two components: 1) Grants, and 2) Special Activities. In the main, funds will not be used for projects but to cover costs associated with strengthening institutional capacities of any or all NGOs working together.

A Deferral is recommended for Component 1 (Grants) as the nature and type of grants is indeterminate at this time. Such activities are anticipated to be small in scale and modest and will be screened and classified in accordance with procedures described in Appendix 1, which allows for categorical exclusions (hereinafter "Category 1") as applicable, negative determinations, (hereinafter "Category 2") or further review (hereinafter "category 3"). Based on this process, the USAID Project Manager will review and characterize each grant or subgrant and will arrange for the grantee or subgrantee to prepare environmental reviews or IEEs for approval as outlined in Appendix 1. For any discrete grant or subgrant placed in Category 2 of \$100,000 or more and for all grants or subgrants determined to be in Category 3, review by Regional and Bureau Environmental and Legal Officers is required.

A Categorical Exclusion is recommended for those parts of Component 1 that qualify for such (screening form is still to be utilized to provide a record of the categorical exclusion determinations) and all activities under Component 2 (Special Activities), because they involve research, training, technical assistance, studies and other activities that qualify as exclusions according to 22 CFR, Part 216, Section 216.2(c)(2)(i), 216.2(c)(2)(iii), 216.2(c)(2)(v), and 216.2(c)(2)(iii).

Quarterly summaries of the categorization of all grants with regard to their type, funding level, and environmental classification are required to be submitted to the REDSO REO and the BEO for monitoring purposes.

Regarding the NGO Council Grant, currently proposed under PVO Co-Financing II, a Categorical Exclusion is recommended in accordance with the procedures in Appendix 1, as all activities involve training, technical

assistance, information dissemination, and meetings.

Regarding the Christian Reformed World Relief Committee Grant, currently proposed under PVO Co-financing II, a Categorical Exclusion is recommended for all activities except "assist 30,000 families to improve food security, family health, income and accessibility to potable water sources by providing support for agricultural and health training and the protection of springs and wells." The other activities involve training, technical assistance and information dissemination and qualify for categorical exclusions. A Deferral is recommended for the assistance in food security, agriculture, health, income generation and potable water as the specific interventions, locations and types of activities are not yet known. CRWRC will be required to prepare an IEE for this grant component and/or subgrants.

APPROVAL OF ENVIRONMENTAL ACTION RECOMMENDED:

CLEARANCE:
Mission Director: *Dr. J. [Signature]*
George Jones, PH.D

Date: 9/12/95

CONCURRENCE:
Bureau Environmental Officer: *[Signature]*
John J. Gaudet

Date: 9/14/95
Approved: _____
Disapproved: _____

CLEARANCE:
General Counsel (Africa Bureau) *[Signature]*
Lewis W. Hunter

Date: 9/18/95

ADDITIONAL CLEARANCES:

Project Manager _____ Date: _____

Mission Environmental Officer: _____ Date: _____
Lee Ann Ross

Regional Environmental Officer: (draft) _____ Date: August 30, 1995
Charlotte S. Bingham for Eric R. Loken

Regional Legal Officer _____ Date: _____
Anthony Vance

Regarding the NGO Council Grant, currently proposed under PVO Co-Financing II, a Categorical Exclusion is recommended in accordance with the procedures in Appendix 1, as all activities involve training, technical assistance, information dissemination, and meetings.

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APPROVAL OF ENVIRONMENTAL ACTION RECOMMENDED:

CLEARANCE:
Mission Director:

Kiertisak Toh

Date: 9/14/95

Kiertisak Toh, Acting Director

CONCURRENCE:

Bureau Environmental
Officer:

John J. Gaudet

Date: _____

Approved: _____

Disapproved: _____

CLEARANCE:
General Counsel
(Africa Bureau)

Date: _____

ADDITIONAL CLEARANCES:

Project Manager

Amabag

Date: 9/13/95

Mission Environmental
Officer:

LAR-100
Lee Anne Ross

Date: 9/13/95

Regional Environmental
Officer:

(draft)
Charlotte S. Bingham for Eric R. Loken

Date: August 30, 1995

Regional Legal
Officer

Anthony Yance
Anthony Yance

Date: 9/13/95

INITIAL ENVIRONMENTAL EXAMINATION

PROGRAM/PROJECT DATA:

Program Number:
 Project Number: 615-0277
 Country/Region: Kenya
 Program/Project Title: PVO Co-Financing II Project

1.0 BACKGROUND AND PROJECT DESCRIPTION

The PVO Co-Financing II Project is a follow-on activity to the PVO Co-Financing I project, which was a 10-year \$12 million project initiated in 1985. PVO Co-Fi II is a five-year project utilizing \$3.5 million in DFA funds. The goal of this project is to increase the level of civic participation, advocacy skills and self-reliance of the rural poor. The purpose is to strengthen the capacity of Kenyan NGOs to promote participatory community-based development. The project has two components: 1) Grants, and 2) Special Activities.

