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**Final Evaluation
of the
Micro-Enterprise NGO Alliance Project
of
OPPORTUNITY International
and
Vozmozhnost**

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CONTENTS

	page
<u>Executive Summary</u>	1
<u>Introduction</u>	2
<u>Goals and Purposes of the Programme: Initial and Revised</u>	3
<u>Evaluation</u>	4
<u>Assessment of Grant Activities</u>	5
<i>A. Effectiveness of Institutional Strengthening Efforts</i>	5
<i>B. Sustainability</i>	9
<i>C. Programme Development Activities</i>	11
<i>D. Monitoring and Support Processes</i>	16
<u>Principle Findings</u>	18
<u>Recommendations</u>	21

Executive Summary

The Agreement's principal accomplishment has been to establish a strong working partnership between Opportunity International, Vozmozhnost and Slyzhenia out of which Slyzhenia has been enabled to meet many of the objective's outlined in the Agreement.

Both Slyzhenia's own capacity and that of its members has been strengthened. Both Slyzhenia and its members have been helped to set their own visions, objectives and priorities in a participatory manner. Ownership of Slyzhenia has come to rest in its members with its day to day tasks vested in a fully-functioning and competent voluntary board and an effective executive director.

Slyzhenia has been able to establish a regional training centre which has an extensive, on-going programme of seminars, networking opportunities and of information distribution. This is valued by Slyzhenia's members as witnessed by high participation rates. In all, 23 training seminars have been conducted with 392 participants. This is only two seminars short of the original target.

Through Slyzhenia's Job Creation Programme (and preceding micro-enterprise credit activities), 46 new jobs (out of an initial target of fifty, and a revised target of 60) have been created. The JCP has improved the incomes of participating NGOs by between 15 - 100% in a six month period. This has had a significant impact on their long-term viability. Slyzhenia has helped 17 NGOs in this way. This exceeds the original proposals projection of between 10-15.

Though both Slyzhenia and its members have been able to diversify sources of funding, Slyzhenia has made only limited progress towards financial viability with only two-thirds of members paying regular, and nominal, membership dues and whilst Slyzhenia continues to provide all its services free. It does, however, possess a demanding but realistic strategy for its future which includes a thoughtful, if unproved, approach to securing its own financial viability.

The implementation of the Agreement was bedeviled with a number of mis-matching expectations and misunderstandings, more fully described below, which delayed restructuring the programme to give it a clearer focus. However, this clearer focus, when achieved, gave the programme a most promising direction, which if built upon, will give Slyzhenia and its members a significantly improved possibility of not only long-term survival but positive growth and development.

Introduction

In May 1994 Opportunity International entered into a Subgrant Agreement with World Learning Inc. for the implementation of the Micro Enterprise NGO Alliance Project in Russia for a two year period. The total amount of the grant was \$288,000 with an Opportunity matching requirement of twenty-eight percent.

In co-operation with Opportunity International, Vozmozhnost was established in 1993 as a non-governmental organization dedicated to assisting small and micro enterprises in and around the Nizhny Novgorod area through the extension of credit and the provision of management training. In May 1993 Opportunity International received a subgrant from World Learning to develop a micro-enterprise development programme in Nizhny Novgorod.

The design of the Micro-Enterprise NGO Alliance Project emerged from the requests expressed to Vozmozhnost and Opportunity International by local NGOs wishing to develop micro-enterprise development programmes within their organizations as well as seeking assistance from the international NGO community in managerial and financial matters.

During the life of the subgrant, in February 1995, the NGO alliance secured registration as a separate legal entity (an association). The association's name is Slyzhenia that means "service." Throughout this document the NGO alliance funded under the subgrant is referred to by its registered name Slyzhenia.

On the 10th. February 1996, the grant was revised with adjusted objectives. The revised extension was for three months, with the possibility of a further extension of three months, to be determined based on measurable progress during the initial three month extension. The further three month extension was not approved and closure of the grant took place in June 1996.

Goals and Purposes of the Programme: Initial and Revised

A) Initial

The goal of the micro-enterprise NGO alliance project was to create jobs through micro-enterprise development in the Nizhny Novgorod Oblast where unemployment and underemployment are high and increasing. The objective of the project was to strengthen the capacity of local NGOs to facilitate job creation. To reach this objective, OI and Vozmozhnost designed the following strategy:

- 1) Establishment of a regional training centre. The training programme offered would be driven by the needs of the local NGOs and will charge appropriate fees to ensure its long-term survival.
- 2) Creation of a regional NGO alliance managed by Vozmozhnost. This project was designed to establish an alliance among 10-15 NGOs who work with micro-businesses in the Nizhny Novgorod area. The alliance would foster productive relationships with relevant organizations in order to strengthen job creation programmes; to advance each institution's vision; to access information, assistance and financial resources; and, to advocate policy change.

