

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add
 C = Change
 D = Delete

OFFICIAL PROJECT DOCUMENT

DOCUMENT CODE
3

2. COUNTRY/ENTITY

KENYA **POBAY 809**

3. PROJECT NUMBER

615-0236

4. BUREAU/OFFICE

AFR

06

5. PROJECT TITLE (maximum 40 characters)

PVO Co-Financing

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY
0 | 4 | 3 | 0 | 9 | 2

7. ESTIMATED DATE OF OBLIGATION
(Under 'B.' below, enter 1, 2, 3, or 4)

A. Initial FY 8 5 B. Quarter 3 C. Final FY 8 9

8. COSTS (\$000 OR EQUIVALENT \$1 =)

A. FUNDING SOURCE	FIRST FY 85			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	128	126	254	2,544	9,456	12,000
(Grant)	(128)	(126)	(254)	(2,544)	(9,456)	(12,000)
(Loan)	()	()	()	()	()	()
Other U.S.	1.					
	2.					
Host Country	-	52	52	425	5,570	5,995
Other Donor(s)	-	29	29	65	270	335
TOTALS	128	207	335	3,072	15,194	18,330

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) FN	760	920				1,200		5,000	
(2) PN	760	920				-		3,000	
(3) HE	760	920				2,000		3,000	
(4) EH/SDA	760	920				220		1,000	
TOTALS						3,420		12,000	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

100 200 300 440 510 610

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code	PVON	PVOU	PART	EQTY	BR	BU
B. Amount	8,000	4,000	8,500	8,500	7,000	1,500

13. PROJECT PURPOSE (maximum 480 characters)

To increase the development impact of Private Voluntary Organization activities in Kenya.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY
0 | 7 | 8 | 7 | 0 | 7 | 8 | 9 | 0 | 5 | 9 | 1

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000 941 Local Other (Specify) 935

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

17. APPROVED BY

Signature
 Title Director
 USAID/Kenya

Date Signed MM DD YY
0 | 5 | 2 | 9 | 8 | 5

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

ACTION MEMORANDUM FOR THE DIRECTOR, USAID/KENYA

FROM: Raymond F. Rifeburg, Office of Projects

SUBJECT: PVO Co-Financing Project 615-0236

DATE: May 16, 1985

Action:

Your approval is requested to authorize the PVO Co-Financing Project (615-0236) involving planned obligations of \$12.0 million over the seven year life of project. It is planned that the project will be incrementally funded and 3,420,000 dollars will be obligated in FY 1985.

Discussion:

The growing imbalance between Kenya's burgeoning population, opportunities for employment, and access to services demands innovative, cost-effective development solutions. All avenues of development assistance must be utilized in the attempt to help solve Kenya's problems. This need is being felt acutely as GOK financial and administrative resources are increasingly stretched by population increases.

PVOs represent an alternative for providing development assistance; moreover, they have a reputation for developing innovative, integrated approaches whose low costs result from community contributions, volunteer labor and low overhead. PVOs tend to utilize highly participatory methods in their assistance strategies which help create the social infrastructure necessary for sustainability, increased self-reliance among communities, and decreased dependence on external assistance. Thus, increasing the potential of these organizations can have a considerable impact on development in Kenya.

The PVO Co-Financing Project seeks to work through PVOs to reach people who GOK programs inadequately serve. The project will increase the resource base for development, tap the delivery capability of the private, non-profit sector in Kenya, and increase the flow of low cost service to target groups.

To increase the development impact of PVOs operating in Kenya, the Project will provide through a Kenyan PVO known as Voluntary Agency Development Assistance (V.A.D.A.) the following: 1) financing for PVO development activities through a Development Fund; 2) institutional strengthening assistance through the Training and Advisory Services Unit, and 3) information and evaluation services through an Information and Evaluation Unit. V.A.D.A. itself will be strengthened as needed to effectively implement the Project.

By the end of the project approximately 60 large and 20 small* PVO development projects will have been implemented. PVOs will be staffed by persons better trained in project development, organizational management, financial management and in technical subjects and will more efficiently utilize the resources devoted to development activities. Advisory services in project design and implementation will have fostered more viable PVO project activities and allowed for the successful design and implementation of a number of projects that otherwise might have suffered from design problems. Advisory services will also strengthen the financial and organizational management of a number of PVOs. The PVO community at large will be better informed about the successes and failures of development projects in Kenya and elsewhere, and about the services available to assist them with organizational and operational problems. V.A.D.A. will be a strong institution capable of meeting many of the organizational and information needs of the Kenyan PVO community and of meeting its own financial requirements.

Obligation Arrangements:

V.A.D.A. is a relatively new organization. Although analysis indicates that it is the best organization through which to implement this Project, it is prudent for A.I.D. to take the steps necessary to properly safeguard U.S. interests. For this reason, a Cooperative Agreement has been chosen as the means of obligating the project in order to allow for substantial A.I.D. involvement in the execution of the Project. The agreement will contain the standard agency prescribed terms and conditions for such agreements and the following special provisions:

1. V.A.D.A. will be precluded from expending grant funds for subprojects under the Development Fund until it has furnished to A.I.D. and A.I.D. has approved, detailed administrative and financial procedures for operation of the Development Fund.

*A small project for this purpose is defined as one which requires \$50,000 or less in financing from the Project.

2. V.A.D.A. will be required to submit, by December 31, 1985, or such later date as the Grant Officer may agree in writing, evidence that it has developed and promulgated detailed personnel procedures, including a staffing pattern by position and the required qualifications for each position.
3. V.A.D.A. will be required to submit to A.I.D. at least two weeks prior to the beginning of each fiscal year for V.A.D.A., an action plan for each project component which shall include quantified targets and a detailed budget by quarter.
4. V.A.D.A. will be required to submit, within ninety days after the end of each fiscal year for V.A.D.A., an audited annual financial statement.

Under the terms of the Cooperative Agreement, substantial involvement by A.I.D. in the Project will include:

1. Joint participation by A.I.D. in the preparation of scopes of work, solicitation documentation and evaluation of proposals for institutional strengthening and procurement services contracts to be entered into by V.A.D.A.;
2. Review and approval of all major contracts for technical services to V.A.D.A.;
3. Review and approval of the qualifications of key personnel hired by V.A.D.A. to support the project;
4. Review and approval of annual work plans, financial management and administrative procedures.
5. Review and approval of subgrants in excess of \$100,000; and
6. Joint participation in project evaluations.

Responsible Officer:

The officer in USAID/Kenya responsible for the project is Derek Singer of the Office of Human Resources Development. The responsible officer in AID/W is Thomas Lofgren, AFR/PD/EA.

Waivers:

A waiver has been approved by AA/AFR to purchase seven non-U.S. vehicles valued at approximately \$75,000 from Geographic Code 935 countries because of the requirement for right-hand drive vehicles in Kenya. Another waiver is required to purchase audio-visual and office equipment valued at approximately

\$25,000 which is either not currently manufactured in the United States or Kenya or cannot be adequately serviced in Kenya if of U.S. origin.

Justification to the Congress:

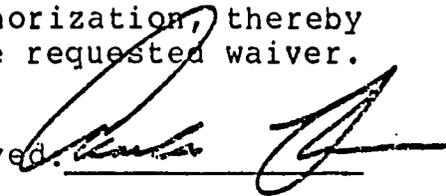
A Congressional Notification (CN) was sent to the Congress on May 13, 1985 and expired without Congressional objection on May 28, 1985.

Authority:

Delegation of Authority No. 140, revised, dated June 9, 1982, provides to Directors of Schedule A posts authority to authorize a project if the project: does not exceed 20 million dollars in life of project funding; does not present significant policy issues; does not require waivers which can only be approved by the Assistant Administrator for Africa or the Administrator; and does not have a project life in excess of 10 years. The PID for the PVO Co-Financing Project was approved by the ECPR for the Africa Bureau on December 20, 1984, with the understanding that the Project Paper would be approved and the project authorized in the field. (85 STATE 065436). Delegation of Authority No. 140, Revised, dated June 9, 1982, as amended, also provides to Directors of Schedule A posts authority to approve source/origin/nationality waivers up to 3 million dollars per transaction, except for motor vehicles. The requested waiver is within your approval authority.

Recommendation:

That you sign the attached Project Authorization, thereby authorizing the project and approve the requested waiver.

Approved: 

Disapproved: _____

Date: 5-25-85

Clearances:	RLA: PScott	<u>PKS</u>	date	<u>5/28/85</u>
	RFMC: RHenrich	<u>PKS</u>	date	<u>5/29/85</u>
	PROG: JStepanek	<u>PKS</u>	date	<u>5/27/85</u>
	HRD: DSinger	<u>PKS</u>	date	<u>5/29/85</u>
	D/DTR: BRiley	<u>PKS</u>	date	<u>5/21/85</u>

Attachments: a/s

PROJECT AUTHORIZATION

Name of Country: Kenya
Name of Project: PVO Co-Financing
Number of Project: 615-0236

1. Pursuant to Part I, Chapter 1, Sections 103-106, of the Foreign Assistance Act of 1961, as amended, I hereby authorize the PVO Co-Financing Project (615-0236), involving planned obligations of not to exceed Twelve Million United States Dollars in grant funds ("Grant") over a seven-year period from date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the project. The planned life of the project is seven years and four months from the initial date of obligation.

2. The project, which will be implemented through a Cooperative Agreement with Voluntary Agencies Development Assistance (V.A.D.A.), is designed to provide PVOs with financing for development activities, institutional strengthening assistance, and information and evaluation services in order to increase the development impact of PVOs in Kenya. Where necessary, V.A.D.A.'s capabilities to provide these services and functions will be strengthened.

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

a. Source and Origin of Commodities, Nationality of Services:

Goods and services financed by A.I.D. under the Cooperative Agreement shall have their source and origin as prescribed in A.I.D. HBl, Supplement B, Paragraph 16Blb. Kenya is specifically authorized as an eligible source for procurement of goods and services under the Agreement.

b. Special Provisions of the Cooperative Agreement

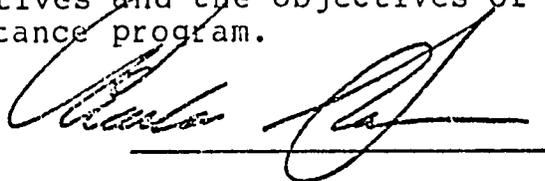
In addition to the substantial A.I.D. involvement provisions indicated on page 77 of the Project Paper, the Cooperative Agreement will contain the following special provisions:

- (1) V.A.D.A. will be precluded from expending grant funds for subprojects under the Development Fund until it has furnished to A.I.D. and A.I.D. has approved, detailed administrative and financial procedures for operation of the Development Fund.
- (2) V.A.D.A. will be required to submit, by December 31, 1985, or such later date as the Grant Officer may agree in writing, evidence that it has developed and promulgated detailed personnel procedures, including a staffing pattern by position and the required qualifications for each position.
- (3) V.A.D.A. will be required to submit to A.I.D. at least two weeks prior to the beginning of each fiscal year for V.A.D.A., an action plan for each project component which shall include quantified targets and a detailed budget by quarter.
- (4) V.A.D.A. will be required to submit, within ninety days after the end of each fiscal year for V.A.D.A., an audited annual financial statement.

c. Waivers

- (1) Based on the justification contained in Annex E of the Project Paper, the requirement that all commodity procurement financed under the Project be of U.S. or Kenyan source and origin is waived to permit procurement of audio-visual and office equipment valued at approximately \$25,000 from countries included in A.I.D. Geographic Code 935.

(2) I hereby certify, with respect to the waiver above, that exclusion of procurement from Free World countries other than the cooperating country and countries included in A.I.D. Geographic Code 941 would seriously impede attainment of U.S. Foreign policy objectives and the objectives of the foreign assistance program.



Charles L. Gladson
Director
USAID/Kenya

5-29-85
Date

Clearances:	RLA: PScott	<u>PMF</u>	date	<u>5/28/85</u>
	RFMC: RHenrich	<u>RH</u>	date	<u>5/29/85</u>
	PROG: JStepanek	<u>JS</u>	date	<u>5/29/85</u>
	HRD: DSinger	<u>DS</u>	date	<u>5/29/85</u>
	D/DIR: BRiley	<u>BR</u>	date	<u>5/29/85</u>

PVO CO-FINANCING PROJECT

TABLE OF CONTENTS

	<u>Page</u>
Project Data Sheet.....	i
Project Authorization.....	ii
Table of Contents.....	ix
I. <u>SUMMARY AND RECOMMENDATIONS</u>	
A. Recommendations.....	1
B. Grantee.....	1
C. Project Summary.....	1
D. Project Costs.....	3
E. Obligating Arrangements.....	4
F. Project Team Members.....	4
II. <u>PROJECT BACKGROUND AND RATIONALE</u>	
A. Background.....	5
B. Problem.....	10
C. Rationale and Strategy.....	10
D. Relationship to CDSS.....	11
E. Relationship to GOK Priorities.....	12
F. Complementary A.I.D. and Other Donor Activities	14
III. <u>PROJECT DESCRIPTION</u>	
A. Project Goal and Purpose.....	19
B. Detailed Description.....	19
IV. <u>ADMINISTRATIVE AND IMPLEMENTATION ARRANGEMENTS</u>	
A. Administrative Arrangements.....	27
B. Implementation and Monitoring Plan.....	40
V. <u>FINANCIAL PLAN AND ANALYSIS</u>	
A. Financial Plan.....	45
B. Financial Analysis.....	50
VI. <u>EVALUATION</u>	
A. PVO Subproject Evaluations.....	52
B. Grantee Support for Evaluations.....	53
C. Evaluation of Entire Project	54

	<u>Page</u>
VII. <u>PROJECT ANALYSES</u>	
A. Technical Analysis.....	56
B. Economic Analysis.....	59
C. Environmental Analysis.....	64
D. Social Soundness Analysis.....	65
E. Administrative Analysis.....	70
VIII. Obligation Mechanism.....	76
IX. Special Project Considerations.....	78
ANNEXES	
A. Logical Framework	
B. Statutory Checklist	
C. PID Guidance Cable and Commentary	
D. Environmental Considerations	
E. Implementation Arrangements	
F. Financial Data	
Unattached Annexes	
G. Technical Papers - V.A.D.A.	
H. PVO Sector Survey	

I. SUMMARY AND RECOMMENDATIONS

A. Recommendations

This Project Paper recommends approval and authorization of a seven-year \$12 million Development Grant for a PVO Co-Financing Project.

B. Grantee

The Grantee will be a Kenya PVO support organization, Voluntary Agencies Development Assistance (V.A.D.A.). The major implementing institutions will be V.A.D.A. and Kenyan and U.S. PVOs.

C. Project Summary

The primary focus of the Project is to increase the development activities of PVOs operating in Kenya. To the extent that the effectiveness of Private Voluntary Organizations development activities can be enhanced by institutional strengthening, such assistance will also be provided. In order to carry out these objectives, the Project will have three main components, i.e., to provide PVOs with financing for development activities, institutional strengthening assistance, and information and evaluation services in order to increase the development impact of PVOs in Kenya. Where necessary, V.A.D.A.'s capabilities to provide these services and functions will be strengthened.

The PVO Co-Financing Project provides financial and institutional support for the establishment of a Development Fund within V.A.D.A. which will provide financial assistance to the non-profit non-governmental sector in Kenya, including both Kenyan and U.S. PVOs. Financial assistance in the form of subgrants will be provided to registered PVOs to support expanded PVO activity across a broad range of development activities, consistent with Kenyan development priorities, including health and sanitation, education and training, agriculture, and rural development, energy, environment, family planning and enterprise development. A condition of financial assistance under this Project is a contribution by the participating PVOs of one-third of the total cost of a proposed subproject. This contribution may be cash or in-kind and may be obtained from any eligible non-USG source, including private donations, bilateral or multilateral assistance, foundation grants, assistance from other PVOs, community organizations and beneficiaries.

Institutional support will be provided by V.A.D.A. to improve the effectiveness of PVOs in carrying out their development activities. The institutional support component will provide training and advisory services. All services

provided by V.A.D.A. will be for a fee which will average at least 30 per cent of the cost of all services provided over the life of project.

Training will be provided primarily to Kenyan PVOs or Kenyans employed by U.S. PVOs, and will be directed at different levels of staff, including project and technical personnel, financial officers and executives. It will be provided in the form of seminars and workshops and will be comprised of training in technical areas, project development, organizational management and financial systems. Technical training will be provided in such diverse subjects as water, agriculture, environment, health, and alternative strategies for community participation. Training in project development will include all phases from project identification, proposal writing, implementation, management, to monitoring and evaluation. Training in organizational development will include all aspects of management improvement. Financial management training will cover systems for managing and tracking the use of funds.

V.A.D.A. will provide advisory services directly to PVOs in financial management, organizational development, project design and implementation, and in technical areas such as engineering and financial analysis. While these services will be provided primarily to Kenyan PVOs that submit promising applications for subgrants from the Development Fund, advisory assistance may also be available to other PVOs.