1. Component 1, Grants, involves grants from USAID to NGOs to increase NGO institutional capacity and impact in community development by means of up to 7 grants. Total funding is \$3.2 million. Grants for initiatives in PVO capacity building for two multi-sector NGOs will support their strengthening of local community development NGOs, including action-research components. Three grants for partnerships will support joint activities of two or more NGOs working on specific community development interventions. Two grants for networks will support networking initiatives, i.e., documentation of experiences or information dissemination. In the main, funds will not be used for projects, but to cover costs associated with strengthening institutional capacities of any or all NGOs working together.

2. Component 2, Special Activities, supports local community development through special issue seminars, study tours, training and studies. Total funding is \$300,000.

3. Two proposals under Component 1 are also addressed in this IEE. USAID/Kenya plans to obligate funds this year to incrementally fund two NGOs at \$330,000 and \$400,000 respectively. Total funds available this year are \$500,000 for both.

The first grant is to an American PVO, Christian Reformed World Relief Committee, whose purpose is to increase the capacity of three partner Kenyan NGOs, branches of the Church of the Province of Kenya, to operate sustainable programs that improve the lives of 30,000 Kenyans. USAID will provide \$400,000 to be matched by \$350,000 in counterpart funds.

The second grant is to the National Council of NGOs of Kenya (the NGO Council). The purpose of the grant is to enhance the organizational and institutional capacity of the NGO Council and its membership to impact on sustainable development. USAID will provide \$330,000 to be matched with \$170,000 in counterpart funds by the NGO Council.

2.0 COUNTRY AND ENVIRONMENTAL INFORMATION (BASELINE INFORMATION)

Kenya is largely a rural society. Its people have been surviving on a subsistence economy and its cash economy has been small and dependent upon the export of a small number of crops. However, over the last three decades, Kenya's population has tripled; commercial and industrial activity has grown tremendously. Tourism is the single largest source of foreign exchange, while horticulture has rapidly become a major export earner. Population increase together with economic and industrial development have had considerable impact on the country's environment and natural resource base. Drought in many areas of the country has led to a decline in agricultural output. Land tenure is a critical, but sensitive and hotly debated issue.

Kenya has a wide variety of physical environments, from tropical coral reefs to snow-capped Mount Kenya. Soil erosion is a problem, causing loss of nutrients, siltation of lakes and pollution of marine ecosystems. Water is crucial to Kenya's development, although total resources are considered larger than total demand, distribution is not even. In many areas of Kenya, water has become scarce or polluted. The National Environmental Action Plan (NEAP) considers water to be the ultimate constraint on industrial development. Demand for water resources has caused conflict among industrial and agricultural users. Demand for land for agricultural development has caused encroachment on water catchments and wetlands, thus reducing flow and lessening the land's ability to adjust to drought. Kenya has significant biological resources, with an estimated total of 3,500 species. The NEAP considers use of these natural resources to be currently unsustainable. Forests cover less than 3% of Kenya's land area and provide not only habitat for many of Kenya's species, but wood fuel for over 80% of the households. Gazetted indigenous forests are estimated to lose 5,000 ha every year. Coastal forests, which make up less than 10% of all forests, contain nearly half of the nation's rare trees. [KENYA NEAP -- Summary, June 1994.]

3.0 EVALUATION OF PROJECT/PROGRAM ISSUES WITH RESPECT TO ENVIRONMENTAL IMPACT POTENTIAL

3.1 Overall Environmental Impact Potential

The activities proposed under this project are not, in general, anticipated to have negative impacts on the environment. Component 2 entails capacity building, training and dissemination of information. Component 1, while oriented to institutional strengthening, could include small-scale activities, such as rehabilitation of public facilities, wells or other potable water and sewerage projects, agro-processing activities, small irrigation schemes, or any variety of activities that PVOs/NGOs might propose. The range of activities to be developed by potential grant recipients is unclear, other than that the project's strategy framework complements USAID/Kenya's sectoral programs in health and population, private enterprise development and agriculture. It is not anticipated, however, that uses of grant funds would be for pesticides or other hazardous or toxic substances.

Grants under Component 1 could be awarded for activities located anywhere in rural Kenya, in many kinds of geographic areas. Given the level of funding available in total or for any particular activity, cumulative effects would be insignificant.

Two grants are to be obligated this year. They are discussed below as part of the overall IEE so that procedures for IEE review of these grants can be simultaneously accomplished.

3.2 CRWRC Grant

The purpose of the proposed CRWRC project is to increase the capacity of three partner organizations namely, Church of the Province of Kenya Provincial Office, Western Province Diocese, and Central Coastal Diocese to operate measurable sustainable programs that will benefit 30,000 families. The project will help develop management skills, technical competence, networking and resource development, and board and community control. The development of the organizational capacity of these organizations is meant to help improve the capacity of CRWRC to focus effectively on improving food production; family health; income and accessibility to potable water.

Specifically the grant will help CRWRC achieve the following:

- Increase the organizational capacity of the CPK Provincial Development Office;
- Increase the community development facilitation skills of Ambassador's Development Agency and Nambale Diocese (both local NGOs);
- Establish two diocesan development centers through identification and training of staff and provision of equipment (no construction is involved);

- Assist 30,000 families to improve food security, family health, income and accessibility to potable water sources by providing support for agricultural and health training and the protection of springs and wells;
- Identify and recruit skilled staff and equipment to run 8 diocesan community development offices;
- Organize and register 150 community groups; and
- Put in place an effective training and management staff.