B) Revised

The revision entailed a change of emphasis from assisting NGOs to have the capacity to initiate a range of micro-enterprises amongst the people they worked with to helping them establish or develop their own enterprises. These would have two principal functions. First this was to provide employment to their constituencies. Second to generate income for the NGO itself to enhance its sustainability and pursue its not-for-profit goals. This represented a movement away from micro-enterprise development (and micro-credit delivery) to the development of "social enterprises" -- though it should be emphasized that NGOs as owner of micro-businesses was a concept included in the original proposal. The revision was a tightening and clarifying of emphasis which did not fundamentally change programme objectives.

The revision required OI and Vozmozhnost to do the following:

- 1) Develop the business management capacity of the participating NGOs through providing business management training.
- 2) Provide short-term finance for the fifteen participating NGOs to employ a business manager to develop their chosen business activity.
- 3) Through the above to create forty-five jobs, on average three for each participating NGO.
- 4) To increase information dissemination activities to enhance the networking opportunities amongst Slyzhenia members as well as expand awareness of the Alliance in the Nizhny Novgorod community.

Evaluation

1) Purpose

To analyze the achievements of the programme and the long-term impact of the grant and to assess, within this context, the impact of the grant revision which was approved in February, 1996.

2) Procedure

The evaluation was conducted by Nicholas Colloff, Country Director for Macedonia for the Opportunity Network. (For resume -- see Appendix B.)

It involved:

- Interview with Scott Charlesworth -- Field Staff, World Learning in Moscow
- Interviews with Opportunity International field staff in Nizhny Novgorod
- Interviews and observations of Vozmozhnost and Slyzhenia at the local level
- Interviews and observations with board, staff and members of Slyzhenia. (For a list of Slyzhenia members visited see Appendix A)
- Review of reports and programme documents between World Learning and Opportunity International

The evaluation was conducted between 12th. - 19th., August, 1996.

3) Principal Areas of Enquiry

The principal areas of enquiry were:

- a) Effectiveness of the institutional strengthening efforts
- b) Sustainability of the programme
- c) Programme development activities
- d) Monitoring and support processes

Assessment of Grant Activities

A. Effectiveness of Institutional Strengthening Efforts

This has two main components: the institutional strength of Slyzhenia itself and the institutional strength of its constituent members.

1) Slyzhenia

Slyzhenia was registered in February 1995 as an Nizhny Novgorod Association of Not for Profit Organizations. Given the complex and fluid legal environment in the Russian Federation and the lack of a framework for or understanding of the role of NGOs, this was an achievement in itself. It was an achievement in which all Slyzhenia's members participated to a significant degree and in which Vozmozhnost's support in providing legal support was crucial.

The structure of Slyzhenia is as follows:

General Meeting of the Association Founder Members
Association Board
Association President
Association Executive Director

The General Meeting, as well as discharging its legal responsibilities such as electing the board, has been the focus of annual strategic planning sessions. This is when Slyzhenia charts its objectives and plans for the forthcoming year.

The first of these was in 1995 and was facilitated by OI and Vozmozhnost. The second was facilitated by Process Consulting, a Moscow-based consultancy. Both sessions were attended by the vast majority of Slyzhenia members. All members interviewed indicated that they had found these sessions valuable. They were able to own the proceedings, provide relevant input and shape Slyzhenia's agenda for the forthcoming year.

The June 1996 session articulated the following:

The main goal was the development of the not-for-profit sector through the formation of a Regional NGO support centre to be created and supported by Slyzhenia. This builds on the Regional Training Centre established as a result of the World Learning grant.

Additional objectives included:

Developing contacts with local and regional authorities to promote the idea of social contracting whereby local authorities contract out social/cultural and welfare activities to relevant NGOs and enhance local officials understanding of the Third Sector.

Maintaining and developing Slyzhenia's monthly newsletter.

Continuing to strengthen Nizhny Novgorod's NGOs and providing them with fund-raising consultation and support.

The creation of an NGO database of NGO needs and demands and providing non-Nizhny based NGOs with consultation on local Third Sector activities.

The holding of a Regional Conference annually.

Members interviewed felt this agenda was demanding, but realistic. It reflected their desires for Slyzhenia's development. There has been a slow but significant shift in members' perception of to whom Slyzhenia belongs as the programme developed. It has moved from the perceived (though never actual) control of OI and Vozmozhnost to the membership itself.

Slyzhenia, also, through questionnaires, conducts regular needs assessments amongst its membership.

Slyzhenia's board of directors, elected by the membership, meets regularly. The frequency is monthly. They all act on a voluntary basis. Their responsibility, in conjunction with the executive director, is to implement the strategic plan. Members interviewed indicated a broad satisfaction with the board, seeing them as servants of their interests. Past tensions between board and membership noted by the mid-term evaluation would appear to have eased.

However, there remains a tendency for members of the board to perceive members as clients rather than owners but this perception does not appear to carry through to being unresponsive to members' wishes. For example, one repeated criticism of Slyzhenia by its members concerned its location. This is geographically remote from the centre of Nizhny Novgorod making it difficult for people to call by to consult either staff or material resources. The board decided to move the offices of Slyzhenia to a more central location even though this is cutting a tie with Vozmozhnost (by far Slyzhenia's largest member) in whose building its offices are presently located.