Finally, the Project will provide structural support to the PVO community as a whole, through: (1) the development of an information base on PVOs in Kenya, (2) an evaluation system to assess the effectiveness of V.A.D.A.'s Development Fund and institutional strengthening activities, and (3) by strengthening V.A.D.A., a purely private and completely Kenyan PVO support organization.

D. Project Costs

Project costs will be borne by A.I.D., V.A.D.A., the Ford Foundation and participating PVOs through their one-third contribution to subgrants and fees paid for training and advisory services. The Ford Foundation is currently V.A.D.A.'s major source of funds; the Ford Foundation will continue to play an important role during the life of this Project. The amounts each of these actors will contribute to the Project are shown below:

	(\$000 US DOLS)				
	<u>A.I.D.</u>	<u>V.A.D.A.</u>	<u>FORD</u>	<u>PARTICI- PATING PVOs</u>	<u>TOTAL</u>
Development Fund - Support	1,136	442	80	-	1,658
Development Fund -Capital	8,550	-	-	4,250	12,750
Institutional Strengthening	1,114	423	145	505	2,217
Evaluation and Information	764	211	110	-	1,085
Contingencies and Inflation	456	163	-	-	619
Total	<u>12,000</u>	<u>1,239</u>	<u>335</u>	<u>4,755</u>	<u>18,330</u>

E. Obligating Arrangements

Project funds will be obligated through an incrementally-funded cooperative agreement with the implementing agency, V.A.D.A. The agreement will contain the standard agency prescribed terms and conditions for such agreements and the following special provisions:

1. V.A.D.A. will be precluded from expending grant funds for subprojects under the Development Fund until it has furnished to A.I.D. and A.I.D. has approved, detailed administrative and financial procedures for operation of the Development Fund.

2. V.A.D.A will be required to submit, by December 31, 1985, or such later date as the Grant Officer may agree in writing, evidence that it has developed and promulgated detailed personnel procedures, including a staffing pattern by position and the required qualifications for each position.

3. V.A.D.A will be required to submit to A.I.D. at least two weeks prior to the beginning of each fiscal year for V.A.D.A., an action plan for each project component which shall include quantified targets and a detailed budget by quarter.

4. V.A.D.A. will be required to submit, within ninety days after the end of each fiscal year for V.A.D.A., an audited annual financial statement.

F. Project Team Members

Raymond Rifenburg	Project Development Officer
Elizabeth Bassan	PVO Specialist
Ross Bigelow	FVA/PVC Representative
Vicki MacDonald	Administrative Specialist
Richard Greene	Economist
Linda Martin	Financial Analyst
Carolyn Barnes	Social Analyst
James Goggin	Data Processing

II. PROJECT BACKGROUND AND RATIONALE

A. Background

The growing imbalance between Kenya's burgeoning population, opportunities for employment, and access to services demands innovative, cost-effective development solutions. All avenues of development assistance must be utilized in the attempt to help solve Kenya's problems. This need is being felt acutely as GOK financial resources are increasingly stretched by population increases.

PVOs represent an alternative for providing development assistance; moreover, they have a reputation for developing innovative, integrated approaches whose low costs result from community contributions, volunteer labor and low overhead. PVOs tend to utilize highly participatory methods in their assistance strategies which help create the social infrastructure necessary for sustainability, increased self-reliance among communities, and decreased dependence on external assistance. Thus, increasing the potential of these organizations can have a considerable impact on development in Kenya.

Kenya has a legacy of local level contributions to development efforts which PVOs have historically mobilized. Kenyans have a strong tradition of self-help (or harambee) which has been a moving force in addressing community level problems such as schooling of children, improving local sanitation and health, job training facilities and the production and marketing of farm goods.

The PVO community in Kenya offers donors a wide variety of capabilities, sectoral choices and geographical coverage. While total numbers must be used with caution, there are an estimated 400 PVOs, of which more than 100 are U.S. PVOs, 200 are Kenyan and approximately 100 are from other countries.

The PVO Sector Survey carried out during late 1984 and early 1985 (see Annex H) indicated a number of salient characteristics regarding the PVO community in Kenya.*

*The PVO survey was concerned with Kenyan and U.S. PVOs, which together comprise approximately 300 of the total estimated universe of 400 PVOs operating in Kenya. The other 100 PVOs are non-U.S. international PVOs operating in Kenya. Of the 300, 47 major PVOs were included in the sample, of which 34 PVOs responded. The respondents represent approximately 11% of the PVO population, which is considerably larger than most samples. While the survey can therefore be considered highly representative, it is skewed toward larger PVOs. This may indicate that the financial and non-financial assistance requirements enumerated may be even more acutely felt among smaller PVOs.

PVOs tend to have direct links to community groups or are intermediaries composed of member organizations or branches. The former offer access to specific geographic areas and beneficiaries; the latter allow a very broad reach into the country as well as specific impact defined by subject, e.g., energy, water, women.

PVOs are active in every district in Kenya; among the correspondents to the survey there are an average of 12 PVO programs in each district, or more than 500 programs country-wide. Extrapolating this level of program presence to the universe of PVOs in Kenya indicates a very high concentration of PVOs undertaking projects in all areas of Kenya. Moreover, it was found that the PVO respondents are concentrated most densely in areas of greatest poverty, i.e., more PVOs are operating in, for example, Nyanza than in Rift Valley Province. In addition, approximately 80% of the programs are in remote rural areas where need is great.

The propensity to concentrate assistance in poorer areas is substantiated by the beneficiary profile of the PVO respondents. PVOs indicated that they reach the very poor most often (defined as 600-2,400 KShs/year in cash income). The poor (defined as 2,400-9,600 KShs/year) and poorest (defined as under 600 KShs per year) comprise the second largest beneficiary group. All respondents said they are reaching farmers, assumed to be small holders given the income data. Half the respondents reach pastoralists and farmers. Approximately one-quarter of the PVO respondents have programs which benefit white collar workers, who are usually civil servants. These usually reflect PVO programs aimed at improving the quality of Government services.

Total direct beneficiaries for the 23 PVO respondents who provided this information are 2,386,833 or an average of 104,000 beneficiaries per PVO. More than one-third of the respondents focus 80% of their programs on women; the respondents overall focus 60% of their programs on women. Benefits run the gamut, including material assistance, technical assistance, education and training, health care, and improved water supplies. The average cost per beneficiary of providing all forms of assistance is about \$30; this is reasonable if not low when compared to the cost of providing similar assistance by other means.

The PVO respondents are involved in a wide range of sectoral activities, including the majority of GOK development priorities and all areas of CDSS emphasis. Areas of PVO involvement include agriculture and rural development, enterprise development, population, health and nutrition, energy, environment, water and sanitation, and education and training.

The assistance strategies of PVOs in all sectoral activities tend to focus on community participation and decision-making. Community involvement often takes the form of either working through community groups if they exist, e.g., women's groups or church groups, or establishing management committees composed of community leaders. These groups or committees usually form part of the decision-making structure for project identification and implementation and may be expected to hold long-term responsibility for an activity or project. As one PVO wrote, "Project staff often live in areas of operations; projects rely heavily on local leaders and opinion leaders in order to conduct activities in a culturally appropriate way."

Many PVOs interviewed expressed the opinion that the process of organizing communities to meet their needs is as important as the final, tangible outcome because it increases the possibility of leaving a legacy of self-reliance. In fact, for some PVOs, a subject orientation might be the means for promoting a process of development where the realization of the development activity is subsidiary to the opportunity for community growth. This approach provides the foundation for long-term project sustainability.

PVOs command a very significant level of resources. The budgets of 29 PVOs which provided financial information totaled almost \$29 million in 1984 which yields an average of almost \$1 million per PVO. Nine PVOs however accounted for more than 80% of the total amount of which five are Kenyan PVOs. The 14 Kenyan PVOs which provided financial information for the survey (see Annex H) had combined budgets of \$13 million in 1984.

The ability of PVOs to tap a broad range of funding sources, and especially their capability to mobilize private sources of funds to achieve socio-economic goals, emerge as quite remarkable traits characterizing most of the PVO community. PVOs utilize a large number and great variety of funding sources. Moreover, the PVO respondents have remarkably independent (i.e., private) sources of funds available to them. Other PVOs, generally international and often U.S., were found to be the single most important source of funds among the PVO respondents.

The survey of PVOs in Kenya indicated that while the combined resources of the PVO respondents may be high, the demand for activities, projects and services by their constituencies outstrips their available financial and management resources. There is evidence that additional outside resources could be effectively utilized. With increased financial and management support, existing staff could achieve more. Local Kenyan expertise and resources remain available to achieve greater levels of development in association with the PVO community.

The comparative advantages of PVOs, which make support to their activities attractive, often exist in tandem with certain deficiencies about which PVOs were quite candid in interviews. Among the actors involved in development assistance, PVOs tend to have a competitive edge in having long-term, in-country experience, sensitivity to local and national social and political issues, extensive presence outside the capital city, commitment, and language skills. However, PVOs often depend on fragile technical expertise, thin staff support, and constrained financial management and organizational development management abilities. Strategic assistance in these areas may be highly rewarded by concomitant increases in efficiency and effectiveness.

There are basically three kinds of organizations in Kenya that provide services to PVO's. These include two kinds of umbrella (or intermediary) organizations, and overall consortia.

The two types of umbrella organizations are those with independent organizations as members and those with branches. Examples of the former include the Kenya Energy Non-Governmental Organizations (KENGO), the National Council of Churches of Kenya (NCCCK) and the National Council of Women of Kenya (NCWK). Examples of the latter include the Maendeleo ya Wanawake Organization, the YMCA and YWCA of Kenya. Both types of umbrella organizations provide a very broad reach into the country as well as penetration defined by subject, e.g., energy, water, WID issues, etc.

There are two comprehensive PVO consortia in Kenya: the Kenya National Council for Social Services (KNCSS) and V.A.D.A. Consortia are normally defined as membership organizations which may provide any range of services to their members. Some like V.A.D.A., provide services on a fee basis to a definable community of organizations that need not be members to participate.

The KNCSS was founded in 1964 as a quasi-governmental organization. Salaries and operating expenses are funded by the Ministry of Culture and Social Services. The KNCSS' mandate is to act as a coordinating body for PVOs and to act as a bridge between PVOs and the GOK. With the exception of their recent work in coordinating drought relief, it is widely felt that the KNCSS has fallen short of its mandate. Although PVOs are historically difficult to coordinate, the task becomes especially difficult when the coordinating body does not reflect the highly private nature of the PVO community.

V.A.D.A. is a new organization which is primarily concerned with the provision of services to PVOs, especially management services (see Annex G for details). Its other major function is to improve the flow of information within the PVO community, primarily on technical and management issues and also between different kinds of organizations involved in development, whether governmental, non-governmental or international. It promotes coordination to the extent that improved flows of information to and among PVOs may result in increased coordination in the PVO community.

The need for an organization such as V.A.D.A. emerged in 1979 but was articulated in 1982 in a doctoral dissertation funded by the Ford Foundation on the management needs of PVOs operating in Kenya. Following the research, which was undertaken by a Kenyan businessman with strong ties to PVOs, the Ford Foundation strongly encouraged the researcher to take action on his findings. A meeting of PVOs was held in the fall of 1983 on this issue, out of which a consensus emerged to organize V.A.D.A. A steering committee of PVOs began designing the organization and by the end of 1983 V.A.D.A. had become operational. Formal offices were opened in June of 1984. Since then, V.A.D.A. has become a force within the PVO community, beginning to address needs not met by existing organizations.

Thus, while different kinds of umbrella organizations and consortia exist, the umbrella organizations tend to cater to particular segments of the PVO community in Kenya and not the community as a whole. Among the consortia, which aim at comprehensive coverage of the PVO community, V.A.D.A. is the best organized and most effective Kenyan partner for this Project.

The PVO survey reveals that there is a vital private non-profit sector in Kenya. The organizations involved can bring a substantial amount of resources to a relationship with donors - in financial terms as well as sectoral breadth,

geographic range and beneficiary profile - and most are eager to cultivate a stronger, more productive partnership. The possibilities for a donor to achieve development objectives through complementary and relatively minor infusions of funds become apparent in light of this.

Experience has shown that PVOs do well in promoting participation by local level people in their own development. Over time, self-help efforts at the community level have been most successful when concrete results are achieved and when the persons contributing labor and resources can expect to reap the benefits of the project.* The PVO Co-Financing Project is designed to incorporate both of these features, i.e., to support activities with identifiable outcomes and to require linkage between participants and beneficiaries.

B. Problem

The problem to be addressed by the Project is that the GOK does not have the resources to achieve its ambitious development objectives and meet the needs of its rapidly growing population of nearly 20 million people. The GOK currently absorbs about one-third of Gross Domestic Product (G.D.P.) and its financial and personnel resources are stretched very thin. This is most acutely felt in the provision of social and economic services to poor and remote populations.

C. Rationale and Strategy

As described in Section II.A. above, there exists in Kenya a significant and competent alternative infrastructure for achieving national development objectives, namely, the PVO community. It is the underlying rationale of this Project that better utilization of this PVO resource can relieve the burden on the Government of Kenya both by direct provision of social and economic services through PVOs and by demonstrating cost effective methods of providing such services. In both cases the anticipated Project impact will be proportionately greater on the poor, hard to reach populations which are characteristically targets of PVO programs.

* Fleuret, Patrick et. al., Kenya Social and Institutional Profile USAID/Kenya 1982. See also Barnes, Carolyn, "Summary and Conclusions of Assessments of Willingness and Ability of Communities in Kitui District to Support a Community-Based Health System," USAID/REDSO/ESA, 1981.

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The Project strategy is to relieve the constraints on PVO operations so as to improve their capabilities to reach their objectives. As described earlier, the constraints at the level of the individual PVO are financial, managerial and technical. The Project will address each of these constraints, both through the direct provision of relevant assistance to individual PVOs and by building a private, national institutional capacity to provide such assistance.

The PVO Co-Financing Project provides A.I.D. the opportunity to increase the level of effectiveness, and degree of innovation of PVO development activities in Kenya, while enhancing the institutional capabilities of a Kenyan organization to continue providing needed financial, managerial and informational support. It provides an orderly mechanism for funding, and will reduce the A.I.D. management burden often associated with the financing of PVO activities.

D. Relationship to CDSS

This project is consistent with the USAID/Kenya strategy to facilitate growth in rural production and employment, reduce the rate of population growth, and encourage efficient and low-cost provision of social services. It also supports the Mission's desire to promote the role of the Kenyan private sector as a means toward achieving these ends.

Further, by supporting a broad range of PVO activities, the project will provide development assistance in areas such as low-cost delivery of health, water, education, and energy, which are recognized as important in the CDSS and in which PVOs appear to have a comparative advantage. In addition, PVOs tend to promote smaller, cross-sectoral activities with community groups which experience has shown are often critical to project success.

The Mission's approach to development through the private sector as described in the CDSS is to promote growth through policy implementation, technology transfer, improved management, training and expanded investment. The PVO Co-Financing Project includes all of these aspects in varying degrees. The Project will embody the policy objectives of helping Kenya to realize effective, low-cost, user-fee strategies in the delivery of social and other services. Appropriate technologies will be transferred through training in financial management; organizational development; project identification, implementation, management, monitoring and evaluation, as well as proposal preparation; and in technical areas. Improved management of PVOs and projects is expected as

a result of provision of advisory services in financial and agency organization, and from training in the above-mentioned areas. By leveraging the funds available to PVOs while requiring at least a one-third non-USG contribution to subprojects, investments in the form of community contributions of labor, time and talent should expand. As alternative and innovative models for service delivery emerge, increased participation from other sources of funding may also follow.

The PVO Co-Financing Project responds strongly to the need outlined in the CDSS for mobilizing resources toward the provision of social services. The need is generated by the GOK's current difficulties in financing services at a rate proportionate to population growth, which also makes quality improvements in services difficult. The Project will also help mitigate the urban bias that exists in service delivery, given the fact that 80% of programs of PVO's surveyed are based in rural areas. The Project will offer an important supplement to other efforts by the Mission to strengthen the GOK's activities in these areas. Overall, the Project will further the Mission's strategy of developing workable alternatives to traditional, high-cost methods of providing basic services in such areas as water, health and education, by increasing investment in innovative low-cost delivery methods.

The Project will contribute to increased growth in production and employment, improved access to services, and increases in the quality of life among the beneficiary group envisioned in the CDSS, namely rural smallholders and wage earners in market towns who are not part of the relatively small, middle and upper income classes in Kenya. This will particularly benefit women who head about one-quarter of farm households, supply half the labor on farms and are presently entering wage employment at more than twice the rate of men. The primary beneficiaries of the PVO Co-Financing Project will be the rural and urban poor, a group which tends to include a high proportion of women. The PVO sector survey indicated that PVOs are targeting their programs toward precisely these groups.