Within the range of proposed activities only the item "assist 30,000 families to improve food security, family health, income and accessibility to potable water sources by providing support for agricultural and health training and the protection of springs and wells" has the potential for impacts on the environment. The conclusion that this activity will not have a significant effect on the environment cannot be reached, as negative impacts cannot be excluded, although it is known that the activities will be small-scale. The specific interventions are not yet determined.

Other activities listed above will have no effect on the natural and physical environment.

3.3 The National Council of NGOs (NGO Council)

The purpose of this grant is to enhance the organizational and institutional capacity of the NGO Council and its membership to impact on sustainable development in Kenya. The three components of the project, namely, NGO Support (technical assistance and small subgrants), Policy and Advocacy, and Information and Media are interventions focusing on changing social, economic and political structures. The actual activities are focused on increasing skills of NGO staff knowledge and ability to support people-centered development activities. The project will also provide equipment to support these largely training activities.

The project aims to achieve the following by the end of the grant period:

- Improved NGO Capacity for internal governance, organization and management;
- Documented NGO National Strategic Plan for Development; and
- At least 20 NGOs fully participate in program formulation and implementation training.

As a result of the technical assistance, training and information dissemination activities, there will be no effects on the natural and physical environment.

4.0 ENVIRONMENTAL DETERMINATIONS

4.1 Overall PVO Co-FI II Recommendations

Based upon 22 CFR, Part 116, Section 216.2(c)(2)(i), 216.2(c)(2)(iii), 216.2(c)(2)(v), and 216.2(c)(2)(viii), a Categorical Exclusion is recommended for all of the activities contemplated under Component 2 (Special Activities) and for technical assistance, seminars, studies, information dissemination, staff support and training, and health-related (excluding facilities' construction, rehabilitation of buildings or facilities and blood-testing) portions of the program under Component 1. Appendix 1 screening procedures should nevertheless be followed for all grants and subgrants under Component 1 to serve as a record of the Categorical Exclusion.

A Deferral is recommended for currently undefined activities, grants and/or subgrants that would occur under Component 1, because the range and type of activities to be undertaken is not known. The USAID Project Manager will review and characterize each grant and subgrant, utilizing the scheme attached in Appendix I, based on information to be provided by the grantee. As needed, the grantee will conduct or arrange for the review of environmental aspects of each activity and prepare an Individual IEE, following the format of this IEE. The review and approval procedure will follow that outlined in Appendix 1 and will be detailed in provisions of the agreement with the grantee or subgrantee. If the funding level is \$100,000 or more for a particular grant or

time. Such activities are anticipated to be small in scale and modest and will be screened and classified in accordance with procedures described in Appendix 1, which allows for categorical exclusions as applicable (hereinafter "Category 1"), negative determinations (hereinafter "category 2"), or further review (hereinafter "Category 3"). Based on this process, the USAID Project Manager will review and characterize each grant or subgrant and will arrange for the grantee or subgrantee to prepare environmental reviews or IEEs for approval as outlined in Appendix 1. For any discrete grant or subgrant placed in Category 2 of \$100,000 or more and for all grants or subgrants determined to be in Category 3, review by Regional and Bureau Environmental and Legal Officers is required.

A Categorical Exclusion is recommended for those parts of Component 1 that qualify for such (screening form is still to be utilized to provide a record of the categorical exclusion determination) and all activities under Component 2 (Special Activities), because they involve research, training, technical assistance, studies and other activities that qualify for exclusions according to 22 CFR, Part 216, Section 216.2(c)(2)(i), 216.2(c)(2)(iii), 216.2(c)(2)(v), and 216.2(c)(2)(viii).

Quarterly summaries of the categorization of all grants with regard to their type, funding level, and environmental classification are required to be submitted to the REDSO REO and the BEO for monitoring purposes.

Regarding the NGO Council Grant, currently proposed under PVO Co-Financing II, a Categorical Exclusion is recommended in accordance with the procedures in Appendix 1, as all activities involve training, technical assistance, information dissemination, and meetings.

Regarding the Christian Reformed World Relief Committee Grant, currently proposed under PVO Co-Financing II, a Categorical Exclusion is recommended for all activities except "assist 30,000 families to improve food security, family health, income and accessibility to potable water sources by providing support for agricultural and health training and the protection of springs and wells." The other activities involve training, technical assistance and information dissemination and qualify for categorical exclusions. A Deferral is recommended for the assistance in food security, agriculture, health, income generation and potable water as the specific interventions, locations and types of activities are not yet known. CRWRC will be required to prepare an IEE for this grant component and/or subgrants.

Appendix 1 Environmental Reviews of Grants and Subgrants for PVO Co-Financing II

In order to determine the extent of environmental review needed in each grant and/or subgrant of Component 1 of the Kenya PVO Co-Financing II project, each will be categorized according to the scheme outlined below (and set out in more detail in the Africa Bureau's "Guidelines for the Design and Implementation of Environmentally Sustainable Rural Development for PVO/NGO Projects in Africa", also known as "Environmental Guidelines for NGO/PVO Field Use"). It is assumed that the majority will fall within Categories 1 and 2, and would be for discrete, independent and separate sub-activities of less than \$100,000 and could therefore be approved locally.