Both the Board President and the executive director show a clear grasp of their responsibilities within Slyzhenia. Both are deeply committed to its aims and show an openness to continuous learning and adaptation, both personally and institutionally, in furtherance of those aims.

One of the criticisms of Slyzhenia would be to ask why it refused to accept one of the key recommendations of the mid-term evaluation namely to restrict its membership only to NGOs with a direct business focus and to review the membership rules of Slyzhenia accordingly, re-focusing the Association on micro-enterprise development.

There were several cogent reasons why this was deemed impractical:

- 1) The lack of sufficient NGOs with a direct business focus to make a network between them feasible;
- 2) The belief that the common problems of NGOs of all kinds (economic, social & cultural) in the prevailing Russian context were sufficiently numerous to make a more diverse network appropriate; and,
- 3) The revision of the project as a whole to focus on NGOs managing their own social enterprises rather than managing micro-credit programmes for their clients. A revision in which 17 of Slyzhenia's 25 members participated. This created a significant degree of common interest.

In the wider community, Slyzhenia is perceived as a significant institution. It has been able to build effective links with the local and regional administration. This enables it to educate local officials in NGO related issues and advance its agenda to encourage the local administration to introduce social contracting. Its Regional Conference in 1996 attracted sixty participants and encouraged a number of NGOs to apply for Slyzhenia membership.

Slyzhenia is a strong institution in that it is:

- owned by its members who set its objectives in a participatory and realistic manner
- has a committed and enthusiastic voluntary board of directors
- has an effective President and executive director aware of their strengths and weaknesses; and,
- a recognized role within the wider NGO community and the local and regional administrations.

In becoming so, it has received significant contributions from Opportunity International and Vozmozhnost particularly in board and staff development and training. This has been provided informally, by example, in that two out of five of Slyzhenia's board members represent OI and Vozmozhnost and in formal sessions such as facilitating the annual strategic planning sessions.

2) Slyzhenia's members

Membership of Slyzhenia has risen from seventeen to twenty-five during the duration of the programme.

Members fall broadly into three main categories: social welfare, business focused and cultural.

All, with the exception of Vozmozhnost, are small. None has a membership greater than 120 or more than five employees. All have a fragile financial base. A number of those interviewed had considered folding up their operations during the past three years.

However, none of those interviewed were considering such a move at the present time.

All put this down to their membership of Slyzhenia.

Membership of Slyzhenia has strengthened the institutional capacities of its members in the following ways:

1) Membership itself has created a sense of solidarity between members. Repeatedly, those interviewed cited a sense of "not being alone" as a crucial component in developing confidence in their survival. This confidence has in turn made the organizations more open to new ideas and learning. Note, also, that none of Slyzhenia's members has folded or ceased active work during the course of the programme.

2) By providing opportunities to network, Slyzhenia has allowed members to co-operate and support one another both in exchanging ideas and practically.

Thus, for example, when the Utya Children's Journalism Workshop needed new premises, the Yana Training Centre was able to arrange rooms in its building.

3) By the provision of formal training in NGO management.

4) By the provision of legal advice and support.

For example, the Yana Training Centre was able to secure registration as a foundation which placed it on a more secure legal basis and widened its potential scope of activities.

5) Through the Job Creation programme, 17 of the 25 members have been given the opportunity of developing their own social enterprises or commodity credit schemes, providing employment for their constituents and an enhanced income for the NGO. This process has given the participating NGOs a better vision of their possibilities and has thus strengthened their confidence. This, in turn, opens them to further learning and development.

It should be noted that at the beginning of the programme only one NGO, the League of Women Entrepreneurs, was prepared to take the risk of managing its own micro-credit fund. With the adaptation of the programme, but also with the measures undertaken to strengthen the capacity of members, seventeen members were prepared to undertake the development of a commodity credit scheme or social enterprise by the end of 1995.

Slyzhenia's institutional strength is a reflection of its own capacities and that of its members. In the latter instance, there would appear to have been a sea-change in the last nine months of the programme as a direct result of adopting the programme revision.

B) Sustainability

This has two principal components: financial and membership commitment.

1) Financial

It would be irresponsible to expect that Slyzhenia would be financially self-sufficient from membership dues and other fees within a period of two years given its operating environment and the nature of its membership. One can expect, however, a movement towards diversified funding and a continuously applied effort to secure local sources of income even if this only represents a small fraction of Slyzhenia's operating expenses. This latter is an evidence of local commitment which potential external funders will find both attractive and necessary.

Funding diversification has taken place. Slyzhenia has secured grants from two Russian and one international NGO. These have focused on equipment and materials procurement. In addition, Slyzhenia has entered into agreements with two Moscow-based NGOs (one Russian, one international) to provide local support services in the Nizhny Novgorod Oblast to assist their work. This provides revenue income. Slyzhenia has been invited by two international NGOs (Eurasia Foundation & the Mott Foundation) to submit grant applications. Funds from the first of which, if approved, would become available in September, 1996.

Meanwhile, however, fee income remains problematic. Only two-thirds of member organizations pay their quarterly membership dues. These currently stand at the average monthly salary of 76,000 rubles (\$15). This makes the total annual membership due income only \$1,020 out of an estimated annual budget of \$20,000.