E. Relationship to GOK Priorities

The Government of Kenya is concerned about the need for more food, more jobs and lower population growth and recognizes the need for a greater role for the private sector and increased popular participation.*

*Kenya, Development Plan 1984-88

22

The 1984-88 Development Plan recognizes the critical role of the private sector in the development process. "Whether undertaken by individuals, families, companies, cooperatives, harambee (self-help) efforts or voluntary associations, the private sector is the most important development force in the productive system." (p.60)

The Development Plan further notes the role of PVOs and harambee efforts in providing basic needs, defined as education, food, nutrition, water, health care, housing and adequate income:

".... the provision of basic needs is shared with the private sector... the national availability of basic needs services cannot be adequately assessed without reference to the important role played by the private sector.... Voluntary agencies and harambee efforts provide significant supplementary services... (p.57). Voluntary agencies have been especially helpful with education, health, family planning, nutrition, welfare of women and opportunities for the handicapped. Collective efforts have played a major role in providing health and education facilities, community centers, access to water, cattle dips, minor irrigation schemes, and other improvements in infrastructure." (p.45)

The Plan states that "These activities [of the private sector] will continue to be encouraged and should be expanded during this Plan period." (p.45). It also recognizes the budgetary necessity of involving the private sector:

"During this period of continuing financial austerity in the public sector, a greater share of the responsibility for providing basic needs to the people must be borne by the private sector and those who benefit from the services available. Hence, the extended family system, self-help efforts, the work of voluntary agencies and related private sector activities will continue to receive Government support and encouragement. Moreover, as noted earlier, the sharing of the costs of Government services with those who benefit will enable the Government to extend these services to others without requiring imprudent escalation in budgetary allocations." (p.58)

PVOs not only help mobilize the collective harambee efforts at the community level and thereby tap these and other resources for community use, they also tend to reach with their self-help type of assistance the target groups identified in the Plan; pastoralists, small farmers, landless rural workers, urban poor and the handicapped.

In summary, the PVO Co-Financing Project supports and helps realize current Government priorities by fostering equity and the involvement of people in their own development activities through a private, non-profit approach. By supporting the efforts of PVOs and promoting a synergism between PVOs and community groups, the Project will help increase food, jobs, and family planning, as well as greater access to health facilities, education and social services. The intended effect of the Project is to relieve Government of some of the burden it bears in trying to meet the needs of the people.

F. Complementary A.I.D. and Other Donor Activities.

1. Relationship to Other A.I.D. Projects:

It is intended that the PVO Co-Financing Project be USAID/Kenya's principal vehicle for assistance to PVOs in Kenya. Exceptions to this policy will include ongoing PVO assistance projects, OPGs too large to be accommodated by the Co-Financing Project, and FVA/PVC and other central grants which bring unique skills and experience to bear on Kenya's development problems.

Current USAID/Kenya PVO assistance projects focus on areas of relevance to the CDSS and Kenya's development problems. Paramount among these are the Family Planning II/Family Planning Services and Support Projects, the Rural Private Enterprise Project, and two health OPGs.

The PVO component of the Family Planning II Project provides assistance to the family planning information, education and communication programs of PVOs in Kenya through the National Council for Population and Development (NCPD). This assistance will be continued under the FY 1985 Family Planning Services and Support Project (FPSS). In addition, FPSS will provide support to PVO community-based family planning service delivery programs and assist PVOs to upgrade clinical family planning service delivery through training and family planning commodity procurement. Finally, FPSS will utilize the capabilities of U.S. and Kenyan PVOs for some project management and organization, training, and technical assistance. Approximately 55% of the \$35 million FPSS budget will be utilized for assistance to and through PVOs.

Nevertheless, given the large and growing demand for family planning services in Kenya and the fundamental importance of this sector to Kenya's development prospects, no potential avenue of assistance to PVOs interested in providing family planning services should be left unexplored. Therefore, population programs will also be a target of the assistance

211

provided under the PVO Co-Financing Project. In addition to providing supplementary financial resources to population programs, the Project can make a significant contribution to PVO family planning programs through the provision of management and financial advisory services and training to relevant PVOs. Given the substantially increased levels of funding to be directed toward PVO population programs in Kenya over the next seven years, such assistance will be especially relevant. To the extent that the PVO Co-Financing Project also provides program operation assistance to PVO population programs, it will be done in full consultation with the NCPD.

There is a \$6.5 million PVO component in the Rural Private Enterprise (RPE) Project, being implemented by World Education, Inc. (WEI). This provides financial, technical and management assistance to PVO small-scale enterprise programs in Kenya. The project focus is on strengthening the capabilities of PVOs through training, management and technical advisory services, operating cost support, and capital grants and loans. The nature and operating mode of the PVO component of the RPE project has many similarities with the PVO Co-Financing Project and the potential for duplication of effort and conflicting guidance to PVOs is substantial. Operationally, close consultation and collaboration between V.A.D.A. and WEI will be critical to ensure that the terms of assistance are such that no "soft window" would allow PVO beneficiaries of either project to avoid making needed management improvements. Also, the lessons and experience of each organization must be available to and readily useable by the other. Such consultation has already begun and both parties are cognizant of its importance.

In spite of the manifest similarities between the two programs, there are valid distinctions, attention to which will promote greater effective assistance to the small enterprise sector. The terms of the RPE Cooperative Agreement exclude assistance to purely farming enterprises and to enterprises located in Nairobi and Mombasa. Concentration by the PVO Co-Financing Project on small enterprise assistance efforts in these two geographic areas could therefore fill a currently unmet need, and result in a greater positive impact on PVOs in this sector.

WEI has developed substantial expertise in and has the resources available to create, finance and monitor revolving credit programs through the provision of capital grants and loans. Therefore, the PVO Co-Financing Project will not deal with credit programs, nor will it award subgrants to rural off-farm enterprises for either capital or non-capital expenditures. V.A.D.A. will focus its small enterprise assistance efforts on PVOs working with on-farm agricultural programs, and on PVOs involved in small enterprise programs in

25

Nairobi and Mombasa. Additionally, the PVO Co-Financing Project is well suited to provide assistance to PVOs proposing multisectoral projects in which small enterprise development is a component of the proposed activity. However, where small enterprise development is the major component of the proposed project, WEI should respond, unless the activity is located in Nairobi or Mombasa.

USAID/Kenya is currently financing two OPGs in the health field: the Kitui Primary Health Care Project being implemented by Catholic Relief Services and the Family Planning Management Program being implemented by AMREF. Both projects are due to end by August 1986. Any follow-on assistance will be through the PVO Co-Financing Project.

In order to facilitate management of USAID/Kenya's PVO program, to the extent practicable all future USAID assistance to PVOs in Kenya will be provided through the PVO Co-Financing Project. Therefore, FVA/PVC matching grant and other centrally funded proposals will be scrutinized carefully for their relevance to the CDSS and the susceptibility of the proposed assistance to financing by the PVO Co-Financing Project. If the assistance can be provided by the Co-Financing Project, Kenya will not become involved in the matching grant or other centrally funded activity. Matching grant activities will normally be approved for Kenya only if they specifically support achievement of CDSS objectives; cannot be funded through the Co-Financing Project; bring specialized skills and experience to bear on Kenya's development problems; and do not involve extensive field operations in Kenya. As with discrete OPG activities, the burden of proof will be largely the responsibility of the proposing organization.

2. Other Donors:

The PVO Sector Survey shows that among multilateral and bilateral donors, the major donors to PVOs in Kenya are A.I.D., the Canadian International Development Agency (CIDA), and the Norwegian Agency for International Development (NORAD).

Other multilateral and bilateral donors enumerated by PVOs in the survey include the WFP, UNICEF, and UNHCR, the Dutch Government, Danida, German Technical Cooperation (GTZ), Overseas Development Agency (ODA) and the Swedish International Development Agency (SIDA). These donors play a much less significant role in funding PVOs, although many bilateral donors are contemplating increased funding to PVOs, in particular SIDA, Danida, GTZ and the Dutch over the next few years. The UNHCR and the World Bank are also increasingly interested in funding PVOs.

CIDA provides approximately US\$2.5 million per year to Canadian PVOs on a matching basis (50-50% matching). Kenyan PVOs must have a Canadian counterpart in order to be eligible for funding. There is no particular programmatic focus to the CIDA PVO program; rather, funding is decided on the merits of the proposal and Canadian PVO participation. Recognizing increased interest among PVOs for management assistance, CIDA recently hosted a meeting on the subject; however, it is not funding any specific activity in the area of management improvement.

NORAD provides approximately US\$2.2 million per year to PVOs in Kenya. Currently, its funding to PVOs is mostly in health and education. NORAD is supporting activities in Nairobi, Pokot, Turkana, and Machakos. It tends to fund church and women's groups. NORAD plans to increase its levels of assistance to PVOs.

The African Development Foundation (ADF), while it operates quite independently, has agreed to keep A.I.D./Kenya apprised of contemplated and actual funding to PVOs. The PVO Co-Financing Project and ADF share similar objectives and a good working relationship is expected wherein each will be kept informed of the other's activities. The ADF has recently completed its first funding cycle for Kenya and has approved three grants with a combined value of \$235,000, and provisionally approved another three grants for \$670,000.

Among other kinds of donors, the Ford Foundation is the most significant supporter of PVOs and represents the other major donor for V.A.D.A. at this time. There has been close collaboration between the A.I.D. design team for this Project and the Ford Foundation during the design of this Project. Continued collaboration has been built into the Project. Ford plans to fund various aspects of V.A.D.A.'s activities, including long-term information activities (e.g., research and documentation, and a directory on PVOs in Kenya) and will be involved in the PVO studies planned under the Project; an annual conference for PVO managers; training for V.A.D.A. staff; a fellowship fund for third country training of PVO staff; and representational activities at the international level. Funding for these activities, which coordinate well with the PVO Co-Financing Project, has been jointly determined. Ford funding to V.A.D.A. is expected to be approximately US\$70-80,000 annually for at least the next four fiscal years.

Of the approximately US\$1.7 million Ford monies expended annually in Kenya, the majority funds PVO activities, with a significant amount targetted to women's activities. In most instances, the Ford Foundation's inputs are qualitatively high although low in total amounts (as low as \$30,000 and

rarely higher than \$100,000 annually to a particular PVO). These relatively modest levels of assistance have provided important sources of funds for innovative, high risk ventures. The strategy is to attract funding from other donors once the PVO has become established.

2/

III. PROJECT DESCRIPTION

A. Project Goal and Purpose

The PVO Co-Financing Project seeks to work through PVOs to reach people which GOK programs inadequately serve. The project will increase the resource base for development, tap the delivery capability of the private, non-profit sector in Kenya, and increase the flow of low cost services to target groups.

The goal of this project is to increase the income, quality of life and self-reliance of the rural and urban poor whose development needs are otherwise inadequately served.

The purpose of the project is to increase the development impact of PVO activities in Kenya. Achievement of this purpose will promote viable national level PVO activities, enable PVOs to more effectively assist local community organizations to achieve their development aims, and help local community organizations to guide, manage and sustain their own development better.

B. Detailed Description

To increase the development impact of PVOs operating in Kenya, the Project will provide: 1) financing for PVO development activities through the Development Fund; 2) institutional strengthening assistance through the Training and Advisory Services Unit, and 3) information and evaluation services through the Information and Evaluation Unit. These three elements correspond with the planned management structure of V.A.D.A.

By the end of the project approximately 60 large and 20 small PVO development projects will have been implemented. PVOs will be staffed by persons better trained in project development, organizational management, financial management and in technical subjects and will more efficiently utilize the resources devoted to development activities. Approximately 1,800 PVO staff members will have received training. Advisory services in project design and implementation will have fostered better project activities and allowed for the successful design and implementation of approximately 80 projects that otherwise might have suffered from design problems. Advisory services will also strengthen the financial and organizational management of approximately 60 PVOs. The PVO community at large will be better informed about the universe of PVO activities in Kenya, the successes and failures of development projects in Kenya and elsewhere, and the services available to assist them with organizational and

operational problems. V.A.D.A. will be a strong institution capable of meeting many of the organizational and informational needs of the Kenyan PVO community and of meeting its own financial requirements.

1. The Development Fund

The PVO Co-Financing Project provides financial and institutional support for the establishment of a Development Fund within V.A.D.A. which will provide financial assistance to U.S. and Kenyan PVOs. The financial assistance will be provided to registered PVOs as subgrants to support expanded PVO projects across a broad range of development activities consistent with Kenya development priorities including health and sanitation, education and training, agriculture, energy, environment, family planning and enterprise development. A condition of financial assistance under the Development Fund will be that at least one-third of each subgrant be contributed by the participating PVOs. The contribution may be obtained from any eligible non-USG source (private donations, bilateral or multilateral assistance, foundation grants, assistance from other PVOs, community organizations, etc.).

It is expected that the majority of subgrants will fund activities implemented directly by the PVO which receives the subgrant; some subgrant recipients will implement activities in affiliation with other PVOs, church groups, women's groups, or community organizations. The co-financing of Development Fund-supported projects, i.e., the one-third contribution by PVOs, can be cash and/or in-kind. However, US PVOs will generally be expected to provide a higher proportion of cash to in-kind contribution than Kenyan PVOs. In order to accommodate the time and costs necessary for community involvement and support in project identification, PVOs may include as part of their one-third contribution the cost of project design activities.*

*This feature has been incorporated into the Project in order to respond to a potentially difficult situation, i.e., A.I.D.'s requirement that a project be well-defined before submission. Such definition often involves substantial costs. The general PVO approach to development tends to involve community participation in the identification of a project and to require full community support before implementation. Recognizing the importance of this approach to the development of effective PVO projects, USAID/Kenya deems it appropriate to consider costs associated with project development as part of the PVO contribution to any given subproject financed by the Development Fund. Specific guidelines regarding allowable design costs will be developed during implementation.

Once the Project is fully operational, approximately 15 large subgrants will be approved annually. Large subgrants are \$50,000 or more, with the anticipated average value being \$130,000. All subgrants of \$100,000 or more recommended by the Project Selection Committee must be approved by A.I.D. before funds can be provided. Proposals which require Project funds of \$1 million or more must be approved by A.I.D. at the concept paper stage (see the Proposal Processing Procedures in Annex E). There is also expected to be a substantial demand for small subgrants in a range between \$1,000 and \$50,000. When the Project is fully operational, it is expected that V.A.D.A. will finance five such subgrants a year at an average value of \$30,000 each. For all grant making activity, parity will be the goal with respect to the value of resources committed to U.S. PVOs and Kenyan PVOs.

PVO proposals are expected to address a wide range of special community development and infrastructure concerns. Preference will be given to projects which directly increase the general welfare and participation of low income groups, foster employment and income generation, indicate sustainability at the end of the subgrant period and enhance the PVO's capacity to plan and to implement development activities. Proposals must fully demonstrate the nature and magnitude of involvement by the participants. A set of selection criteria has been developed (see Annex E). All proposals which are selected by the Development Fund Project Selection Committee for funding must meet these criteria.

Subproject proposals will be required to be submitted in a prescribed form (see Annex E) with all supporting documentation and analyses necessary to demonstrate that the project is technically, economically, socially, administratively and environmentally sound. The evidence must also demonstrate that adequate cost estimates and implementation plans have been prepared to support proper execution of the project. Subproject documentation will include separate sections covering, among other areas, the problem to be addressed, description of the project design (goal, purpose, inputs and outputs), expected participants and intended beneficiaries, impact on beneficiaries and the environment, an evaluation and monitoring plan, administrative arrangements, and a comprehensive budget. A brief statement covering the linkages among internal project components and the external linkages of the project to other community, district, provincial, national, PVO, A.I.D. or other donor activities will be required.

2. Institutional Strengthening

The second major Project element will be institutional support, provided by V.A.D.A. to PVOs, to improve

21

their effectiveness in carrying out development activities. The institutional support component will provide training and advisory services, primarily to Kenyan PVOs. It will be directed at mid and upper levels of staff, including project and technical personnel, financial officers and executives.

Training will be provided in the form of seminars and workshops and will cover all aspects of project development, from project identification, through implementation to evaluation; training in generic technical areas such as water and agriculture; training in techniques of financial management; and training in organizational development. This will be provided primarily to Kenyans, whether they are employed by Kenyan or U.S. PVOs.

Advisory services in similar areas will be provided directly to PVOs. Most beneficiaries of the advisory services will be Kenyan PVOs awarded subgrants. Some advisory services will also be targeted to Kenyan PVOs which need assistance in organizational and financial management to comply with the registration requirements, if it has been determined that these PVOs are involved in activities consonant with the project selection criteria.