Those grants and subgrants falling within Category 2 will be required to carry out an environmental review, utilizing the Africa Bureau IEE format, which will provide information that will be used to mitigate potential adverse environmental effects and monitor (change or guide the course of the interventions) the grant or subgrant during the course of implementation, if necessary. If the funding level is \$100,000 or more, grants and/or subgrants in Category 2 will be reviewed by the Regional and Bureau Environmental and Legal Officers. All grants and/or subgrants in Category 3 will be reviewed and approved by the Regional and Bureau Environmental and Legal Officers.

The USAID Project Manager and/or Mission Environmental Officer (MEO) will submit quarterly summaries of the categorization of all grants with regard to their type, funding level, and environmental classification to the REDSO Regional Environmental Officer (REO) and the Bureau Environmental Officer (BEO) for monitoring purposes.

NGOs/PVOs in drafting their proposals will address the way in which potential adverse environmental impacts will be mitigated and will describe how their interventions will be monitored and evaluated during the course of the project and how any negative impacts will be mitigated, if they are detected during monitoring and evaluation. Indicators to be used in monitoring will be spelled out in the design of the grants and/or subgrants and an environmental review will be included in each proposal.

In order to ensure that the individual interventions are designed in an environmentally-sustainable manner, the MEO or REO will provide each of the NGOs/PVOs involved in this project with a copy of Africa Bureau's "Guidelines for the Design and Implementation of Environmentally Sustainable Rural Development for PVO/NGO Projects in Africa" and other source material appropriate to the type of intervention.

... the Project Manager will review grants and/or subgrants in all the above categories and pass on all grants and subgrants in Category 3 and those from Category 2 with a funding level of \$100,000 or more or others if the Manager or MEO have questions to the REO and Regional Legal Officer (REDSO) for further review and after review they will be passed on to the REO and Bureau Legal Officer for review and approval.

The USAID Project Manager and MEO will then review grants and/or subgrants in all the above categories and pass on all grants and subgrants in Category 3 and those from Category 2 with a funding level of \$100,000 or more or others if the Manager or MEO have questions to the REO and Regional Legal Officer (REDSO) for further review and after review they will be passed on to the REO and Bureau Legal Officer for review and approval.

The USAID Manager will categorize the proposed interventions according to a scheme shown on the following page, presented as a form for convenience. This form can be modified in consultation with the REO in order to better suit project grants and subgrants.

APPENDIX 1 - PVO CO-FINANCING II ENVIRONMENTAL SCREENING FORM

Grant to:

Grant Name:

Subgrant to:

Subgrant Activity Name:

Category of Grant/Subgrant (as determined below): Category: _____

Total USAID Funding Requested:

Duration of Subgrant (proposed start and completion dates):

Geographic Location:

Activity Description (paragraph(s) describing purpose/outputs and potential environmental impacts):

Step 1. Determine Type of Grant:

- Is the grant exclusively to provide capacity building, technical assistance, training, information dissemination, analyses, studies or workshops with no foreseeable impact on the biophysical environment? Is the grant exclusively to provide nutrition, health care or population and family planning with no construction or rehabilitation of facilities and no blood-testing or other creation or disposal of medical wastes? If the grant will carry out exclusively some or all of these activities, it qualifies for a categorical exclusion. No further environmental review.

- If yes, record MEO approval :

MEO _____

Date _____

Step 2. Determine Category of Subgrant or Grant Activity Component:

• Category 1 - Categorical Exclusion:

Does the-subgrant or a grant component involve (yes, no, N/A):

- community awareness initiatives
- information dissemination, analyses, studies or workshops
- nutrition, health care or population and family planning with no construction or rehabilitation of facilities and no blood-testing or other creation or disposal of medical wastes?
- training at any level including agricultural promotion
- provision of technical assistance
- controlled experimentation exclusively for the purpose of research and field evaluation which are confined to small areas and carefully monitored

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- If the subgrant or grant component being analyzed exclusively involves the above categories of activities, no further environmental review is needed. Record MEO approval :

MEO _____

Date _____

• **Category 2 - Negative Determination:**

Does the subgrant or a grant component involve and state number of hectares, number of facilities or the like to quantify the level of activity:

- small-scale activities in forestry
- small-scale activities in agriculture
- small-scale activities in irrigation
- small-scale activities in water supply
- small-scale activities in sanitation
- small-scale activities in livestock (less than 100 head of cattle)
- small-scale activities in rural road rehabilitation
- small-scale rehabilitation/construction of facilities/structures
- small-scale agro-processing activities, such as rice mills
- other small-scale activities (state type)

Were the following used in designing the above activities (yes, no, N/A)?