When interviewed members acknowledged that dues were low particularly in relation to received services. All stressed, however, the difficulty of finding resources to pay dues whilst only two organizations suggested they may be able to afford marginally higher dues - though this may change as the NGOs own income improves through the Job Creation Programme.

Slyzhenia still provides all its services (including the newsletter and its seminars) free of charge.

Whilst recognizing the difficulties of imposing realistic dues and fees, it must be stressed that Slyzhenia cannot afford to create an internal culture where its members' expectations are for free or subsidized services. In a number of the interviews with member organizations, the potential for the development of that culture did exist. Though the Board is aware of this; for example, it has given strict time limits to its waiving of dues for those organizations who are unable to pay, it needs to continue to exert pressure on its members to consider what can and cannot be paid for and find ways of securing the maximum possible due and fee income (even if this remains a small proportion of total

income). This is a necessary discipline for the short term to secure external funding and for the long term to ensure that as NGOs become more prosperous they do so in a culture that is aware of their obligations to pay for the services they receive.

Finally, in the medium term, one possible major source of income is through social contracting from the local and regional authorities. This is whereby the local authority, for example, contracts out certain of its obligations to provide services to a local NGO.

In taking this course as a major funding strategy, Slyzhenia is building on the recent experience of Moscow and on its own growing links with the local and regional authorities. It has drafted a municipal law to make social contracting possible and this is currently under consideration by local officials. There are three ways it can benefit the sustainability of Slyzhenia:

- 1) Slyzhenia own services to local NGOs could be eligible for the awarding of a social contract;
- 2) A local NGO in applying for a social contract could formally build in an element into the contract to pay for specified support services received from Slyzhenia; and,
- 3) Social contracting, in benefiting the financial health of local NGOs, will enable them to meet their membership obligations to Slyzhenia.

All members interviewed were excited by the prospects of this strategy in developing their and Slyzhenia's income. This excitement would appear to be based on realistic grounds though I was unable to interview the municipal authorities directly to ascertain their attitudes. The local and regional authorities have a progressive reputation, however, and Slyzhenia is working hard at both educating and lobbying local officials on the potential role of NGOs in providing social, cultural and economic services.

2) Membership Commitment

This can be demonstrated in a number of ways. Eighteen members of Slyzhenia were represented at the Strategic Planning Session in June, 1996 and participated in the framing of Slyzhenia's plans for 1996/97. All members interviewed expressed a strong interest in both remaining members of Slyzhenia and assisting in its development. Attendance at seminars organized by Slyzhenia is high. It has never fallen below eight and averages seventeen participants. Several interviewees indicated that this commitment had grown in the past six months particularly with the introduction of the Job Creation programme and the new emphasis on helping members establish and develop their own small scale businesses.

This commitment must be tempered by the realization that members recognize that often because of their own fragile circumstances, they cannot attend to assisting in solving Slyzhenia's problems. Their own are too pressing. A balance must be struck between securing member's participation in setting Slyzhenia's agenda whilst recognizing that Slyzhenia's board and executive staff must take the leader in securing that agenda.

C) Programme Development Activities

Slyzhenia's current activities are as follows:

1) Job Creation Programme

This has assisted 17 of Slyzhenia's 25 members to establish either a commodity credit scheme (3) or a social enterprise (14). These have together created 46 new jobs and significantly increased the income of a number of participating members. For example, in the case of Yanat's existing typewriter/computer ribbon reconditioning and sales business, profits doubled in the first half of 1996 over the last half of 1995. In the case of the Utro Charitable Organization for the Disabled, its income doubled as a result of this programme.

The programme involved providing intensive consultation to participating NGOs to develop their vision for a business activity and provide it with a coherent strategy; to provide a five day basic business management seminar to all participating members, on-going support and advice and the finance to employ in each NGO a designated business manager. This last aspect of the programme was crucial for its success. It allowed the NGOs to be able to afford the programme and to give it the time and focus that any business start-up requires.

So, for example, the business manager employed by the Utro Charitable Organization for the Disabled, paid for by Slyzhenia, was helped to identify new markets for the organization. He noticed that with the collapse of State Service Centres, there was nowhere for hotels, restaurants, cafeterias and state institutions like children's homes to bring their simple repairs of tablecloths, sheets etc. This was work that Utro's membership could do, simply and effectively, whilst working from home. He contacted a range of the above institutions and soon had a wide-range of orders at a reasonable price that doubled the income of Utro. This is a 'social enterprise' which advances the mission of Utro (to provide training and work for people with disabilities) and develops its own income base.

Likewise the League of Women Entrepreneurs' commodity credit scheme where the League was assisted in identifying a simple commodity, in this case inexpensive clothes, which could be sold to women for on-sale to clients with the basic cost plus interest being returned to the League. This employs twenty people and provides the League with 20% of its total income. It would not have been initiated without the training support of Slyzhenia and Slyzhenia making it possible for the League to hire a business manager to supervise and develop the programme.