In order to allow for an orderly expansion of V.A.D.A.'s activities, training and advisory services will be increased over time. In the first year, one-third of the training and advisory services planned for the years of full Project operations will be executed. This level will increase to two-thirds in the second year of the Project. A full complement of activities will be conducted during the remaining five years of the project. Approximately 15 persons are expected to attend each workshop or seminar. V.A.D.A. will either provide, organize or arrange for (1) training seminars for individual PVOs or groups of PVOs in project identification and development, organizational assistance, technical assistance, and financial management, (2) specific individualized advisory services in those areas of institutional strengthening mentioned above and (3) generic technical assistance relating to subproject proposal preparation and implementation. It is estimated that V.A.D.A. itself will provide approximately 50% of the training and advisory services directly, and procure the remaining amount from outside sources, largely in Kenya.

a. Training

(1) Project Development: - In order to improve the ability of Kenyan PVOs to translate their concepts and ideas into clearly written proposals suitable for V.A.D.A. and/or other donor consideration and to improve their ability to

27

implement and manage projects efficiently and effectively, training sessions in project development will be offered periodically by V.A.D.A. in each project year. These sessions will focus upon the stream of activities involved in project development, e.g., project design, proposal preparation (mechanics of conducting technical, economic, and social feasibility analyses, budgeting, financial planning, etc.), project implementation and management, project monitoring and evaluation. Over the life of the Project, an average of 8 training sessions are expected to be held each year. Thus, with approximately 15 persons per session, there would be about 120 PVO staff trained per year. Assuming that approximately half the participants will attend more than one training session, approximately 500 PVO staff will receive training in project development.

(2) Organizational Development Assistance: Seminars will be provided on a regular basis to directors of Kenyan PVOs. This training will focus upon assistance to help organizations more efficiently reach their objectives. It will include personnel management, reporting procedures, departmental organization, and other areas of need identified by local NGOs. Over the life of the Project, the goal is for 15 training sessions to be held each year for executives and executive-level staff with 15 participants per session. With executives participating in a number of sessions (an average of four over the life of the project) the Project expects to reach all PVO executives with this service.

(3) Technical Training: As a supplement to the short-term technical assistance provided for proposal preparation and project design, training in various relevant technical or sectoral areas also will be provided. This will foster the development of skills among participating PVOs in project design and implementation.

It is estimated that four four-day seminars will be held during the first year of full Project operations. In each subsequent year approximately eight one-week seminars will be held, half of which will offer more advanced training to participants of the previous years. Thus, each participant would receive eight days of training, an introductory course one year and an advanced course the next year.

The subjects chosen for both of these kinds of training will normally be related to the nature of the subprojects approved for funding. Priority will be given to participants from Kenyan PVOs and PVOs with subprojects in the areas being offered. With approximately 60 new participants each year, 360 PVO staff members are expected to benefit from training.

(4) Financial Management - Another high priority area of institutional strengthening identified in the PVO Sector Survey is financial management. Such training will be designed to reach financial officers of PVOs. While participants from Kenyan PVOs will have preference, Kenyans working for U.S. PVOs also will be offered training. It is expected that 8 training sessions will be held each year on different aspects of financial management, or 48 sessions over the life of the project. Assuming that each participant will attend two sessions, approximately 350 persons would benefit.

b. Advisory Services:

In addition to the training seminars outlined above, Kenyan PVOs may also take advantage of the organizational assistance and financial management advisory services that will be available to selected PVOs. It is anticipated that approximately five organizations per year will receive organizational assistance and five will receive financial management assistance. Each type will require approximately 30 days of assistance. About ten organizations per year will benefit from these two kinds of assistance or 60 PVOs over the life of the Project. This direct assistance will build on the training and be offered primarily to PVOs awarded subgrants under this Project.

Prior to preparation of a subgrant proposal, the PVO may request technical assistance to properly design a project, or to determine the technical feasibility of a project. Assistance may also be requested to prepare proposals or to solve implementation problems. It is expected that such kinds of assistance can be provided for up to 10 PVOs per year at an average of ten days each. Many beneficiaries of this assistance will be PVOs wishing to submit proposals to the Development Fund which are deemed worthy, but which require additional support to strengthen their proposal or their internal operating systems and procedures. PVOs implementing projects funded by the Development Fund may also benefit from this form of assistance. In addition, assistance in evaluating on-going projects will be provided to five PVOs for up to 15 days each, some or all of which will be projects funded by the Development Fund.

c. V.A.D.A. Institutional Strengthening:

In recognition of V.A.D.A.'s relatively brief institutional experience, and in order to assure adequate financial and managerial controls within V.A.D.A., the Project

will provide funding for the services of an A.I.D.-approved organization to assist V.A.D.A. with financial management systems development and project implementation. The organization will provide V.A.D.A. and A.I.D. with quarterly financial systems monitoring reports and recommendations and assistance to strengthen other facets of management for the first three years of the Project, by which time V.A.D.A. will have acquired sufficient experience to obviate the need for outside management assistance. The project will also provide V.A.D.A. with a portion of the funding required for staff, administrative support, and short-term technical assistance.

3. Information and Evaluation

a. Information:

The Project will have a number of information components. A newsletter will be published regularly as a means for publicizing project activities, successful projects, lessons learned, useful publications and news of general interest to PVOs and donors. A computerized data base will be established for compiling information on PVOs available through registration documentation, project work and evaluations. This should contribute to a proposed comprehensive directory of PVOs operating in Kenya to be funded by the Ford Foundation. Books and reference materials will be collected which relate directly to Project activities. Such a collection will provide the beginning of a modest library.

In order to more fully analyze some of the assumptions regarding the work of PVOs upon which much donor activity (including this Project) is founded, a few selected studies on the role and function of PVOs will be undertaken. These studies will take advantage of the data and case studies generated by project activity, and will make a valuable contribution to the on-going dialogue within and among the PVOs, A.I.D., and the donor community in general about the strength and weaknesses of the PVOs.

b. Evaluation:

The first evaluation will assess whether all inputs and operational procedures necessary for Project implementation are in place and functioning well. It will take place within months 20-24, and will be undertaken by V.A.D.A. and A.I.D. without external assistance. The second evaluation will be held mid-way through the Project within months 42-48. It will focus on an assessment of the effectiveness of Project outputs, specifically the three major project components. A sum of \$100,000 has been allocated for this evaluation. The third and

final evaluation will be held in year six within months 58-64. This evaluation will assess the overall impact of the Project on the PVO community and on development in Kenya. The sum of \$150,000 has been allocated for this purpose.

In addition, the Information and Evaluation Unit (IEU) will provide routine evaluation of all Project components. It will assist as needed in developing evaluation plans for PVO funded projects, and will evaluate approximately five PVO projects yearly, starting in the third year of the Project as projects reach completion. Funds are available for procuring additional evaluation assistance as necessary. The IEU will provide internal evaluation services for all activities of the Training and Advisory Services Unit and the Development Fund. The IEU will assist these units in continually refining their activities to meet the needs of PVOs. Such service by the IEU will entail the provision of expertise on evaluation methodologies and materials for relevant training activities to the Training and Advisory Services Unit. Finally, the IEU will have special responsibility for arranging and overseeing Project evaluations.

All PVO project proposals must contain an evaluation plan. The Project's information and evaluations officer will provide on-going guidance to individual PVO's regarding the gathering of baseline data, project monitoring, and project evaluation. Approximately one-third of the larger development activities of the Project will be formally evaluated. All other projects will provide an end-of-project report.

IV. ADMINISTRATIVE AND IMPLEMENTATION ARRANGEMENTS

A. Administrative Arrangements

The Project will be managed by A.I.D./Kenya's Office of Human Resource Development (HRD) and by the implementing Agency, V.A.D.A. V.A.D.A. will be responsible for contracting for various services required to: (1) develop or expand project and financial management systems, (2) monitor the implementation and function of these systems, and (3) to procure goods and services required for the project. While final selection of such contractors will be V.A.D.A.'s responsibility, the Cooperative Agreement arrangements will provide for substantial A.I.D. involvement in determining the scopes of work for such contracts and in the solicitation and evaluation of prospective contractors. A.I.D. will review and approve major contract awards. The firm responsible for monitoring the implementation and functioning of V.A.D.A.'s financial management systems will submit quarterly reports to V.A.D.A. and A.I.D., or more often if requested. A Project Selection Committee, composed of representatives from A.I.D. and V.A.D.A. as well as Kenyan professionals will review and select proposals submitted to the Development Fund. The major responsibilities of each of these actors are summarized below. Further details are found in Annex E.

1. A.I.D. Project Management

The HRD Office in USAID/Kenya has major responsibility for oversight of this Project. USAID/Kenya management responsibilities will be fulfilled by a Direct Hire Project Manager (the Chief of HRD). Specific A.I.D. project management functions will include the following:

- Have primary responsibility for providing A.I.D. policy and implementation guidance in conjunction with other cognizant offices of USAID/Kenya
- Chair annual Project reviews
- Serve as a member of the Project Selection Committee
- Assist V.A.D.A. as needed in the development of scopes of work for outside project evaluations; and participate in such evaluations.
- Make selected site visits
- Generally oversee activities of V.A.D.A.
- Continuously review the criteria for selection of projects

- Oversee the disbursement of A.I.D. funds and monitor other aspects of project execution on behalf of A.I.D.
- Facilitate and coordinate the PVO registration process with V.A.D.A.
- Coordinate V.A.D.A. and subgrant recipient compliance with the one-third contribution requirement

Responsibilities of the HRD office will also include the following:

- Process documentation and make recommendations to the USAID/Kenya Director regarding registration of Kenyan PVOs with USAID and maintenance of up-to-date files on each PVO that has registered with A.I.D.
- Review of project financial and progress reports submitted to V.A.D.A. by Development Fund subgrantees
- Prepare or coordinate preparation of A.I.D. grant documentation
- Maintain project information systems in liaison with AID/W (FVA/PVC and the Development Information Unit (DIU) etc.) for information exchange concerning PVO

In addition to HRD involvement, the Development Fund can obtain, to the extent available, the assistance of USAID/Kenya and REDSO technical specialists such as the Regional Environmental Officer, the Regional Social Analyst and the Regional Engineer in procuring environmental, social and engineering services required for technical reviews of subgrant proposals over the course of the Project. As needed and available, these and other USAID and regional officers will provide advice to the Grantee regarding the procurement and selection of individuals or firms to provide necessary services to the Project's Development Fund, Advisory and Training Services Unit, and the Information and Evaluation Unit. A.I.D. technical offices will also assist, as required and available, in reviewing subgrant proposals, particularly in preparation for meetings of the Project Selection Committee.

2. V.A.D.A. Project Management

As the implementing agency, V.A.D.A. will manage the three major components of the Project, namely the Development Fund, the Advisory and Training Services and the Information and Evaluation Unit. The Development Fund will carry out the

26

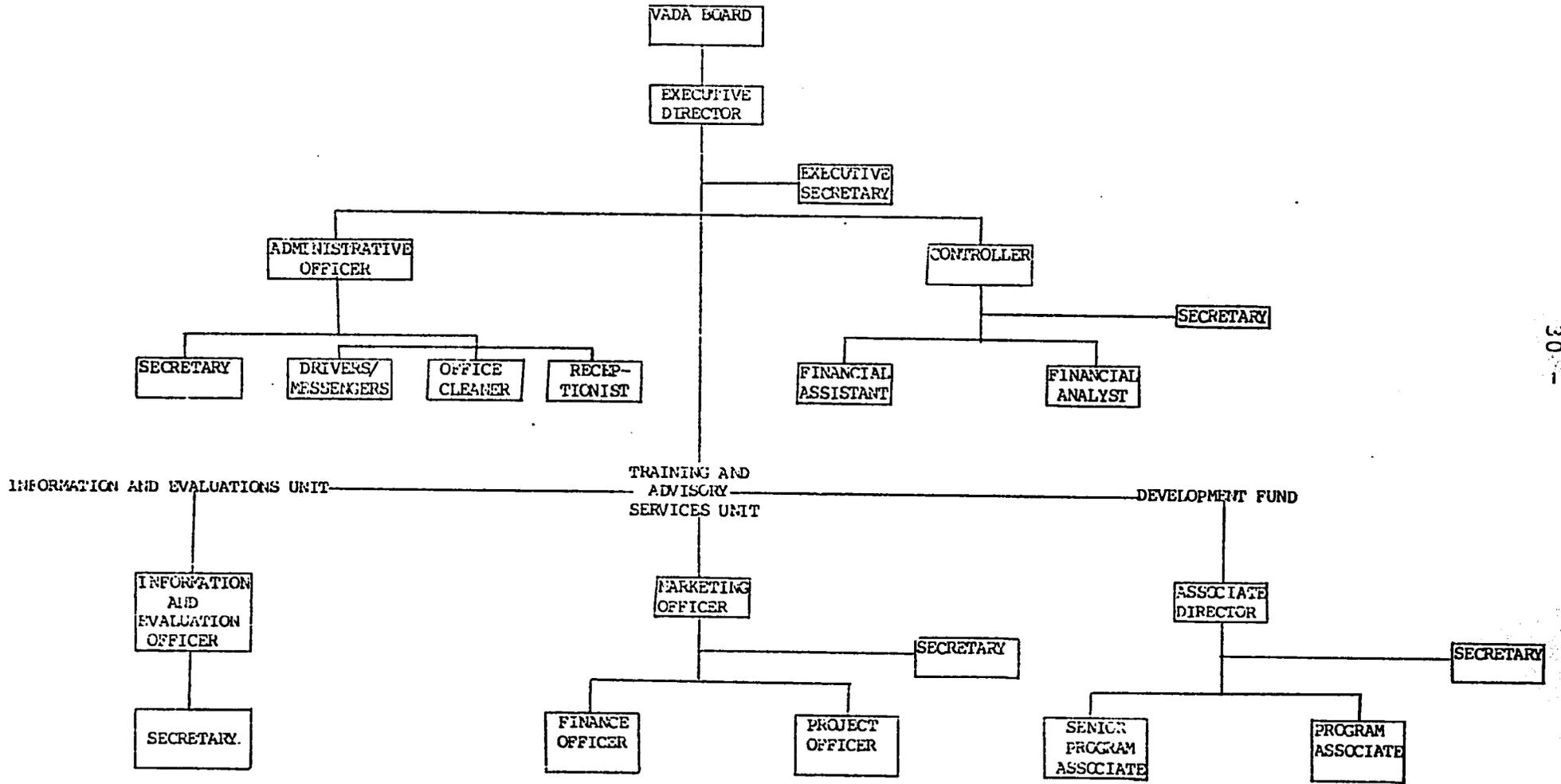
grantmaking functions of the Project. The Training and Advisory Services Unit will both provide directly and procure training and advisory services in project development, financial management, organizational development and in technical areas. Most of these training and advisory services will be provided in relation to projects supported by the Development Fund. It is possible some of these services will be provided to organizations which are not directly supported through the Development Fund. The Information and Evaluation Unit will maintain an information center about PVOs (and related development materials), produce a quarterly newsletter, selectively assist PVOs with evaluations of subprojects funded under the Project, and provide on-going evaluation assistance to the Project. The Project has been designed to allow the benefits of interaction among these components. Each is discussed separately below with indications of the interrelationships among them.

a) Organizational Chart and Staff Responsibilities

To provide these functions, V.A.D.A.'s staff will be increased as necessary. The proposed complement of staff is shown in the organizational chart which follows. Overall supervision of Project implementation and operations as well as coordination among the components of the Project will be primarily the responsibility of the Executive Director of V.A.D.A. The Executive Director will devote approximately 50% of his time to Project management and overall supervision and administration of V.A.D.A. activities. The other 50% of his time will be used for either procuring or providing training and advisory services in organizational development. The associate director, who will also be the head of the Development Fund, will assist the executive director in carrying out his responsibilities regarding general Project implementation and management.

The head of each of the three main units holds responsibility for carrying out the activities delegated to the unit, and for Project program and financial reporting as it applies to activities under their supervision. It is planned that the information and evaluation officer will be the sole person in that unit. This individual will undertake all evaluation-related responsibilities for V.A.D.A., including carrying out or procuring services to carry out evaluations of PVO projects financed by the Development Fund (approximately 5

V.A.D.A. ORGANIZATION CHART



dh

projects per year beginning in year 3); evaluating the procedures for subgrant review and selection; evaluating the training and advisory services provided by V.A.D.A.; and providing technical assistance to training programs as requested by the marketing officer. The information and evaluation officer is responsible for the Information Center including maintenance of an information system on PVOs operating in Kenya; collection, classification and dissemination of information on subjects relevant to the Project; and general editing responsibilities including editing and coordinating the production of a quarterly newspaper.

Training and advisory services will be managed by the marketing officer. The marketing officer will perform the critical function of promoting the Project's training and advisory services, preparation of annual work plans for this unit and training of PVOs in more effective marketing strategies. In addition, the marketing officer will have responsibility for identifying external assistance (firms and individuals) in carrying out the Project. The marketing officer will also oversee the development of training curriculum and appropriate training materials. The marketing officer will oversee and coordinate the work of the project officer and the finance officer.

The project officer will spend the majority of his/her time on training and advisory services in all project development related areas, including identification, design, proposal writing, implementation, management, monitoring and evaluation. A substantial amount of the time s/he devotes to advisory services will be in assisting PVOs which are seeking funding or being funded by the Development Fund. The finance officer is responsible for providing PVOs with training and advisory services related to financial management. This is expected to consume the bulk of his time although some of his time will involve management support to the marketing officer.