_____ *USAID/AFR Environmental Guidelines for NGO and PVO Use in Africa*
 _____ Other

• **Category 3 - Positive Determination:**

Does the subgrant activity involve:

- river basin development
- irrigation or water management such as dams and impoundments, including construction of dams or other water control structures which flood relatively undegraded forest lands
- agricultural land leveling
- drainage
- large-scale agricultural mechanization
- new lands development
- resettlement
- penetration road building or road improvement or construction, upgrading or maintenance of roads which pass through relatively undegraded forest lands
- substantial piped water supply and sewerage construction
- procurement or use of pesticides
- light industrial plant production or processing (sawmill operation, agro-industrial processing of forestry products)
- conversion of forest lands to rearing of livestock
- colonization of forest lands
- procurement or use of logging equipment
- potential to significantly degraded national parks or similar protected areas or introduce exotic plants or animals into such areas
- potential to jeopardize an endangered or threatened species or adversely modify its habitat
- any other activity (state type)

Step 3. For Category 2 and 3 grants and subgrants, prepare an Environmental Review Report and Determine Level of Review

Prepare environmental review report, which should be 2-5 pages long (more if required), and follow the Africa Bureau IEE format. Provisions must be made for mitigation and monitoring.

Were any activities categorized in Category 2? Yes____ No____
If yes, date when IEE prepared:_____

Is level of funding below \$100,000? Yes____ No____
If yes, indicate that clearances are attached to IEE

USAID Project Officer/Manager MEO
USAID Mission Director

Is level of funding \$100,000 or above?
If yes, indicate date when IEE sent for review to:
REO_____ RLO_____
BEO_____

Were any activities categorized in Category 3? Yes____ No____
If yes, date when IEE prepared:_____

Date when sent for review to: REO_____ RLO_____
BEO_____

Drafted by: _____

Date:_____

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5C(2) - ASSISTANCE CHECKLIST

Listed below are statutory criteria applicable to the assistance resources themselves, rather than to the eligibility of a country to receive assistance. This section is divided into three parts. Part A includes criteria applicable to both Development Assistance and Economic Support Fund resources. Part B includes criteria applicable only to Development Assistance resources. Part C includes criteria applicable only to Economic Support Funds.

CROSS REFERENCE: IS COUNTRY CHECKLIST UP TO DATE?

Yes.

A. CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUNDS

1. Host Country Development Efforts

(FAA Sec. 601(a)): Information and conclusions on whether assistance 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;
- and (f) strengthen free labor unions.

The Project will encourage greater community initiatives and competition in the delivery of community service.

2. U.S. Private Trade and Investment

(FAA Sec. 601(b)): Information and conclusions on how assistance 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. firms may provide TA for project implementation.

3. Congressional Notification

a. General requirement (FY 1994 Appropriations Act Sec. 515; FAA Sec. 634A): If money is to be obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly

In process. A CN has been sent out.

notified (unless the Appropriations Act notification requirement has been waived because of substantial risk to human health or welfare)?

b. **Special notification requirement** Yes.
(FY 1994 Appropriations Act Sec. 520):
Are all activities proposed for obligation subject to prior congressional notification?

c. **Notice of account transfer** N/A
(FY 1994 Appropriations Act Sec. 509):
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?

d. **Cash transfers and nonproject sector assistance** N/A
(FY 1994 Appropriations Act Sec. 537(b)(3)): If funds are to be made available in the form of cash transfer or nonproject sector assistance, has the Congressional notice included a detailed description of how the funds will be used, with a discussion of U.S. interests to be served and a description of any economic policy reforms to be promoted?

4. **Engineering and Financial Plans**
(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?
a) Yes.
b) Yes.

5. **Legislative Action** (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 a
No legislative action is required.

reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance?

6. **Water Resources** (FAA Sec. 611(b)):
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.) N/A

7. **Cash Transfer/Nonproject Sector Assistance Requirements** (FY 1994 Appropriations Act Sec. 537). If assistance is in the form of a cash transfer or nonproject sector assistance: N/A

a. **Separate account:** Are all such cash payments to be maintained by the country in a separate account and not commingled with any other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)?

b. **Local currencies:**
If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies:

(1) 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? a) N/A
b) N/A
c) N/A

2) Will such local currencies, or an equivalent amount of local currencies, be used only to carry out the purposes of the DA or ESF chapters of the FAA (depending on which chapter is the source of the assistance) or for the administrative requirements of the United States Government?

N/A

(3) 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?

N/A

(4) 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?

N/A

8. **Capital Assistance** (FAA Sec. 611(e)): If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively?

N/A

9. **Multiple Country Objectives** (FAA Sec. 601(a)): Information and conclusions on whether projects 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; and (f) strengthen free labor unions.

The Project is an NGO capacity building program that will indirectly impact on economic growth and the multiple country objectives. It also supports special initiatives which directly impacts on the enabling environment which in turn fosters private initiatives.

10. **U.S. Private Trade** (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).

The Project is not to encourage U.S. trade and investment directly, but will increase income in the long run and hence have an indirect impact on creating markets for U.S. foods.

11. **Local Currencies**

a. **Recipient Contributions**

(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.

The recipient/counterpart contribution is approximately 34% of the total project cost.

b. **U.S.-Owned Currency** (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?

N/A

12. **Trade Restrictions**

a. **Surplus Commodities**

(FY 1994 Appropriations Act Sec. 513(a)): 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?

No.

b. **Textiles (Lautenberg Amendment)**

(FY 1994 Appropriations Act Sec. 513(c)): 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,

No.

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?

13. **Tropical Forests** (FY 1991 Appropriations Act Sec. 533(c)(3) (as referenced in section 532(d) of the FY 1993 Appropriations Act): Will funds be used for any program, project or activity which would (a) result in any significant loss of tropical forests, or (b) involve industrial timber extraction in primary tropical forest areas?

a) No.
b) No.