This programme was a direct result of the programme revision agreed in February, 1996. It replaced the emphasis on attempts to assist NGOs to develop the capacity to borrow funds from Vozmozhnost and manage their own micro-credit funds for their members and/or clients which was called for in the original proposal. As made clear in the mid-

term evaluation, there were significant problems with the implementation of this initial strategy with only the League of Women Entrepreneurs participating.

These problems were both institutional - a lack of capacity on behalf of would be participants - and legal - significant tax penalties for financial transfers between NGOs. However, more importantly, the original proposal was drafted principally with the League of Women Entrepreneurs in mind as a typical participant even though it was atypical in the membership of what would become Slyzhenia.

It was also drafted with a successful model in mind, drawn from the Opportunity network, of capacity building and on-lending to intermediary NGOs for their own micro-credit programmes. This failed to recognize the substantial difference between the developed NGO sector to be found in, say, the Philippines and India and the fledgling sector in Russia. This failure continued to be built into the mid-term evaluation which used people highly skilled in the application of that particular model whereas the members of Slyzhenia were seeking to apply a different model: a social enterprise model whereby the NGO would own the business and employ its members rather than on lend to its members/clients to establish their own individual businesses. It should be noted too, however, that the mid-term evaluation had local, Russian leadership which failed to identify the inappropriateness of this model (at the present time) and continued to recommend a strategy that was not working for the reasons already identified.

Since no-one in Opportunity or Vozmozhnost has experience of a 'social enterprise model', this conflict of expectations was not recognized as soon as it might be. It was partly recognized through the board president's and executive director's visit to the UK (not financed through this grant) which included visits to a number of NGO support organizations and socially managed enterprises. This gave them both a significant input of new ideas and models which greatly assisted the revising of the grant.

This revising has had a significant effect on the grant's impact for the following reasons:

- 1) It has enabled 17 of the 25 members of Slyzhenia to develop their own enterprise;
- 2) It has enabled the programme taken as a whole (prior to and subsequent of the revision) to create 46 new jobs as against a original target of fifty and final target (as of September, 1996) of 60 new jobs. A realistic target if current momentum is maintained;
- 3) It has given participating members a new vision and goals and the tools to implement them. For example, Yanat was considering folding its business prior to the JCP. Now it is able to employ its Slyzhenia financed project manager from its own funds and has doubled its profits over the past six months. Whilst the chairperson of the Russian Art Foundation was a skeptic about its Agency for Design and Advertising when first proposed, she has become an enthusiast as the business manager has demonstrated its feasibility winning several substantial orders for its work.

4) It has improved participating NGOs incomes/profits by between 15 -100% amongst those interviewed as part of the evaluation.

5) It has deepened members commitment to Slyzhenia. The chairperson of the Russian Photography Foundation remarked that he had grown increasingly frustrated at the lack of solid, practical help from Slyzhenia. The JCP had changed that. He had appreciated the solidarity of membership, the exchange of ideas and the training but without the concrete assistance of being able to hire a business manager, many projects simply remained wishful thinking. This simple human & financial injection has enabled the RPF to employ four people and develop a number of income generating ideas into realities.

2) Regular Monthly Training Seminars

Slyzhenia provides regular, monthly seminars for its members. The subject matter of the seminars is determined by regular needs assessments conducted with Slyzhenia's membership. Evaluation questionnaires accompany each seminar. There is, however, the environmental constraint of a limited pool of expertise to draw on which means that certain requests either cannot be met or meeting them must be postponed.

Since the beginning of the programme, Slyzhenia has organized 23 seminars attended by 392 participants: an average of 17 participants per seminar .

They represent a diversity of topics and were received favorably by members interviewed who all attended regularly. Particularly marked out for attention was the five day business management seminar, held in conjunction with the Job Creation Programme, and a seminar on the use of volunteers within NGOs. However, members did express a need for more informal, networking gatherings to be organized for the exchange of information and needs between members. Also, it was suggested that more use of "out-of-town" venues be considered to facilitate space for meeting around seminar/workshops as an integral feature of the learning process.

3) Consultation

The staff of Slyzhenia visit members on a regular basis. This provides an informal occasion for consultancy.

Both Slyzhenia and Vozmozhnost have provided significant inputs into providing consultancy for the Job Creation Programme - 85 hours were clocked by the end of June, 1996.

Particularly valued was Slyzhenia providing access to legal consultation. This was repeatedly referred to as being valuable by members interviewed. For example, the Yana Training Centre was able to restructure itself as the Vesta Charitable Foundation for a number of its planned activities which brought organizational and taxation benefits. The

Russian Photography Foundation was able likewise to re-structure itself to improve its tax position and thus its viability.

Slyzhenia has also provided fund-raising consultation to members in the form of helping them develop proposals to grant making bodies. Thirteen such consultations had been provided yielding two grants for members. This is a disappointing 'strike rate' which either reflects the operating environment or the need for the staff of Slyzhenia to be given additional training in how to provide this kind of support.

Consultation services will be improved when Slyzhenia moves from its present location to more accessible, central one.

3) Newsletter

Eight editions of the newsletter have been produced. It is now a monthly rather than a quarterly publication. It was being used as the model for one of Slyzhenia's members own newsletter.