The Development Fund also will have three professional staff; the associate director who will manage the Fund, and two program associates, one of which will be a senior program associate. The associate director will assist the executive director in the overall implementation of the Project, and will have responsibility for the direction and coordination of Fund activities. The associate director will devise office procedures and processes for financing PVO projects, and will oversee the development of a handbook for PVOs concerning the requirements and procedures for submission of subgrant proposals. The associate director will be the person with primary responsibility for forming and convening the Project Selection Committee, is the principal liaison with A.I.D.

and PVOs on grantmaking matters; and will be responsible for coordinating Fund activities with other A.I.D. funded projects in Kenya. As liaison with A.I.D. on grantmaking matters, the associate director will oversee procurement of technical services for subgrant proposal reviews, particularly those that require A.I.D. concurrence.

The program associates will assist in establishing and implementing procedures and processes for grantmaking and assist in Fund reporting and the preparation of materials about the Fund for PVOs. They will have day-to-day responsibility for overseeing the evolution of subgrant proposal submission from the review of concept papers to the monitoring of subgrant progress and financial reports. They will have primary responsibility for site visits and related technical communications with PVOs. The senior program associate will be hired immediately upon Project start-up; the other program associate will be hired in year 2 of the Project when the level of grant making activities will have increased substantially.

There will be two professional support offices in V.A.D.A., an administrative unit and a financial management unit. The administrative officer will provide office management, have primary responsibility for procurement and personnel matters, oversee the daily implementation of all office systems and travel procedures, supervise the support staff and coordinate vehicle use. In addition, the administrative officer will handle all logistical matters for the training activities.

The financial management unit will be staffed by a controller, a financial assistant and a financial analyst. The controller will oversee the accounting and book-keeping, and will have primary responsibility for the preparation of financial statements, monthly financial reports and cash flow forecasts. Along with the executive director, the controller will be the principal liaison with the accounting firm to be contracted for under the Project. In this capacity, the controller will develop office financial systems. The controller will be assisted by a financial assistant, who will have specific responsibility for tracking the use of funds by the Information and Evaluation Unit and the Training and Advisory Services Unit. The financial analyst will have specific responsibilities regarding the Development Fund, in particular to carry out financial analyses of concept papers and proposals submitted for funding by PVOs, to track the use of subgrant funds, to review financial reports submitted by PVOs, and to prepare the financial reports concerning Fund activities. The analyst must also assure that financial assessments are organized of PVOs selected for assistance to determine their capability to manage and account for Project-supplied funds.

b) The Development Fund

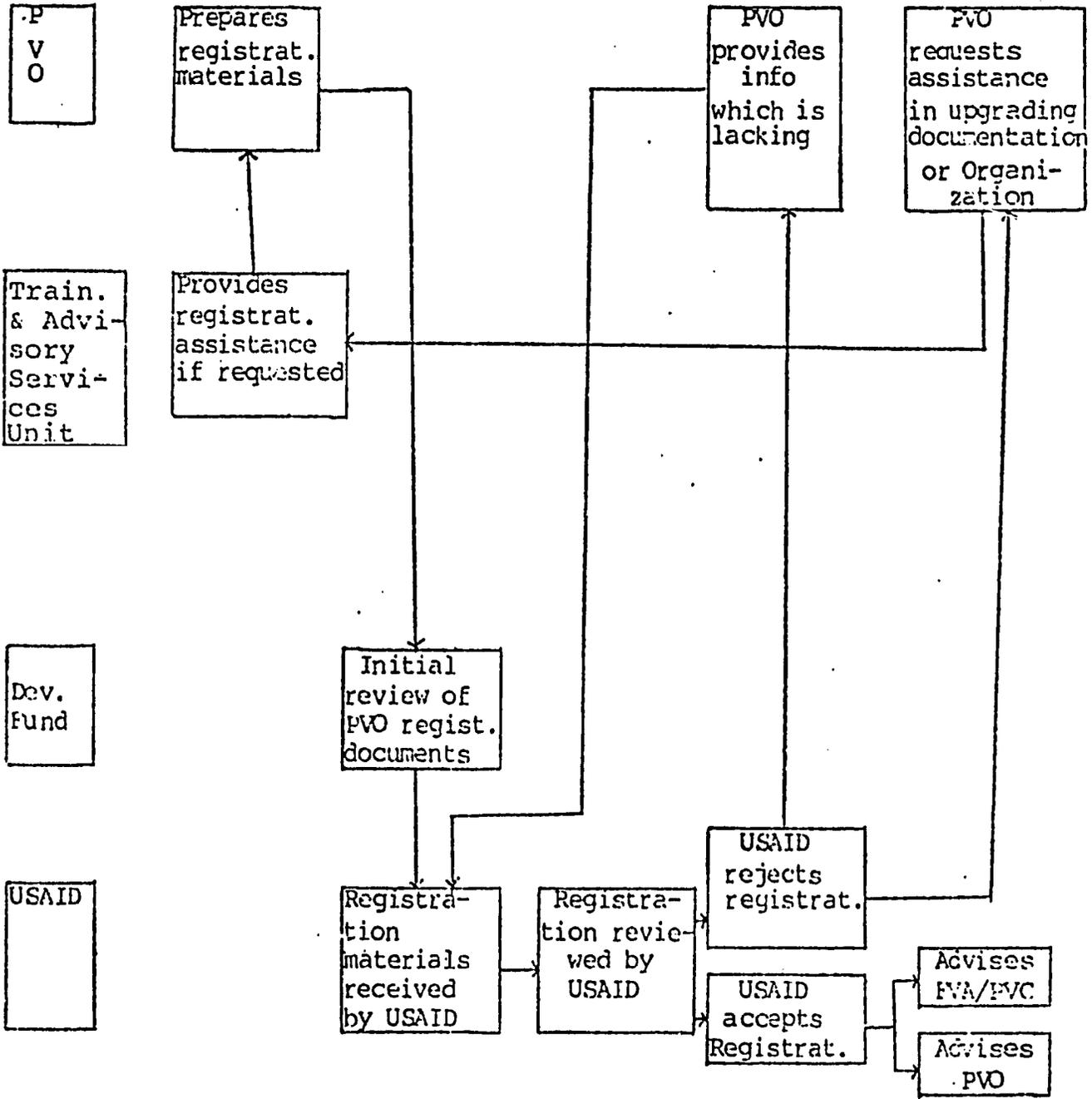
The manager of the Development Fund will carry out the following functions required to implement and manage this aspect of the Project:

- Develop descriptive literature about the Development Fund for use by PVOs which seek funding and for distribution at the orientation program(s) for PVOs. The literature should describe the program, proposal processing information, available training and advisory services as they relate to subgrant funding, and provide simple, logical guidelines for project design and proposal preparation;
- Carry out and refine the process for funding PVO development activities as outlined in Flow Chart B, "PVO Development Fund Operations" below;
- Procure the social, environmental and engineering services required to undertake review of proposals, with A.I.D. assistance as available;
- Provide periodic reports concerning its activities for review by A.I.D. and participate in the annual project review; and
- Submit reports from PVOs on funded projects to A.I.D.

(1) Registration

PVOs receiving subgrants directly from V.A.D.A. through the Project's Development Fund must be registered with A.I.D. Although registration is formally within A.I.D.'s domain, need for registration will be recognized by the Development Fund, which will make an initial review of registration documentation prior to its submission to A.I.D. V.A.D.A. will be able to provide technical and advisory services, if necessary, to assist a PVO to fully complete the required documentation. The mechanics, eligibility requirements, conditions, and documentation for registration are contained in Annex E, and are summarized here in Flow Chart A.

REGISTRATION



(2) Project Selection Committee

A Project Selection Committee will be formed by V.A.D.A. in consultation with A.I.D. to review and select project proposals from among those submitted for review by eligible PVOs. The general parameters of the Committee's role and operations are defined in Annex E. A major feature of the Committee is that the majority of its members will be Kenyans, including V.A.D.A. staff and other representatives from the Kenyan community at large. This feature allows for a high level of Kenyan participation in the selection process. Procedures are outlined in Annex E for reviewing projects proposed for financing by the Development Fund.

(3) Selection Criteria

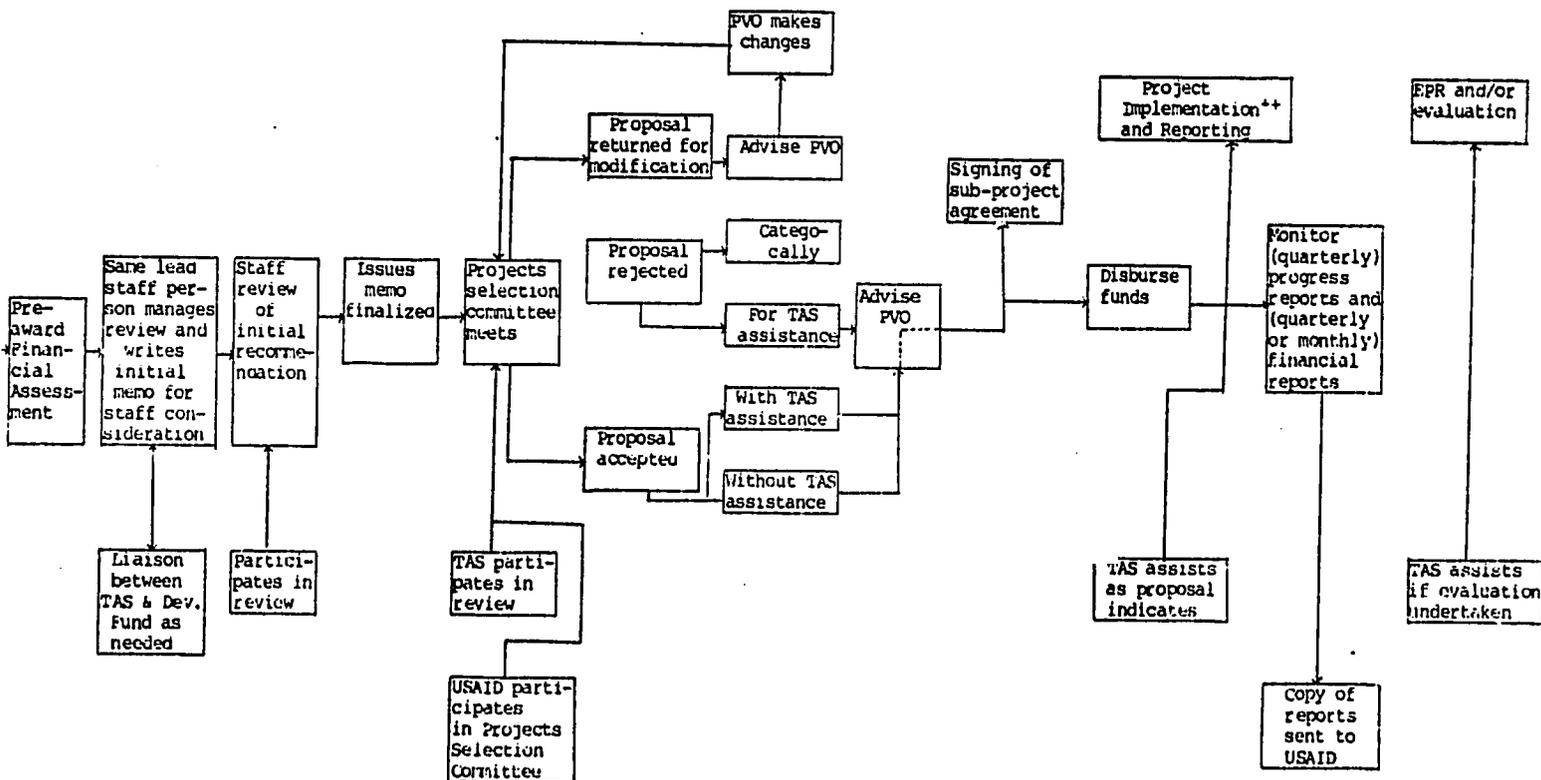
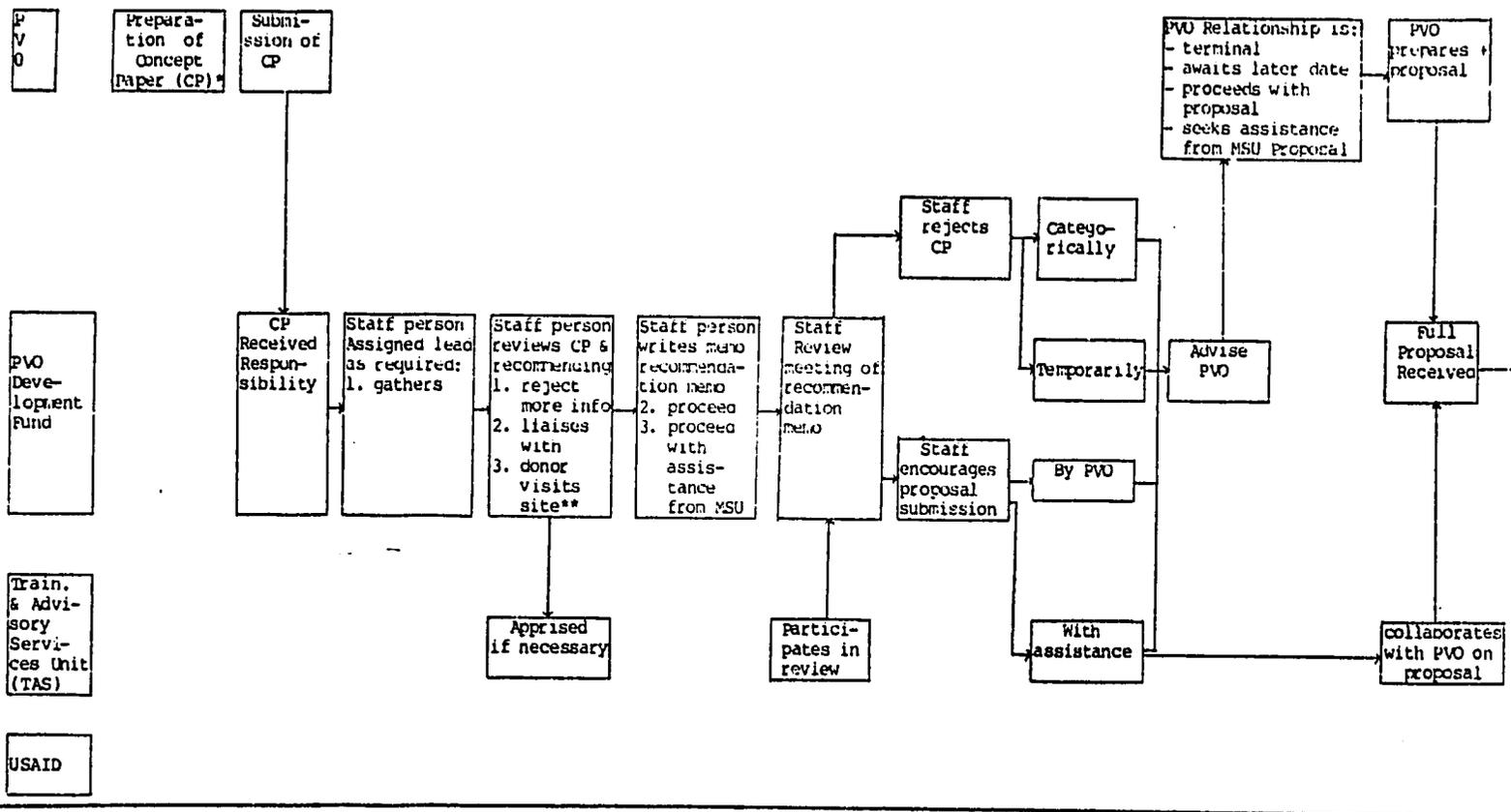
Both institutional and project selection criteria have been developed for use by the Projects Selection Committee in the review and selection of subgrant proposals. The institutional criteria will help identify promising PVOs; the project criteria will identify proposals of merit that are consistent with the objectives of the Project. These criteria are contained in Annex E. Besides the criteria listed there, there are a number of equity issues that arise in the selection of sub-grants, e.g., the distribution of funds among different kinds of PVOs, geographical areas, ethnic groups, sectarian interests, sectoral activities and beneficiary groups. Full discussion during the preparation of the PP on methods for attaining a desirable distribution of funds concluded that formal reviews of the distribution of project funds will be held periodically. If these reviews indicate a need for greater definition regarding the distribution of funds, procedures will be adopted accordingly.

(4) Proposal Processing Procedures

Procedures for processing subgrants submitted to the Development Fund have been developed to a high level of detail. These procedures are summarized here in Flow Chart B below and are discussed in detail in Annex E.

DEVELOPMENT FUND OPERATIONS

"Flow Chart B"



* Two page concept paper form used.
 ** Project Selection Criteria used in all reviews.
 + Grant proposal form used.

** Regarding implementation problems, the PVO advises the PVO Development Fund (either informally or formally) which notifies the MSU as necessary.

c) Training and Advisory Services Unit

The Training and Advisory Services Unit (TAS) will provide or arrange for training and advisory services in project development, generic technical areas, financial management and organizational development as discussed in Section III.B.2.