14. **PVO Assistance**

a. **Auditing and registration** (FY 1994 Appropriations Act Sec. 568): 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 the organizations to be assisted under the project will be subjected to USAID PVO registration and/or exception and are also subject to audit requirements.

b. **Funding sources** (FY 1994 Appropriations Act, Title II, under heading "Private and Voluntary Organizations"): 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

15. **Project Agreement Documentation** (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

The project funds is to be obligated under a USAID Handbook 13 Grant Agreement. Notification of funds obligation will be sent to USAID/W via a

within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision).

cable and copy of the Grant Agreement will be sent to the relevant officer.

16. **Metric System** (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance activity 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? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

Yes.

Yes.

Yes.

Yes.

17. **Abortions** (FAA Sec. 104(f); FY 1994 Appropriations Act, Title II, under heading "Population, DA," and Sec. 518):

a. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions?

No.

b. Are any of the funds to be used to pay for the performance of involuntary sterilization as a method

No.

of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations?

c. Are any of the funds to be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization? No.

d. Will funds be made available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to, a broad range of family planning methods and services? (As a legal matter, DA only.) No.

e. In awarding grants for natural family planning, will any applicant be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning? (As a legal matter, DA only.) No.

f. Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning? No.

g. Are any of the funds to be made available to any organization if the President certifies that the use of these funds by such organization would violate any of the above provisions related to abortions and involuntary sterilization? No.

18. **Cooperatives** (FAA Sec. 111): Will assistance help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life?

The Project will strengthen the capacity of PVOs which support sustainable development and improve life for the rural poor. TA assistance will be part of the Grant fund.

19. U.S.-Owned Foreign Currencies

a. **Use of currencies** (FAA Secs. 612(b), 636(h); FY 1994 Appropriations Act Secs. 503, 505): Are steps being 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

b. **Release of currencies** (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.

20. Procurement

a. **Small business** (FAA Sec. 602(a)): Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? No special arrangement have been made, but procurement will follow AID procedures/regulations.

b. **U.S. procurement** (FAA Sec. 604(a)): Will all procurement be from the U.S., the recipient country, or developing countries except as otherwise determined in accordance with the criteria of this section? Yes.

c. **Marine insurance** (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? Yes.

d. **Non-U.S. agricultural procurement** (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

e. Construction or engineering

services FAA Sec. 604(g)): Will construction or engineering services be procured from firms of advanced developing 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.)

N/A

f. Cargo preference shipping

(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?

No.

g. Technical assistance

(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?

TA, if applicable, will be furnished on a competitive basis to the extent practicable. Use of other federal agencies is not contemplated.

h. U.S. air carriers

(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.

i. Consulting services

(FY 1994 Appropriations Act Sec. 567):
If assistance is for 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)?

N/A

j. Metric conversion (Omnibus

Trade and Competitiveness Act of 1988, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance program 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? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

Yes.

Yes.

Yes.

k. Competitive Selection Procedures (FAA Sec. 601(e)): Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes.

l. Chemical Weapons (FY 1994 Appropriations Act Sec. 569): Will the assistance be used to finance the procurement of chemicals that may be used for chemical weapons production? No.

21. Construction

a. Capital project (FAA Sec. 601(d)): If capital (e.g., construction) project, will U.S. engineering and professional services be used? N/A

b. Construction contract (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

c. Large projects, Congressional approval (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 Congressional Presentation), or does assistance have the express approval of Congress? N/A

22. U.S. Audit Rights (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

23. Communist Assistance (FAA Sec. 620(h)). Do arrangements exist to insure 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? N/A

24. Narcotics

a. **Cash reimbursements** (FAA Sec. 483): Will arrangements preclude use of financing to make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated? **Yes.**

b. **Assistance to narcotics traffickers** (FAA Sec. 487): Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or entities which we know or have reason to believe have either: (1) been convicted of a violation of any law or regulation of the United States or a foreign country relating to narcotics (or other controlled substances); or (2) been an illicit trafficker in, or otherwise involved in the illicit trafficking of, any such controlled substance? **Yes.**

25. **Expropriation and Land Reform** (FAA Sec. 620(g)): Will assistance preclude use of financing to compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President? **N/A**

26. **Police and Prisons** (FAA Sec. 660): Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? **Yes.**

27. **CIA Activities** (FAA Sec. 662): Will assistance preclude use of financing for CIA activities? **Yes.**

28. **Motor Vehicles** (FAA Sec. 636(i)): Will assistance preclude use of financing 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.**

29. Export of Nuclear Resources

(FY 1994 Appropriations Act Sec. 506): Will assistance preclude use of financing to finance--except for purposes of nuclear safety--the export of nuclear equipment, fuel, or technology? N/A

30. Publicity or Propaganda

(FY 1994 Appropriations Act Sec. 557): Will assistance 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? N/A

31. Marine Insurance (FY 1994

Appropriations Act Sec. 531): 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.

32. Exchange for Prohibited Act

(FY 1994 Appropriations Act Sec. 533): 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? N/A

33. Commitment of Funds (FAA Sec.

635(h)): Does a contract or agreement entail a commitment for the expenditure of funds during a period in excess of 5 years from the date of the contract or agreement? No.