It was appreciated but efforts need to be made to make members feel that it is *their* rather than Slyzhenia's publication and make them more pro-active in providing material for it.

It might also, as its circulation develops, be developed as a source of revenue to cover its own costs through sponsorship and/or limited advertising.

4) Resource Centre

This contains a library of NGO related literature. A computer database of relevant publications produced in Russia is under development. Newsletters from Moscow and St. Petersburg NGOs are being collected and made available. A database on NGOs in the Nizhny Novgorod oblast is being compiled and a database of local NGO needs and capacities is being developed so that these might be matched to assist co-operation between local organizations.

This will be better utilized when Slyzhenia has more central premises; and, hopefully premises with enhanced space where people can consult material more easily.

5) Lobbying

Slyzhenia has become a body through which local and regional officials can be both educated and lobbied on issues relating to the Third Sector. Slyzhenia has built good links to these officials and is planning to develop them. As one member remarked, "Singly we can be ignored, collectively we can be heard."

The success of these lobbying efforts can be seen in the joint development of a draft municipal law for social contracting and getting it submitted for serious consideration by officials of the Nizhny Novgorod municipality.

6) Regional Conference

This has been, and is planned to be, an annual event. The last conference took place in May and was attended by 60 people. It resulted in several applications for Slyzhenia membership.

7) Services to other NGOs

Slyzhenia has negotiated two arrangements with Inter-Legal and the Eurasia Foundation to represent certain of their activities in the Nizhny Novgorod oblast. This is a source of revenue to Slyzhenia.

All of these activities are decided upon through consultation with Slyzhenia's membership both through a regular needs assessment questionnaire and the annual strategic planning day.

There is no evidence that any of these programmes duplicate significant work undertaken by other organizations. The only other successfully functioning NGO network in the region is that organized for and by environmental NGOs.

Attendance at most seminars is high and all members interviewed valued them.

However, Slyzhenia could benefit from a closer monitoring of the specific benefits of received training and consultancy. Members interviewed expressed their generalized enthusiasm for the seminars but could rarely point to specific learnt benefits and how they applied them within the context of their organizations. This is not to say that they do not exist but that Slyzhenia has no way of judging whether or not they do over and above a general perception that member organizations were improving in their capacities and skills. A general perception that was held by all interviewed. If one of the aims of training is confidence building, this was clearly being achieved. It was acknowledged both by the staff and board of Slyzhenia and its members.

Unmet training needs according to interviewed members would include: fund-raising; proposal writing including that which will be necessary for social contracting, how to work with the media; and, how to develop links with international NGOs. It was important to members that business and NGO management training continued.

It was, also, noted that as Slyzhenia grows it will become feasible to develop special interest groups for NGOs in particular fields, within Slyzhenia, and tailor training to address their specific needs. It was also noted that it was difficult to identify weaknesses in Slyzhenia without alternative models with which to compare it. Slyzhenia was new and

unique in most people's experience. It was clear that the opportunity to see alternative models in the UK on the part of Slyzhenia's executive director and president was instrumental in helping them re-think what they were doing and highlight points of weakness. Such exposure should be a continuing feature of Slyzhenia.

D) Monitoring and Support Processes

Since OI's country director, Stacie Schrader, was on the board of Slyzhenia throughout the grant period, she was in a position to provide significant inputs of advice on an on-going basis to Slyzhenia. This was coupled with formal support from both OI and Vozmozhnost.

This took the form of:

- facilitating the first of two annual strategic planning days
- providing resource people for Slyzhenia training seminars
- providing on-going consultancy for the Job Creation Programme
- linking Slyzhenia to international and Moscow-based NGOs
- assisting Slyzhenia in the development and writing of funding proposals
- assisting Slyzhenia in meeting reporting requirements

This support was valued both by the board and staff of Slyzhenia. A strong partnership relationship has grown up between OI and Vozmozhnost on the one hand and Slyzhenia on the other. The support has sought to empower local leadership and particularly sought to ensure that the board and staff have the ability and willingness to show leadership to Slyzhenia.

The most apt demonstration of the success of this emerges from the most problematic aspect of the implementation of this grant. As referred to above, there was a mis-match of expectations concerning the grant. The proposal called for a model of operation that was practically and legally infeasible given the operating environment. Valuable work was done in the first year of the grant in providing training and confidence building measures to Slyzhenia and its members. The success of which can be seen in Slyzhenia refusing to implement many of the recommendations of the mid-term evaluation for the reasons articulated above; and, their capacity to offer an alternative way of proceeding (with the assistance of Vozmozhnost and OI).

It is only to be regretted that because of delays in agreeing this revision Slyzhenia was given too short a time period to demonstrate the effectiveness of this new strategy before the grant came for review and closure.

The monitoring undertaken by OI and Vozmozhnost was adequate to create an accurate picture of what Slyzhenia was doing and failing to do. It failed, however, to respond quickly enough to the causes for those aspects which were failing and to re-adjust the programme accordingly. This was not, however, only the responsibility of OI but also of

the mid-term evaluation which is a quixotic document insisting on recommending what everyone has told it cannot be done.