The TAS will carry out the following functions:

- 1) Develop descriptive literature on the TAS for use by PVOs seeking these kinds of services and for distribution at the orientation program for PVOs;
- 2) Prepare an annual work plan of training and advisory services;
- 3) Carry out the services and refine the TAS strategy as required;
- 4) Provide a report of its activities to be included in the periodic progress and financial reports to be submitted to A.I.D., and participate in annual project reviews.

The TAS Unit will provide gradually increasing levels of training and advisory services in the first two years as the Project starts up. By the third year of the Project, the TAS will be providing the full complement of services. It is estimated that in the first year it will provide one-third the full level of services and two-thirds in the second year.

This schedule will also allow the TAS Unit to refine the topics, content and timing of training and to prioritize among the different types of training. For this purpose, it will use information gathered from the questionnaires distributed at the orientation conference, a review of proposals submitted to the Development Fund, the monitoring of PVO projects, and evaluations of and general feedback from on-going training and advisory services. The annual work plan will be based on this information, and subsequent annual workplans will utilize such information on a continuous basis. Thus, PVOs themselves will play a key role in determining the training to be made available to them.

Participants will be selected for training on the basis of their responses to advertising for the workshops and seminars, with due consideration given for the equity concerns enumerated in the section above on selection criteria for PVO project funding. Kenyans will be given preference. Most beneficiaries of advisory services funded under this Project

will be associated with projects financed by the Development Fund. Some training and advisory services may be provided without reference to activities financed by the Development Fund and/or for services to a few PVOs which have difficulty meeting registration requirements but whose activities hold merit and are not duplicated by other PVOs. Thus, participant in training sessions need not be employed by PVOs registered with A.I.D.

Training will be given through workshops and seminars. Each one will have approximately 15 persons per session, and most sessions will be held outside Nairobi where most PVOs operate. Workshops will be generally of two days' duration and provide a forum for PVOs engaged in similar sectoral activities to exchange information and experience about their work. Seminars will be usually of three days' duration and will focus on staff development. Training sessions will be repeated. PVO participants will attend more than one session (often 3-4 sessions) and the sessions will build on each other. Throughout, there will be a focus on utilizing training materials that are appropriate to the Kenyan context and that respond directly to training needs articulated by PVOs.

V.A.D.A. will provide approximately 50% of the training and advisory services directly and contract with other firms and individuals to provide the remainder.

d) Evaluation and Information Unit

The Information and Evaluation Unit will:

- Produce a quarterly newsletter;
- Maintain an information system on PVOs using registration materials, reports generated by subgrantees and project evaluations;
- Maintain a small reference section of materials directly relevant to the Project;
- Carry out evaluations of selected PVO projects;
- Provide evaluation expertise to other V.A.D.A. staff as needed;
- Evaluate all activities of the Training and Advisory Services Unit and the procedures of Development Fund; and
- Prepare quarterly review materials.

(1) Information:

To produce the newsletter, the information and evaluation officer will need to coordinate closely with other staff, often editing materials submitted by other units. This

18

officer can use the evaluations s/he carries out as material for the newsletter which will promote sharing among subgrantees, donors and others of the lessons learned from Project implementation. The information system on PVOs must be formatted and maintained so that it will be compatible with systems used by USAID/Kenya and AID/W. A short-term information consultant will be procured to assist in establishing the information system. The information collected may result in a directory of PVOs in Kenya funded by the Ford Foundation. At first, informational materials will be collected and classified primarily for the use of V.A.D.A. staff. Later, Ford Foundation or other funding may allow for a more ambitious collection of materials for use by PVOs generally.

(2) Evaluation

Beginning in year 3, as projects funded in year 1 begin to come to an end, the Information and Evaluation Unit will selectively evaluate approximately five projects per year. Throughout the Project, the information and evaluation officer will provide guidance upon request to other staff regarding evaluation topics and methodologies. This will assist the training staff and will help the Development Fund to ensure that adequate plans are included in PVO subproject proposals to allow for collection of baseline data and the implementation of evaluations.

In addition, this unit will carry out evaluations of all training and advisory service activities and the procedures of the Development Fund to assist in refining these activities. The unit will also provide assistance for the major evaluations of the entire Project.

e) Financial Accounting Firm

An institutional contractor will be employed by V.A.D.A. to assist it in further developing the financial, administrative and other systems required to provide appropriate levels of control of V.A.D.A.'s internal operations and for implementing the Project as it grows over-time. The contractor will assist V.A.D.A. in designing appropriate systems, will review the adequacy of these systems with V.A.D.A. and A.I.D., and thereafter monitor the systems on a regular basis, suggesting improvements as necessary.

Specifically, the contractor will:

- Determine the adequacy of V.A.D.A.'s current accounting and administrative systems, including the recording of financial transactions in the books and records to meet the requirements of the Project;

- Assist V.A.D.A. in upgrading these systems to meet the requirements of the Project;
- Provide assurance that all reports by V.A.D.A. to A.I.D. contain financial information that is in all material respects in accordance with the financial provisions and standards required by the Cooperative Agreement.
- Review the soundness of V.A.D.A.'s systems for monitoring and auditing the performance of subgrantees;
- Undertake a review of the audits carried out by independent audit firms of V.A.D.A. and of the PVO subgrantees to assure that complete and correct financial reports are being prepared by V.A.D.A. and all subgrantees; and
- Provide constructive assistance to V.A.D.A. on an on-going basis concerning its accounting and administrative systems.

B. Implementation and Monitoring Plan

1. Implementation

Project implementation will have the following four phases:

- Project Start-Up;
- Pilot Phase;
- Continued Project Operations; and
- Phase-Down or Redesign.

A detailed implementation schedule is contained in Annex E. Activities in each of the four phases are summarized below.

Start-up Phase: Year 1

In the first year, V.A.D.A. will hire necessary staff, procure goods and services (including the services of a financial accounting firm and a firm to assist with purchasing) to carry out the project. V.A.D.A. will prepare for and hold all promotional activities including a major PVO orientation conference. The Project Selection Committee will be organized. Grantmaking (on a very limited basis toward the end of year 1)

50

and training and advisory services will begin. These activities are expected to operate at approximately one-third the optimum rate which will be achieved later during years 3-5. An annual workplan for year 2 will be developed and submitted to A.I.D. for review and approval.

Pilot Phase: Year 2

Project activities will increase to two-thirds of normal levels. Continuous refinement of office systems and procedures and Project activities will take place as experience is gained. A full complement of staff will be in place. Toward the end of the year, preparations will be made for the first evaluation of the project to be carried out within months 20-24.

Continued Project Operations: Years 3-5

Adjustments to the Project will be undertaken according to the evaluation completed at the end of year 2. General Project activities will continue on the basis of annual workplans with continuous monitoring and refinement, submission of quarterly reports and convening of annual reviews. In year 3, the evaluation officer will begin to undertake evaluations of selected PVO projects funded by the Development Fund. In year 4, within months 42-48, a mid-course evaluation will be carried out to assess the outputs of the Project. Year 5 will be the last year of new funding by the Development Fund.

Phase-Down or Redesign: Years 6-7

Early in year 6, V.A.D.A. will develop the Scope of Work for the final major evaluation of the Project which will take place within months 58-64. Based on this impact evaluation, A.I.D. will either begin to phase out, or redesign the Project and continue further support. If the Project is phased out, the Development Fund will make no new subgrants utilizing A.I.D. funds and will monitor the completion of on-going subgrants. The Advisory and Training Services Unit will continue to provide Project funded training and advisory services until the PACD.

2. Monitoring Plan

Each element of the Project, as well as the Project as a whole, will be monitored. The four elements of the Project to be monitored are:

- processing and selection of projects for subgrant funding (grantmaking);

- institutional strengthening (provision of management services; execution of training programs and workshops; technical assistance and direct advisory services);
- implementation of individual subprojects; and
- progress of the Project as a whole, including viability of administrative mechanisms.

a. Processing and Selection of Subgrants. It will be the responsibility of the Development Fund, within the criteria and conditions specified in the Cooperative Agreement, to establish the process and institutional framework for funding PVO development activities. As an integral part of the project, the Development Fund will be required to submit a workplan at the beginning of each program year. This will be reviewed periodically with A.I.D. The Development Fund will submit to A.I.D. a semi-annual progress report. This will cover concept papers and proposals reviewed; projects selected for funding; status of fund disbursement to subgrantees; project implementation (see section 2c, below); and other related activities. In accordance with a schedule and format approved by HRD and RFMC, V.A.D.A.'s Controller with assistance from the financial accounting firm will provide an accounting of all funds received, including activities of the unit, disbursements to subgrantees, etc. Finally, upon request, the Development Fund will provide all information requested by A.I.D. to fulfill the requirements of its Quarterly Project Implementation Reports, and/or other program assessments.

b. Institutional Strengthening: The Training and Advisory Services Unit will provide the following reports to A.I.D.: an annual workplan at the beginning of each program year which will be reviewed periodically with A.I.D.; and a semi-annual progress report which will draw on carefully-maintained records. This report will cover a list of PVOs and the participants they sent to each seminar and workshop and participant evaluations from each seminar and workshop. In accordance with a schedule and format approved by HRD and RFMC, V.A.D.A.'s controller with assistance from the financial accounting firm will provide an accounting of all funds received, including the proposed budget and actual costs of each training program; related TAS costs; and the budget and costs for advisory services to PVOs, research studies, news and information and any other activities conducted by the Unit. Finally, the TAS will provide all information requested by A.I.D. to fulfill the requirements of the Quarterly Project Implementation Reports, and or other program assessments. Reports on evaluation activities, as A.I.D. may request, also will be provided regularly.

The financial accounting firm will provide quarterly status reports to A.I.D. on V.A.D.A.'s financial and administrative systems and reports.

c. Grant Implementation. Each PVO that implements an approved project will provide V.A.D.A. with regular financial reports in a schedule and format to be determined by V.A.D.A. and approved by HRD and RFMC. In addition, project activity progress reports will be provided through V.A.D.A. to A.I.D. via a schedule and format approved by HRD. The reports of each PVO will assess the progress and problems of their project(s) against the information and schedule supplied in their subgrant request(s). As needed, the Development Fund will provide all possible assistance to subgrantees in preparing these reports. Each project will be visited at least annually by Development Fund staff, accompanied by A.I.D. personnel whenever possible.

d. USAID/Kenya Project Monitoring. USAID/Kenya will receive and review the periodic reports of the grantmaking and management services units outlined above. The HRD project manager will chair annual reviews, with subgrantee and USAID Mission participation, to review administrative/procedural issues, as well as Development Fund-financed projects and the PVO Co-Financing Project as a whole.

The HRD Office will also be responsible for compiling the quarterly project implementation reports and other project-related reporting required by USAID/Kenya and AID/W.

3. Procurement Plan

Procurement is the responsibility of V.A.D.A., specifically its administrative officer. In light of V.A.D.A.'s limited experience with procurement and lack of fully developed procurement procedures, V.A.D.A. will be required to employ the services of various contractors who will undertake certain procurement actions on V.A.D.A.'s behalf, provide assistance in strengthening and expanding financial management and procurement systems, and train V.A.D.A. personnel in the use of such systems. V.A.D.A. will be required to develop scopes of work for these services and to solicit and select contractors in close collaboration with A.I.D. A.I.D. will review and approve requests for proposals and proposed awards.

The services of a Kenyan procurement service agent (PSA) which has knowledge of A.I.D. procurement rules will be obtained to purchase all office furnishings, locally available office equipment and supplies and three vehicles. Specific items to be procured by the PSA are indicated in the

Procurement Plan in Annex E. The PSA will only provide such services over the first year of the Project. After the first year V.A.D.A. will be able to handle all local procurement following procedures developed with assistance from the financial management firm.

The financial management firm will develop specifications and purchase all off-shore commodities for V.A.D.A. during the first two years of the Project. The specific items it will procure are indicated in the Procurement Plan in Annex E. Most of these items are specialized office and training equipment. Simultaneously, the financial management firm will assist V.A.D.A. in developing procurement procedures consistent with A.I.D. procurement rules and will train relevant V.A.D.A. staff to carry out these procedures. In the third year of the Project, V.A.D.A. staff will handle procurement; and this will be monitored by the financial management firm until it completes its contract at the end of the third year of the Project.

V.A.D.A. is responsible for all procurement of technical, training and personal services. Any contract for technical, training and personal services in excess of \$10,000 will require A.I.D. approval. A.I.D. will assist in the preparation of requests for proposals, e.g., for the financial management firm, a Kenyan PSA, and the two evaluations requiring external assistance. A.I.D. will also review and approve resulting contracts. In addition, technical proposal reviewers, i.e., social scientists, engineers and ecologists, will be identified and selected with the assistance and concurrence of the relevant REDSO staff.

V.A.D.A. is seeking duty-free import status and is establishing a U.S. dollar denominated external account capable of holding and disbursing the U.S. dollars required for off-shore procurement.

USAID/Kenya has requested a source/origin waiver for all Project vehicles valued at approximately \$75,000 from countries included in A.I.D. Geographic Code 935, as well as a waiver of the provisions of Section 636 (i) of the Foreign Assistance Act of 1961, as amended. In addition, a source/origin waiver is included in the project authorization for procurement of audio-visual and reproduction equipment valued at approximately \$25,000 from countries included in A.I.D. Geographic Code 935. This waiver encompasses a photocopier, a mimeograph machine, a binding machine and most training equipment.

V. FINANCIAL PLAN AND ANALYSIS

A. Financial Plan

The following tables (1-4) provide a summary of how the Project will be financed. The total cost of all inputs to the project is estimated at \$18,330,000. Of this amount, A.I.D. will provide \$12 million in financing, \$8.5 million of which will be available for subgrants to PVOs through the project's Development Fund. The balance of A.I.D. financing will be used to support technical assistance, training, commodities, operating expenses and evaluation for the Project. V.A.D.A. is expected to contribute \$1.24 million over the life of the project, principally to fund personnel, operating and maintenance costs. The Ford Foundation will provide funding for a limited amount of technical assistance, training and general support to V.A.D.A. valued at some \$335,000. PVO beneficiaries of the Project, through their payment of fees for training activities and contributions to the support of projects financed by the Development Fund, will provide approximately \$4,755,000 in resources to the Project. More detailed financial information which supports the following summary tables is found in Annex F.

Disbursements to V.A.D.A. will be made on the basis of advance payment procedures. V.A.D.A. will submit a statement detailing the status of its advance and setting forth its requirements for the next period. A.I.D. will disburse to V.A.D.A. the difference between its estimated requirements and the amount of its unliquidated advance. V.A.D.A. will use the same general arrangements for disbursement of funds to subgrantees under the Development Fund.

55

TABLE 1
SUMMARY COST ESTIMATE
AND FINANCIAL PLAN

Category	Source											COMBINED TOTAL
	A.I.D.		VADA		Ford		PVOs		TOTAL			
	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC		
Technical Assistance	120000	379140	0	0	0	60000	0	0	12000	439140	559140	
Training	0	403212	0	0	0	50000	0	505860	0	959072	959072	
Commodities	219200	25000	0	18950	0	0	0	0	219200	43950	263150	
Operation & Maintenance	0	315133	0	273255	0	0	0	0	0	588388	588388	
Other Costs	195000	1136040	0	785427	65000	160000	0	0	260000	2081467	2341467	
Evaluation	200000	50000	0	0	0	0	0	0	200000	50000	250000	
Sub-Total	734200	2308525	0	1077632	65000	270000	0	505860	799200	4162017	4961217	
Contingency/Inflation	110130	347145	0	161645	0	0	0	0	110130	508790	618920	
Development subgrants	1700000	6800000	0	0	0	0	425000	3825000	2125000	10625000	12750000	
TOTAL	2554330	9445670	0	1239277	65000	270000	425000	4330860	3034330	15295807	18330137	

56

TABLE 2
 Projection of Expenditures
 By Fiscal Year
 A.I.D.

Category	FY85	FY86	FY87	FY88	FY89	FY90	FY91	FY92	TOTAL
Technical Assistance	0	104700	80940	90300	60300	75100	43900	43900	499140
Training	3442	37740	50350	62336	62336	62336	62336	62336	403212
Commodities	148300	4000	9300	21300	7800	43900	4800	4800	244200
Operation & Maintenance	13070	65748	61280	62513	41675	29173	20838	20838	315133
Other Costs	55940	225600	229350	229350	186950	156400	139850	107600	1331040
Evaluation	0	0	100000	0	0	0	150000	0	250000
Sub-Total	220752	437788	531220	465799	359061	366909	421724	239474	3042725
Contingency/Inflation (15%)	33113	65668	79683	69870	53859	55036	63259	35921	456409
Sub-Total	253865	503456	610903	535668	412920	421945	484982	275395	3499133
Development subgrants	0	710000	1400000	2130000	2130000	2130000	0	0	8500000
TOTAL	253865	1213456	2010903	2665668	2542920	2551945	484982	275395	11999133
Rounded									12000000

59

TABLE 3
 Projection of Expenditures
 By Fiscal Year
 V.A.D.A.