24. **Impact on U.S. Jobs** (FY 1994 Appropriations Act, Sec. 547):

a. Will any financial incentive be provided to a business located in the U.S. for the purpose of inducing that business to relocate outside the U.S. in a manner that would likely reduce the number of U.S. employees of that business? No.

b. Will assistance be provided for the purpose of establishing or developing an export processing zone or designated area in which the country's tax, tariff, labor, environment, and safety laws do not apply? If so, has the President determined and certified that such assistance is not likely to cause a loss of jobs within the U.S.? No.

c. Will assistance be provided for a project or activity that contributes to the violation of internationally recognized workers rights, as defined in section 502(a)(4) of the Trade Act of 1974, of workers in the recipient country, or will assistance be for the informal sector, micro or small-scale enterprise, or smallholder agriculture? No.

B. **CRITERIA APPLICABLE TO DEVELOPMENT ASSISTANCE ONLY**

1. **Agricultural Exports (Bumpers Amendment)** (FY 1994 Appropriations Act Sec. 513(b), as interpreted by conference report for original enactment): If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities: (1) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports N/A

of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (2) in support of research that is intended primarily to benefit U.S. producers?

2. **Tied Aid Credits** (FY 1994 Appropriations Act, Title II, under heading "Economic Support Fund"): Will DA funds be used for tied aid credits?

N/A

3. **Appropriate Technology** (FAA Sec. 107): Is special emphasis placed on use of appropriate technology (defined as relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?

Yes.

4. **Indigenous Needs and Resources** (FAA Sec. 281(b)): Describe extent to which the activity recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

The project addresses the needs for community participatory approaches focusing on indigenous knowledge and resources.

5. **Economic Development** (FAA Sec. 101(a)): Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

Project's strategy is institutional strengthening for sustainable socio-economic development.

6. **Special Development Emphases** (FAA Secs. 102(b), 113, 281(a)): Describe extent to which activity will: (a) effectively involve the poor in development by extending access to

a) The project targets the poor and mostly women in communities.
b) The implementation

economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries.

strategy focuses on promoting local democratic culture.

c) Facilitates support to local voluntary associations/groups.

d) Does not directly utilize and encourage regional cooperation by developing countries. However, it promotes coordination among all NGOs in Kenya.

7. Recipient Country Contribution

(FAA Secs. 110, 124(d)): Will the recipient country provide at least 25 percent of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)?

Counterpart funding is approximately 34%.

8. Benefit to Poor Majority

(FAA Sec.128(b)): If the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority?

Yes.

9. Contract Awards (FAA Sec.

601(e)): Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

Yes.

10. Disadvantaged Enterprises

FY 1994 Appropriations Act Sec. 558):
What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 40 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)?

No specific amount is allocated. However, the project will comply with Gray Amendment regulations.

11. Biological Diversity (FAA Sec.

119(g): 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 wildlife 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?

- a) No.
- b) No.
- c) No.
- d) No.

12. Tropical Forests (FAA Sec.

118; FY 1991 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act):

a. A.I.D. Regulation 16:

Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16?

Yes.

b. **Conservation:** Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (1) stress the importance of conserving and sustainably managing forest resources; (2) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (3) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (4) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (5) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded; (6) conserve forested watersheds and rehabilitate those which have been deforested; (7) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (8) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (9) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance

or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (10) seek to increase the awareness of U.S. Government agencies and other donors of the immediate and long-term value of tropical forests; (11) utilize the resources and abilities of all relevant U.S. government agencies; (12) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land; and (13) take full account of the environmental impacts of the proposed activities on biological diversity?

c. Forest degradation:

Will assistance be used for:

N/A (1 - 6)

- (1) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems;
- (2) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas;
- (3) activities which would result in the conversion of forest lands to the rearing of livestock;
- (4) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded forest lands;
- (5) the colonization of forest lands; or
- (6) the construction

of dams or other water control structures which flood relatively undergraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development?

d. Sustainable forestry:

If assistance relates to tropical forests, will project assist countries in developing a systematic analysis of the appropriate use of their total tropical forest resources, with the goal of developing a national program for sustainable forestry?

N/A

e. Environmental impact

statements: Will funds be made available in accordance with provisions of FAA Section 117(c) and applicable A.I.D. regulations requiring an environmental impact statement for activities significantly affecting the environment?

N/A

13. Energy (FY 1991 Appropriations

Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act): If assistance relates to energy, will such assistance focus on: (a) end-use energy efficiency, least-cost energy planning, and renewable energy resources, and (b) the key countries where assistance would have the greatest impact on reducing emissions from greenhouse gases?

N/A

14. Debt-for-Nature Exchange

(FAA Sec. 463): If project will finance a debt-for-nature exchange, describe how the exchange will

N/A (a - i)

support protection of: (a) the world's oceans and atmosphere, (b) animal and plant species, and (c) parks and reserves; or describe how the exchange will promote: (d) natural resource management, (e) local conservation programs, (f) conservation training programs, (g) public commitment to conservation, (h) land and ecosystem management, and (i) regenerative approaches in farming, forestry, fishing, and watershed management.