The relationship between OI and Slyzhenia is a strong and continuing one. OI is committed to assisting Slyzhenia in its future development particularly in helping it to source further external grant money.

Principal Findings

The principal findings of this evaluation are:

- 1) Slyzhenia exists as a legally registered association with a growing membership -- though this membership does not reflect the original intentions of the programme for a membership of business-focused NGOs. This expectation was discovered during the course of the grant to be unrealistic and was revised accordingly.
- 2) Slyzhenia has a active membership who demonstrate an increasing sense of ownership of Slyzhenia. It passes out of the "perceived control" of OI and Vozmozhnost - a course actively encouraged by OI.
- 3) Leadership is provided to Slyzhenia by it voluntary board, which meets regularly, and board president and is competently managed by its executive director.
- 4) It has developed a Regional Training Centre, as called for under the grant, which can offer a range of training, consultancy and information services to its members.
- 5) These services are valued by its members and have significantly enhanced the confidence and institutional capacity of Slyzhenia's members. However, effective measures of this development and training impact are undeveloped within Slyzhenia.
- 6) To the forefront of this process was the Job Creation Programme initiated as a result of the grant revision agreed in February, 1996. This has enhanced participating NGOs vision, capacities, employment and incomes. It has made a major contribution, if initial results can be sustained, to Slyzhenia's members long-term viability.
- 7) Slyzhenia is in the process of meeting its job creation obligations under both the initial and revised proposal.

However,

- 8) Progress towards sustainability, without reliance on external grants, has been limited. This is partly to be expected but even nominal fees for seminars, for example, are still not being charged in spite of commitments to do so in both the original proposal and its subsequent revision.

But,

- 9) Funding diversification has taken place and a coherent, if unproved, short to medium term funding strategy - a mix of external grants, social contracts and slowly rising membership dues -is in place and being actively pursued.

10) The uses of finances under the grant given that \$60,000 remained unspent at closure (even though this was without the final proposed three month extension) gives cause for concern. As the mid-term evaluation noted, the slow spend of allocated moneys should have been a strong indicator of difficulties in implementing the proposal as originally constructed and action taken accordingly. Some of the reasons for this lack of action were noted above.

11) Finally, it is the opinion of this evaluation that Slyzhenia will survive beyond the closure of the grant because of the commitment of its members and the quality of the services it aims to provide - even if it must necessarily do so on a reduced budget.

There is, also, a set of findings not directly related to Slyzhenia's performance, but which affected it, that should be noted:

A) There was insufficient understanding of the difficulties of implementing the original micro-enterprise strategy both on the part of OI and the mid-term evaluators (and probably at the beginning, by the would be participating NGOs). This was not corrected as soon as it might have been as the mid-term evaluation sought to re-inforce rather than re-think the strategy.

The original proposal did call for support for NGO owned businesses as well as their managing revolving credit funds for their constituents -- so the revision -- realigned the programme with a component of the original programme's vision. One, however, that was temporarily over-laid with a preference for the latter strategy.

B) Once re-thought, it took three valuable months to agree a revision between World Learning and OI. This was, in part, the result of an insufficient appreciation of the two organizations cultures - one centralized, the other radically decentralized. WL's insistence on dealing with OI Russia\Slyzhenia through OI Chicago rather than have OI Chicago endorse any agreement reached with OI Russia\Slyzhenia, which is all that would be required under the USAID Co-operative Agreement, wasted valuable time, not least because of OI Chicago's slower than ideal response times (but also because of its belief that its local offices have the competency to manage all negotiations).

Even two additional months within the Job Creation Programme might have given Slyzhenia sufficient time to show the effective results of this programme - in June rather than August - which may have materially affected the outcome of WL's decision not to grant the final three months extension.

C) Slyzhenia has not received a coherent account of the decision of WL not to extend the grant for a further three months. This does not require an account with which Slyzhenia would agree but one that is open and comprehensible. This is important not only because it is good grant making practice anywhere but because in the existing Russian environment what is said is not necessarily believed as the real reason for one's actions. Great care must be taken to establish with one's partners that reasons given are open,

sound and reasonable. Otherwise relationships will be damaged to the detriment of the successful development of programmes. No one the evaluator spoke to either in WL or OI or Slyzhenia could articulate why the grant had not been extended. Indeed the WL Moscow account, in part, contradicted a written account to OI (not Slyzhenia) from WL Washington. This confusion ought to be carefully clarified. It is a testament to the esteem in which the relationship between OI and Slyzhenia is held by Slyzhenia that this has not impaired their relationship.

Recommendations

To sustain what has been accomplished and to increase Slyzhenia's effectiveness the following is recommended:

Institutional Development

- 1) Secure technical assistance from an organization with expertise in the training and management of social enterprises as this has become a central focus of Slyzhenia's activity.
- 2) Continue to expose Slyzhenia's staff and board to other models of NGO support organizations both to enhance direct learning and to expose Slyzhenia's weaknesses.
- 3) Enhance Slyzhenia's fund-raising capacity particularly in the field of proposal writing both for itself and its members and both for external grants and social contracts.
- 4) Develop tools for measuring the effectiveness of training & consultancy beyond simple observation and anecdote. This will help improve training provision and enhance Slyzhenia's capacity to show measurable results to external funders (including the local administrations).
- 5) As Slyzhenia grows, consider special interest groups as forums of additional training and informal networking. Note additional rather than supplementary so that the bonds between all Slyzhenia members, which are deemed so valuable in creating solidarity, are not weakened.