Category	FY85	FY86	FY87	FY88	FY89	FY90	FY91	FY92	TOTAL
Technical Assistance	0	0	0	0	0	0	0	0	0
Training	0	0	0	0	0	0	0	0	0
Commodities	18950	0	0	0	0	0	0	0	18950
Operation & Maintenance	3268	11603	16670	20838	41675	54178	62513	62513	273255
Other Costs	22727	51100	51100	71100	100600	141150	157700	189950	785427
Evaluation	0	0	0	0	0	0	0	0	0
Sub-Total	44945	62703	67770	91938	142275	195328	220213	252463	1077632
Contingency/Inflation (15%)	6742	9405	10166	13791	21341	29299	33032	37869	161645
TOTAL	51686	72108	77936	105728	163616	224627	253244	290332	1239277

51

TABLE 4

Projection of Expenditures
By Fiscal Year
Ford Foundation

Category	FY85	FY86	FY87	FY88	FY89	FY90	FY91	FY92	TOTAL
Technical Assistance	0	14800	14800	15000	14800	0	0	0	59400
Training	0	12500	12500	12500	12500	0	0	0	50000
Commodities	0	0	0	0	0	0	0	0	0
Operation & Maintenance	0	0	0	0	0	0	0	0	0
Other Costs	25000	62400	62400	42400	32400	0	0	0	224600
Evaluation	0	0	0	0	0	0	0	0	0
TOTAL	25000	89700	89700	69900	59700	0	0	0	334000

B. Financial Analysis

The financial analysis examines the stream of projected expenses to determine if they can actually be met as envisioned in the financial plan.

1. A.I.D.

The total A.I.D. contribution to the project is \$12 million. The amount to be obligated in the first year is \$3.42 million as determined by USAID/Kenya's Operating Year Budget. The balance of A.I.D. funding to be provided will be subject to the availability of funds to A.I.D. and mutual agreement of the parties to proceed at the time of subsequent increments.

2. V.A.D.A.

The total V.A.D.A. contribution to the project is \$1.24 million. Currently V.A.D.A. is involved in discussions with a donor, which if successfully concluded, will provide nearly one-half of that amount. Other donors have expressed interest in providing future assistance to PVOs once V.A.D.A. has demonstrated its capability to successfully carry out an expanded level of activities. During project implementation, careful attention will be given to V.A.D.A.'s fund-raising efforts to assure they progress sufficiently to provide needed financing for orderly project implementation. Through coordination with other donors; USAID/Kenya will alert potential donors to the opportunity to support private sector development activities through V.A.D.A.

In addition to the above, USAID/Kenya and the GOK have earmarked in the FY 1984 Program Assistance Agreement (CIP) the equivalent of 5 million dollars of local currency generations under the Structural Adjustment Program for support of private sector activities. V.A.D.A. is an eligible recipient for support under the terms of the Structural Adjustment Agreement although any provision of local currency funds would be subject to GOK approval. It is the conclusion of the project development team, however, that other donors will come forward with sufficient assistance for V.A.D.A. to meet its contribution to the project without recourse to local currency generations from other A.I.D. programs.

3. Ford Foundation

The Ford Foundation will provide approximately \$335,000 over the life of the project. The discussions between Ford and V.A.D.A. are sufficiently advanced to provide a high degree of confidence regarding the availability of this contribution.

60

4. PVOs

The PVOs participating in the project will provide approximately \$4.75 million. This will come in the form of their required one-third contribution to the cost of the activities to be assisted by the Development Fund and fees paid for training and advisory services. A review of current funding practices has indicated that PVO activities in Kenya enjoy strong local support and that it is reasonable to assume that the Development Fund will be able to identify proposals for funding which meet the local contribution requirement.

Regarding fees for training and advisory services, careful attention has been given to the PVOs ability to pay. It is estimated that most PVOs will be able to pay a fee of up to thirty percent of the cost of services provided. All fees obtained by V.A.D.A. will be credited to a special assistance account which will be used to pay the cost of providing training and advisory services to PVOs which are unable to pay the service fee. It is anticipated that approximately ten percent of the PVOs seeking services will be unable to pay the requisite fee. The requirement will be waivable on a case-by-case basis. This will broaden the project's beneficiary base and improve equity of distribution of project benefits among PVOs in Kenya.

VI. EVALUATION

Evaluation will fulfill a number of important functions within the project:

1. tracking of progress of activities funded under subgrants
2. collection of data on benefits and costs of projects, and for selected case studies
3. assessment of project impact on participants and communities
4. sharing of lessons learned among project executors, donors and other development entities in Kenya
5. assessment of the Project, including institutional strengthening and project funding, on the PVO community in Kenya
6. assessment of overall Project progress and guidance to project management and administration.

The first three of these functions will largely be carried out by subgrantees, with aid from V.A.D.A., within the context of the individual subprojects. The fourth will be the principal duty of V.A.D.A. The latter two functions will also be primary responsibilities of V.A.D.A. in collaboration with A.I.D. and with assistance of a contractor.

A. PVO Subproject Evaluations

Evaluation is to be an integral part of the development process undertaken by the PVO subgrantee. It will provide ongoing feedback and guidance, as well as assessments of accomplishments. There should be some degree of commonality in the reporting formats and studies, to facilitate comparative assessment at the project level. V.A.D.A. will be responsible for this, and will provide assistance to PVO's to see that consistency is achieved. (See sub-Section B, below.)

The approach to PVO subproject evaluations will encompass the following:

1. Each approved PVO proposal will contain an evaluation plan which will include:

- a statement of objectives, with logframe or equivalent
- a detailed description of planned inputs and outputs over time
- a monitoring plan which indicates how project information will be collected, by whom, when, where, etc.
- a system for assessing the benefits and the capital and recurrent costs of all activities
- indicators of expected accomplishments
- a plan for assessing impact on participants and communities assisted

2. PVO subgrantees will ensure that baseline data is collected, in line with their evaluation plans, for each assisted activity as part of this baseline data collection process. The context and approach of the PVO will be described for each activity. As a part of project startup, appropriate surveys will be conducted so that before and after observations are possible as activities move forward. Socio-economic data should be appropriately disaggregated by sex, formal education, family size, economic activity, site, etc.

3. PVO subgrantees also will identify selected cases for in-depth study. These may be focused on individual subproject participants, families, communities, firms, etc. as appropriate. Baseline studies will be done for these cases as well.

4. As each subproject draws to a close, the subgrantee will ensure that supported activities are assessed for impact and achievement of output targets, using as a basis the stated objectives of both the overall project and the individual activities. In-depth case studies (per #3. above) should be completed at the same time.

5. Impact evaluations should be shared, so that lessons learned benefit the larger development community. Copies will be sent to V.A.D.A. and HRD.

B. Grantee Support for Evaluation

It is recognized that the process of project evaluation may place some burden upon project implementors and that training and technical assistance may be necessary for this purpose. The Training and Advisory Services Unit will have a full-time evaluation specialist to help subgrantees to understand and execute evaluation and monitoring methods and approaches. This specialist can supervise and guide the subgrantee in the collection of baseline data at project outset

and will participate in selected project evaluations in order to provide both assistance in the evaluation process and to bring objectivity to the evaluation. Staff of the Development Fund and A.I.D. also may participate in project evaluations, where feasible.

The Training and Advisory Services Unit will, in addition, provide training workshops to the PVO community at large on project evaluation techniques (baseline data collection, cost-benefit and cost-effectiveness analyses, etc.). Workshops to review lessons learned from evaluations will be held, and other ways to share information may be pursued, e.g., newsletters.

The Development Fund also will facilitate the evaluation process by providing guidelines and formats for project evaluations. These can be developed in consultation with the Evaluation and Information Unit.

V.A.D.A. will arrange a few in-depth research activities with the University of Nairobi and/or other appropriate institutions. These will be relatively low-cost studies by graduate students or others on topics regarding the role of PVOs in development. The recent PVO Sector Survey represents a significant first step in this direction. However, the lack of documentation and research on PVOs hampers the provision of assistance to this sector throughout the world. Therefore, these studies can make an important contribution to our understanding of PVOs and thereby influence the nature and level of assistance to this sector.

The data collected by the project will help address these questions. Together with the in-depth studies on the role of PVOs in Kenyan development, there will be ample documentation to give guidance to USAID/Kenya and other donors for future PVO projects.

C. Evaluation of the Entire Project

V.A.D.A. will take the initiative for overall project evaluation.

There will be three major project evaluations. The first will be a process evaluation to assess the effectiveness and efficiency of project management and administration at the end of year two within months 20-24. This will focus on assessing whether all inputs and operational procedures necessary for Project implementation are in place and functioning well. This evaluation will be jointly carried out by V.A.D.A. and USAID/Kenya.

64

The second two evaluations will be V.A.D.A.'s responsibility to organize, will be undertaken in cooperation with USAID/Kenya and will draw upon assistance from a contractor.

The first of these will be held mid way through the Project in year four within months 42-48. It will focus on an assessment of the effectiveness of Project outputs, emanating from the Development Fund, the Institutional Strengthening Activities and the Information and Evaluation Unit. Recommendations from this evaluation will be utilized in making decisions regarding mid-course corrections and for redesign or phase-out of the Project. A sum of \$100,000 has been allocated for this evaluation.

The third and final evaluation will be held in year 6 within months 58-64. Although it will address management and administrative issues, the principal focus will be on the impact of the Project on the PVO community, including institutional strengthening and sub-project funding, as well as on the impact of the Project on development in Kenya. The evaluation team will draw on professional expatriate management consultation, Kenyan expertise, and AID/W advice. The sum of \$150,000 has been allocated for this evaluation.

VII. PROJECT ANALYSES

A. Technical Analysis

This analysis addresses the question of whether the design of the Project is consistent with the existing body of knowledge regarding assistance to PVOs. It also addresses whether the means selected and the methods proposed to realize the Project's objectives are technically the most suitable.

1. Existing Knowledge on PVOs

The design of the Project is based on the PVO Sector Survey (see Annex H) which is summarized in Section II, of this paper. The Survey shows the need for financial and institutional strengthening assistance, both of which are incorporated into the Project. To the extent that additional knowledge is desirable regarding the programming of assistance to PVOs (which hampers the provision of assistance to this sector world-wide) studies will be undertaken during the Project whose findings will be taken into account during the reviews to be held during the life of the Project.

The financial analysis has indicated that absorptive capacity of the PVOs in Kenya is sufficient if not greater than the amount of funds to be provided by the Project. In fact, the institutional strengthening assistance will both leverage existing PVO funds as well as increase the absorptive capacity of PVOs. The financial analysis also shows that both US and Kenyan PVOs are capable of contributing the percentage contribution required to receive subgrant funding and institutional strengthening.

Considering both PVOs currently able to submit quality proposals and the amount of advisory services available to PVOs that will need assistance in preparing such proposals, it is expected that there will be a high level of competition for subgrant funds.

2. Means for Project Implementation

The Project will be implemented through a Cooperative Agreement with V.A.D.A., an indigenous private voluntary organization. V.A.D.A. is technically the most suitable implementing entity because it is a PVO itself, it is completely Kenyan, and is totally private. Moreover, its mandate includes precisely the institutional strengthening services to be provided by the Project. Thus, with V.A.D.A. as the implementing agency, the Project will benefit technically from having qualified people with substantial experience with PVOs and institutional strengthening capabilities to carry out the Project.

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All too often, PVO projects funded by A.I.D. have suffered from a divergence of opinion between A.I.D. and the PVO regarding purpose. In this case, unanimity of purpose is a prominent and beneficial feature of the relationship between V.A.D.A. and A.I.D. This will be very important in assuring that the Project is implemented in a technically sound fashion. In fact, there are no other organizations in Kenya which both serve the entire community of PVOs (i.e., not just particular segments of it), and which have experience in providing the services envisioned by the Project (see also the Administrative Analysis).

Finally, the choice of V.A.D.A. is technically consistent with the overall objective of the Project. A major objective of the Project is to strengthen the institutional capacity of PVOs to increase the development impact of their activities. By having V.A.D.A. implement the Project, the Project will also realize this objective.

The Project provides for substantial institutional strengthening assistance to V.A.D.A. in developing the appropriate financial and administrative systems within V.A.D.A. to implement the Project, as well as continued monitoring of the adequacy of these systems. This provides assurance that the technical aspects of the Project will be carried out with the necessary level of financial and administrative controls.

The technical viability of proposals to be submitted by participating PVOs cannot be judged at this time. However, the subgrant proposal format requires of subgrantees an explanation of the strategy for implementation, as well as of the technology, methods and techniques to be employed for project implementation (see Annex E). Besides review by V.A.D.A. staff, there are funds available for contracting specialized technical there are funds available for contracting specialized technical services to assist in the reviews, as needed. Technical assistance will be available to PVOs in both the design and implementation of subprojects in order to assure their technical soundness.

3. Methods for Project Implementation

The key methods to be employed by V.A.D.A. for project implementation include subgrants to PVOs and institutional strengthening assistance to participating PVOs. In most cases, the two will be combined. This strategy evolved from the findings of the PVO sector survey, and from experience to date with the Kenya Rural Enterprise Project. The latter has found that the two forms of assistance are most effective when provided together.

The institutional strengthening assistance responds directly to technical weaknesses within the PVO community which are discussed in the PVO sector survey. These include technical knowledge, financial management, organizational development and project development. During Project design, a number of ways of providing assistance in these areas were contemplated. It was decided that there should be a mix of seminars and workshops offered to the entire community, as well as targetted advisory services to specific PVOs, particularly in response to needs defined during the subgrant review process. This strategy holds greatest promise to achieve positive change among PVOs in these areas.

By holding a number of short seminars and workshops for staff of PVOs, learning through reinforcement will take place and the possibility of losing the audience with overly long sessions will be minimized. The advisory services will involve in-house studies, the formulation of recommendations, and training tailored to the PVOs organization as the primary means of implementing the recommendations.

Specifically, the training and advisory services strategy to be followed takes into account socio-cultural dynamics within organizations and effective training methods to deal with these dynamics. Because PVOs tend to have a strong participatory approach in their operations, effecting organizational change often requires reaching a number of persons within the same organization. Thus, the training will be directed at one or more staff in different positions, i.e., project and technical staff, financial officers and executives. Furthermore, this assistance can be more effective if it actively involves the trainees in their own learning process. To this end, this assistance will use a participatory approach and utilize case studies.

In addition, the strategy contains the following elements. First, since the Project is concerned with the assisting PVOs to improve their capabilities and capacities, training and advisory services will take a systems approach. In other words, all aspects of operations will be included. Second, so that the training and advisory services can have the desired impact, it will mainly be geared to experience-based learning i.e., through assessment of needs, discussions and other techniques, the training will involve Kenyans identifying problems and their solutions, and acting on these. The training and advisory services will be reinforced by further interaction and follow-up. Third, the content of the training and advisory services will be determined, after the initial year, by the results of course evaluations, requests from organizations, observations by A.I.D. and V.A.D.A. and project

evaluations. In this way, the training and advisory services will be designed to specifically address PVO problems, and hence increase their potential effectiveness.

V.A.D.A. will draw on the skills of its own highly qualified staff to provide institutional strengthening to PVOs, but will also procure other technical services, as needed, in order to expand the provision of services and to avoid the unnecessary cost of duplicating existing services.

B. Economic Analysis

1. Introduction

The economic feasibility of the PVO Co-Financing Project rests upon a demonstration of the least cost features of the Project's main components in support of an overall program of PVO activities that is cost beneficial. The general cost efficiency of PVO activities has been suggested in relevant sections of A.I.D.'s enabling legislation, and in specific A.I.D. policy guidance. However, cost benefit analysis of individual subprojects under this Project may not itself be cost beneficial; may be impossible given the difficulty of quantifying the value of some subproject outputs; may be beyond the capability of individual sub-grantees; and may unnecessarily bias subproject selection toward fewer, larger scale, and more conservative projects prepared by the more sophisticated NGO's in Kenya (including U.S. PVO's.) In contrast, the Project emphasizes a broad distribution of benefits, diversification of risks among many subprojects, institution building, innovation, and the development of indigenous capability. Selection of subprojects with the highest cost/benefit ratio, even if it were possible, would involve development and analysis of a shelf of subproject proposals, whereas the Project's preferred methodology is to begin implementation immediately but gradually, to build institutional capability through early project activities, to monitor and evaluate results as the Project progresses, to learn from mistakes, and to make necessary corrections and adjustments to improve allocation and return on funds at each stage of Project implementation.

Despite various obstacles to standard cost/benefit analysis of each individual subproject under the Project, it is possible to elaborate on the expected low-cost features of likely subproject activities, as well as on the reasons for expecting a high level of benefits. Criteria for subproject selection are defined in Annex E. Such criteria include for each subproject, a discussion of economic soundness (costs, benefits, recurrent costs, cost recovery, sustainability). In

addition to reliance on the generally expected cost beneficial nature of PVO development activities in Kenya, it is suggested that subproject economic analysis and project design specifically include consideration of subproject economic guidelines outlined in section 4 below.