15. Deobligation/Reobligation

(FY 1994 Appropriations Act Sec. 510):

N/A

If deob/reob authority is sought to be exercised in the provision of DA assistance, are the funds being obligated for the same general purpose, and for countries within the same region as originally obligated, and have the House and Senate Appropriations Committees been properly notified?

16. Loans

a. **Repayment capacity** (FAA Sec. 122(b)): Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest.

N/A

b. **Long-range plans** (FAA Sec. 122(b)): Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities?

N/A

c. **Interest rate** (FAA Sec. 122(b)): If development loan is 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

d. **Exports to United States**

(FAA Sec. 620(d)): If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20 percent of the enterprise's annual production during the life of the loan, or has the requirement to enter into such an agreement been waived by the President because of a national security interest?

N/A

17. **Development Objectives**

(FAA Secs. 102(a), 111, 113, 281(a)):

Extent to which activity will:

(1) effectively involve the poor in development, by expanding access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (2) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (3) support the self-help efforts of developing countries; (4) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (5) utilize and encourage regional cooperation by developing countries?

- 1) The Project effectively reaches out to rural poor empowering communities for self reliance.
- 2) Grant fund will include TA for institutional strengthening.
- 3) There is focus on bettering life of rural poor.
- 4) Community participation approach will allow women, by necessary implication, a wider participation in national economy.
- 5) Project will share lessons and experiences.

18. Agriculture, Rural Development and Nutrition, and Agricultural Research (FAA Secs. 103 and 103A):

a. **Rural poor and small farmers:** If assistance is being made available for agriculture, rural development or nutrition, describe extent to which activity is specifically designed to increase productivity and income of rural poor; or if assistance is being made available for agricultural research, has account been taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made.

N/A

b. **Nutrition:** Describe extent to which assistance is used in coordination with efforts carried out under FAA Section 104 (Population and Health) to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value; improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs; and the undertaking of pilot or demonstration programs explicitly addressing the problem of malnutrition of poor and vulnerable people.

N/A

c. **Food security:** Describe extent to which activity increases national food security by improving food policies and management and by strengthening national food reserves, with particular concern for the needs of the poor, through measures

N/A

encouraging domestic production, building national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution.

19. Population and Health

(FAA Secs. 104(b) and (c)):

N/A

If assistance is being made available for population or health activities, describe extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems, and other modes of community outreach.

20. Education and Human

Resources Development (FAA Sec.

105): If assistance is being made available for education, public administration, or human resource development, describe (a) extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, and strengthens management capability of institutions enabling the poor to participate in development; and (b) extent to which assistance provides advanced education and training of people of developing countries in such disciplines as are

Assistance to PVOs include support for training in skills and approaches on policy issues, organization, etc.

required for planning and implementation of public and private development activities.

21. Energy, Private Voluntary Organizations, and Selected

Development Activities (FAA Sec. 106): If assistance is being made available for energy, private voluntary organizations, and selected development problems, describe extent to which activity is:

N/A (a - f)

a. concerned with data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and facilitative of research on and development and use of small-scale, decentralized, renewable energy sources for rural areas, emphasizing development of energy resources which are environmentally acceptable and require minimum capital investment;

b. concerned with technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;

c. research into, and evaluation of, economic development processes and techniques;

d. reconstruction after natural or manmade disaster and programs of disaster preparedness;

e. for special development problems, and to enable proper utilization of infrastructure and related projects funded with earlier U.S. assistance;

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f. for urban development, especially small, labor-intensive enterprises, marketing systems for small producers, and financial or other institutions to help urban poor participate in economic and social development.

22. **Capital Projects** (Jobs Through Export Act of 1992, Secs. 303 and 306(d)): If assistance is being provided for a capital project, is the project developmentally sound and will the project measurably alleviate the worst manifestations of poverty or directly promote environmental safety and sustainability at the community level? N/A

C. CRITERIA APPLICABLE TO ECONOMIC SUPPORT FUNDS ONLY

1. **Economic and Political Stability** (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.

2. **Military Purposes** (FAA Sec. 531(e)): Will this assistance be used for military or paramilitary purposes? No.

3. **Commodity Grants/Separate Accounts** (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? (For FY 1994, this provision is superseded by the separate account requirements of FY 1994 Appropriations Act Sec. 537(a), see Sec. 537(a)(5).) N A

4. **Generation and Use of Local Currencies** (FAA Sec. 531 d): Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will at least 50 percent of such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106? (For FY 1994, this provision is superseded by the separate account requirements of FY 1994 Appropriations Act Sec. 537(a), see Sec. 537(a)(5).)

N/A

5. **Capital Projects** (Jobs Through Exports Act of 1992, Sec. 306, FY 1993 Appropriations Act, Sec. 595): If assistance is being provided for a capital project, will the project be developmentally-sound and sustainable, i.e., one that is (a) environmentally sustainable, (b) within the financial capacity of the government or recipient to maintain from its own resources, and (c) responsive to a significant development priority initiated by the country to which assistance is being provided. (Please note the definition of "capital project" contained in section 595 of the FY 1993 Appropriations Act. Note, as well, that although a comparable provision does not appear in the FY 94 Appropriations Act, the FY 93 provision applies to, among other things, 2-year ESF funds which could be obligated in FY 94.)

N/A

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