Sustainability

- 1) Explore the possibility of charging flexible membership dues to reflect members incomes.
- 2) Charge fees for all services - even if these fees are purely nominal.
- 3) As part of the lobbying effort towards social contracting seek to introduce the local administration to a counterpart foreign administration with extensive experience of this work. This would raise Slyzhenia's profile and provide a concrete learning platform for the local administration.
- 4) Maintain the support of the Opportunity Network in liaising with external, international funders.

Programme Activities

- 1) Provide more informal networking opportunities for members alongside formal seminars
- 2) Develop internal consultancy skills -- as members develop, their needs will become more complex and individual making individual consultancy a better forum for particular training needs than formal seminars (though their usefulness will not diminish).
- 3) Ensure that the new premises are not only geographically accessible but that resources within the premises are accessible to -- ease of computer access, space to sit and read or meet others.

27th., August, 1996

Appendix A: Slyzhenia members visited and interviewed

Russian Art Foundation

Russian Photography Foundation

Yana Training Centre

Vesta Charitable Foundation

Utya Children's Journalism Workshop

Utro Charitable Organisation for the Disabled

League of Women Entrepreneurs

Association of Large Families

Vozmozhnost

Appendix B

CURRICULUM VITAE

Name: Nicholas Adrian Colloff

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Republic of Macedonia.

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Fax. No.: 00 389 91 374 260 (Home/Office)

E-mail: colloff@informa.mk

Date of Birth: 20/04/63
Nationality: British

EDUCATION

1981 - 1985 BA. Hons. Theology and Philosophy, Heythrop College,
University of London.

EMPLOYMENT

June, 1995 to date Country Director for Macedonia for the Opportunity
Network.

Responsible for the initiation and management of a programme to establish an indigenous micro and small business development agency for which the initial budget is US\$2.8 million. The project is a recipient of a USAID matching grant.

Tasks include:
Board recruitment & development
Staff recruitment & training
Programme Design
Building networks with existing agencies
Evaluation & monitoring

Feb. 1992 to
June, 1995

Founding Director & Advisor to Opportunity Trust,
Oxford, England.

Established OT as part of Opportunity Network. OT provides funding and technical assistance to an international network of development agencies working in the micro/small business sector.

OT had raised £2.0 million for the network by end of 1994.

Tasks included:

Organisational planning and design

Staff management

Fund-raising: private, corporate & institutional

Consultancy to partner agencies on Programme design

& Proposal writing

Liason throughout the Opportunity Network

Evaluation & monitoring of programmes funded.

I also designed a social investment fund in conjunction with Triodos Bank to provide a "targeted deposit account" within the bank to enable depositors to direct their funds for on-lending to selected projects in the developing world.

June, 1990 to
June, 1995

Director, World in Need, Oxford, England.

WIN is a charitable foundation which supports, with financial and technical assistance, new charitable organisations. Opportunity Trust was a beneficiary of this support.

Tasks included:

Identification and evaluation of suitable projects.

Provision of technical assistance to chosen projects.

Administration of trust and trust board.

September, 1988 to
June, 1995

Director, Christian Initiative Trust, Oxford, England.

A grant-making charitable foundation supporting social and church-related projects through a small grants programme and advice on organisational & funding issues. It had a particular interest in the development of NGO owned social enterprises.

25

July, 1988 to
September, 1992

Deputy Director, Prison Phoenix Trust, Oxford, England.

A charity providing spiritual direction & counselling to prison inmates in the U.K. & Rep. of Ireland. I was involved in establishing the trust and developing all aspects of its work from direct contact with people in prison through to fund-raising and administration. It is now a Home Office funded & supported programme.

August, 1987 to
July, 1988

Programme Co-ordinator, The Abbey, Sutton Courtenay, England.

September, 1986 to
August, 1987

Education Officer, Keep Britain Tidy Group, Stratford-upon-Avon, England.

July, 1985 to
August, 1986

Member, Oral Traditions Survey, Eastern Turkey, School of Oriental & African Studies, University of London.

PUBLICATIONS

"Good Grant-Making Practice" Association of Charitable Foundations: Co-author, 1994

"Charity that Gives Nothing Away: Small business & Development" : Guest Editor, Christain Action Journal, Autumn, 1993.

"Rice banking: a solution to Debt bondage": Autumn, 1992, New Economics

Reviews for Scientific & Medical Network Journal
Association of Charitable Foundations Newsletter
New Economics

INTERESTS

Trustee: Prison Phoenix Trust (1992-95)

Memberships:

UK Social Investment Forum
MODEM (Managerial & Organisational Disciplines for the Enhancement of Ministry)
New Economics Foundation
Scientific & Medical Network

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