2. Cost Effectiveness Analysis:

At each stage of development and design of the Project attention has been given to the incorporation of least cost approaches to funding a limited number of essential support services to increase the impact of PVO development activities in Kenya on a sustainable basis. Concentration on a low-cost combination of inputs, and on high priority sustainable outputs, contributes to the essential cost effectiveness of overall Project design.

Despite the necessity to substantially expand the overall capacity and physical assets of V.A.D.A. (the principal project implementing agency) the Project has a low level of development and support costs, a low capital/labor ratio compared to many A.I.D. projects, a low ratio of expatriate to Kenyan personnel, and a modest technical assistance budget that focuses on institutional strengthening of V.A.D.A. itself, and on improving the mobilization and management of financial and other resources among participant PVO organizations.

Total expenditures of \$18.33 million for the Project may be broken down into five major components:

- Development Fund Support (\$1.65 million);
- Development Fund Capital (\$12.75 million)
- Institutional Strengthening (\$2.22 million);
- Evaluation and Information (\$1.09 million); and
- Contingencies and Inflation (\$.62 million).

As a result of design efforts to minimize development and support costs, \$12.75 million, or 70% of Project funding, is directly available to capitalize the Development Fund to support expanded PVO projects across a broad range of development activities.

Considered alternatively, total Project expenditures may be broken down into seven functional categories:

- Technical Assistance (\$.56 million);
- Training (\$.96 million);
- Commodities (\$.26 million);
- Operations and Maintenance (\$.59 million);
- Other Costs Including Salaries (\$2.34 million);
- Evaluation (\$.25 million); and
- Development Fund Capital (\$12.75 million).
- Contingencies/Inflation (\$.62 million).

Direct costs for commodities, operations and maintenance total less than \$.9 million and constitute a minor proportion of total Project expenditures. This low capital/labor ratio for core project activities is in general keeping with Kenyan factor proportions and has positive implications for the sustainability of Project operations over the long run. Project sustainability and low cost have also been determining factors in emphasizing use of Kenyan, rather than expatriate, personnel throughout the Project design. As currently designed, the Project has budgeted approximately 154 person years of Kenyan management and support personnel at an average cost of \$13,480 dollars per person year. Three person years of expatriate personnel at an average cost of \$ 40,000 dollars per person year are also budgeted. Estimates of costs for Kenyan and expatriate personnel are low by normal project standards, reflecting the level of volunteerism characteristic of many PVO activities. The high ratio of Kenyan to expatriate personnel, and the implicit volunteerism of Project personnel are major factors in lowering Project recurrent costs. Technical assistance and training under the Project will be provided in Kenya, rather than abroad, with emphasis on a short-term, problem-solving approach (normally utilizing Kenyan resources and personnel). Training sessions will emphasize specific skills required to improve design and management of subproject activities (technical, administrative, economic, financial, and social analyses; project management, monitoring and evaluation). Adoption of low-cost approaches to technical assistance and training, and concentration on better management of financial and other resources, contributes substantially to the low-cost characteristic of overall Project design.

3. Cost/Benefit Characteristics of Subproject Activities:

The PVO Co-Financing Project is designed as a funding mechanism for PVO activities, including support for institutional strengthening, subprojects, and small grants. It is not possible at the design stage to identify specific subproject costs and benefits required for formal cost/benefit analysis. However, certain characteristics of PVO activities in general will contribute to raising the overall cost/benefit ratio of the Project.

- PVO projects tend to be labor intensive with emphasis on employment of local personnel, sometimes on a volunteer basis.
- PVO projects often make use of locally available materials and equipment, saving scarce foreign exchange, and reducing operational and maintenance costs.
- PVO projects often employ technologies which are simple, cost effective, and appropriate to local community skills and available resources.

- PVO projects can often mobilize additional community resources; such community involvement may lead to cost efficiencies and to effective maintenance of capital inputs.
- PVO projects preferentially benefit the poorer members of society where the marginal utility of additional income or new services is highest.
- PVO projects are frequently small in scale making them easier to manage, to sustain, and to replicate.

No broad evaluations or in-depth studies are available to confirm the general impression that the above generalizations are broadly applicable to the PVO community in Kenya. Data collected by Project monitoring, Project evaluations, and Project studies will be required to test assumptions and to make continuing corrections and additions to subproject selection criteria and operating procedures. (See Annex E, and Section V of this paper). However, the PVO Sector Survey carried out during late 1984 and early 1985 confirmed that existing PVOs have a strong presence in all geographic and ethnic areas in Kenya; have direct links to community groups including particularly women's groups; are concentrated in rural areas and among low income groups; provide assistance to a broad range of income generating and service activities; and have a low cost per beneficiary served. (See Annex H). The PVO Co-Financing Project will strengthen existing PVO capability and outreach, and provide institutional and support services required to mobilize and manage additional financial and other resources among PVOs in Kenya.

4. Economic Guidelines for Subproject Activities:

Design of subproject activities and selection of subprojects for funding will incorporate to the extent possible the basic principles underlying cost/benefit analysis. Although few PVOs have the personnel and resources to produce a rigorous cost/benefit analysis, and some PVO subprojects may not be amenable to such analysis, small scale activities with high rates of return share certain characteristics which can be utilized as the basis for projects design and selection. Guidelines for the economic analysis of PVO projects are outlined in Table 1 below elaborating on the basic approach adopted by Linda Markey (Economic Analysis of the PVO Development Partners Project, USAID/Somalia, February 1985). Thorough consideration of the costs and benefits of proposed projects, together with some awareness of the time value of money, will help PVOs and the subproject selection panel to better estimate the value of individual projects, and to select from among competing proposals for funding.

Table 1

Economic Characteristics of PVO Projects with High Internal Rates of Return:

Costs

1. The project has low capital costs (relative to labor costs and to total project funding), minimizing the use of imported inputs, particularly of capital equipment.
2. The project has low labor costs, minimizing the use of expatriate personnel, and maximizing the use of volunteer labor.
3. The project utilizes simple technology appropriate to the skill levels of project participants.
4. The project has low operating and maintenance costs compared to expected benefits.
5. The project has a system to recover all or part of recurrent costs from participants, leading to careful use of project inputs.

Benefits

6. The project participants are members of the poorest groups or communities in Kenya.
7. The project generates saleable outputs capable of recovering project costs.
8. The project responds to highly valued requirements which are widely recognized by the participants' community, and which may be identified by the willingness of participants to share in coverage of recurrent costs.

Time Value of Money

9. The start-up period before project benefits begin to flow is short, 2 years at most.
10. Project participation and benefits grow as rapidly as possible.
11. The implementation plan is realistic and takes account of likely delays. Procurement of imported and other capital equipment, and hiring of expatriate and other high cost personnel, are planned accordingly.

12. The project does not introduce completely new activities in cases where improvements to already existing activities would be sufficient.

Other

13. Sustainability (related to costs and benefits above, but involving non-economic factors as well).
14. Replicability (an externality to subproject cost/benefit analysis).

Careful application of the above guidelines, and of cost/benefit principles in general, will be utilized to maximize net benefits of overall Project operations.

C. Environmental Analysis

The Initial Environmental Examination (IEE), categorically excluded the technical (management) assistance portion of the Project from environmental review and recommended that the threshold decision on each subproject be deferred. This was approved by the Africa Bureau Environmental Officer and GC/AFR with the understanding that subprojects would be reviewed by the Regional Environmental Officer (REO) with RLA clearance prior to financing. (State 065436, see Annex C).

Based on information provided at the time of concept paper submission, proposed activities will be categorized in accordance with potential environmental consequences. Environmental review documentation will be required accordingly. If no concept paper is submitted by the PVO, the determination of what environmental review documentation must be submitted will be made at the time the proposal is submitted. All environmental analyses will be reviewed by the REO and RLA. Following such review, threshold decisions will be made, where necessary, by the Mission Director, either as part of the A.I.D. review and approval process for those proposals subject to A.I.D. approval, or separately. Specific procedures for handling subproject environmental reviews are provided in Annexes D and E.

D. Social Soundness Analysis

1. Socio-cultural Context

Kenya faces a future of potentially serious social problems caused by burgeoning population growth and its resultant demands. Over the past twenty years, Kenya's population has grown at an annual rate of four percent per year, producing a huge base of young people who are beginning to place unprecedented demands on the economy for education, employment and social services. These accelerating demands for public service expenditure compete with other potential uses of scarce resources.

The Government of Kenya recognizes that public resources are strained and that efforts undertaken by both self-help groups and voluntary associations are important development forces in providing some of the significant social services which the Government itself inadequately provides. Kenya has a strong self-help or "Harambee" tradition which grew out of pre-independence aspirations for improvements in the quality of life, and which resulted from post independence pressures upon the new state to provide government services. Harambee efforts have supplemented limited financial and administrative resources of the state by placing the burden of community development on local entities. These harambee efforts and sentiments continue to be given major emphasis in rural areas and the Government has committed itself to continue its support and encouragement of self-help efforts, the work of voluntary agencies and related private sector activities.*

The PVO Co-Financing Project targets its resources to the activities of PVOs that have historically helped mobilize harambee efforts at the community level, and tapped these and other resources to meet local and national demands for education, employment and social services.

2. Beneficiaries

The intended primary beneficiaries of this project are the community of private voluntary organizations working in Kenya and their constituents, the rural and urban poor (see Annex H, PVO Sector Survey). More precisely, this population includes rural smallholders, the urban poor and wage earners in small towns who are not part of the middle and upper income classes. Among this population, a large proportion are women who head about one-quarter of farm households, supply half the labor on farms, and are presently entering wage employment at more than twice the rate of men.

*1984-88 Development Plan, p. 58

75

In order to implement this Project, A.I.D. will be working through established private voluntary organizations which have considerable experience and knowledge working with Kenyan groups, and whose raison d'etre is to provide benefits to their constituents. The majority of project funds will provide direct financing of PVO subprojects that generally involve small-scale development activities that increase the general welfare and the participation of low-income groups, foster employment and income-generation, and/or provide social services.

While the primary focus of this project is on development activities, to the extent that these organizations have special institutional needs to carry out their work, attention will be devoted to assisting the PVOs themselves to increase their effectiveness by providing them with institutional support in the following areas: program staff training in project development (project design, proposal preparation, project implementation and management, project monitoring and evaluation), executive staff training in organizational development, financial staff training in financial management, and technical staff training in specific relevant technical areas. This training will be provided to the PVO community through training workshops and seminars by the Training and Advisory Services Unit, and through advisory services provided by the same unit to individual PVOs granted project funds which require specific project-related assistance in managing such funds. As time permits, these services will also be provided to other PVOs which have experienced difficulty in qualifying for A.I.D. registration.

Of major concern in the design of this project is the mechanism by which an equitable distribution of benefits to the community of PVOs and to various groups throughout Kenya can be brought about. While a set of selection criteria which will allow for the maximum flexibility in funding subproject proposals has been developed, a goal of the Project, over time, is to achieve parity in funding proposals which are sponsored by Kenyan PVOs and those sponsored by U.S. PVOs and among those which will benefit the various geographic, ethnic, and religious interests in a wide range of sectoral activities. Due to this high degree of flexibility, A.I.D. will periodically review the demographic results of the funding decisions. At that time, the selection criteria will be modified, as necessary.

A significant equity concern is addressed within the project design: the degree to which Kenyan PVOs, in comparison to U.S. PVOs will benefit from project funds. In general, the U.S. PVOs have a comparative advantage over Kenyan PVOs in

their ability to write proposals for funding, their program size and staff capabilities. The project sets out to increase the capacity of PVOs, especially Kenyan PVOs, to develop in-country capacity to promote effective development activities in which the rural and urban poor participate and directly benefit. To achieve this, the training provided by the project will give preference to participants from Kenyan PVOs and Kenyan citizens working for U.S. PVOs. Although U.S. candidates will be considered, the context of the training will be geared to the needs and level of education and experience of the Kenyan PVOs. PVOs will be encouraged to send women to the training courses, and the relative participation of men and women in various types of training will be documented. Analysis of registration information will allow a percentage estimate of female participants to be developed. Second, preference will be given to Kenyan PVOs in the use of project funds for the one-to-one organizational assistance and the specific technical assistance provided by the Training and Advisory Services Unit. Third, as resources permit, some advisory services will be offered to PVOs having difficulty meeting registration requirements. Beneficiaries of this assistance will be selected on the merit of their activities. Fourth, over the life of the project, an effort will be made so that approximately 50 percent of the grantmaking funds are allocated to Kenyan PVOs. The success of these efforts will be reviewed in the Project evaluations.

A third equity issue concerns small Development Fund subgrants, especially to small PVOs, i.e., those with an annual budget of less than \$250,000. These organizations usually have a geographic and sectoral focus, and a strong local base. Often, they cannot manage and do not require a large amount of project funds. Therefore, a portion of the Development Fund will be allocated for small subgrants of \$1,000 to \$50,000. Large PVOs are not excluded from requesting small subgrants, if they so desire. The process for funding the small subgrants will be a simplified version of that established for the larger Development Fund subgrants.

V.A.D.A. is the institution which will carry out the implementation of this Project. This is a Kenyan institution, run by Kenyans who are knowledgeable concerning PVOs and their needs in the Kenyan context. An intensive review of V.A.D.A. conducted in preparation of this Project demonstrated the concern of its staff for the social environment in which PVOs work in Kenya, and the sensitivities which must be taken into consideration when working with PVOs.

3. Participation

During the project design phase, USAID/Kenya personnel made considerable effort to consult with potential beneficiaries and related actors. Of primary importance is the PVO Sector Survey in which information was obtained from 34 major PVOs concerning various aspects of their programs in Kenya. The program of institutional support outlined in this project paper is directly related to management and program needs identified by the PVOs themselves in this survey.

USAID/Kenya PVO strategy and the management of the PVO Co-Financing Project were discussed with USAID/Kenya management. In addition to the two main actors discussed above, other donor agencies such as the Ford Foundation, NORAD, CIDA, SIDA and the World Bank were consulted concerning their funding of PVOs and related activities. Before identifying one PVO group, V.A.D.A., to implement the Project, USAID/Kenya personnel also held discussions with various similar PVOs in Kenya concerning their various roles and potential for assisting the sector. USAID/Kenya has worked closely with V.A.D.A.'s staff, who have been an integral part of the design team, to define the project components and roles of the project administrative units.

PVOs tend to utilize highly participatory methods in their assistance strategies. It is expected that project beneficiaries will become involved in all phases of the development activities, including needs identification, project planning, resource mobilization, and project implementation and maintenance. Project monitoring and evaluation systems and special studies will both encourage participation and document such participation.

During the Sector Survey, many PVOs expressed the opinion that the process of organizing communities to meet their own needs is as important as the development activity itself, because it increases the possibility of leaving a legacy of self-reliance and improves the opportunity for community growth. A recent study demonstrates that people are willing to participate in a project and contribute resources to it if they will be the direct beneficiaries of those contributions.* For this reason, the Project Selection Committee will attempt to fund projects from which participants directly benefit.

*Dr. Carolyn Barnes, "Summary and Conclusions of Assessments of Willingness and Ability of Communities in Kitui District to Support a Community-Based Health System", USAID/REDSO/ESA, March, 1981.

76

V.A.D.A. will request PVOs to provide in their proposals a description of the intended participants and how the target community group functions in terms of the dynamics of decision-making. If beneficiaries are expected to carry out certain implementation functions and/or be directly involved in planning, project design and evaluation, the capabilities existing within the beneficiary group must be identified. During the evaluations, this type of information will assist V.A.D.A. in analyzing the extent to which beneficiary participation has been achieved.

The PVOs will evaluate their projects with the assistance of the Training and Advisory Services unit and PVO Development Fund personnel (see section V, Evaluation). Such evaluations will provide V.A.D.A. and USAID/Kenya with constant, regular and frequent feedback to determine if the selection criteria are sufficiently clear to identify subprojects with strong community participation.

4. Socio-cultural Feasibility

The Kenya PVO Sector Survey, and informal and formal requests from PVOs to USAID/Kenya over the past years, indicate a widespread demand for the project. In fact, it is unlikely that the project will be able to meet the full demand and needs of PVOs for advisory services, training and subgrants. Further, the requirement of local level contributions to subgrant activities does not constitute a new approach in Kenya. As mentioned above, since independence the harambee or self-help efforts have been a dominant national force. This Project is supportive of such efforts

PVOs will be requested to provide in their subproject proposals a profile of the beneficiaries of the project, and to explain the socio-cultural factors that relate to the project, activities and influence the type of benefits expected.

This Project is both developmental and institution building in focus. As mentioned above, The PVOs themselves have indicated four areas in which strategic institutional assistance will increase their capacity and improve their effectiveness in managing and implementing their development program/activities. In order to build upon the existing strengths of PVO programs and enable them to administer more efficiently their activities, the project's program of institutional strengthening will go hand-in-hand with subproject funding. In this manner, the use of project development funds will be optimized.

5. Impact

It is anticipated that the activities funded by this Project will have a developmental impact upon beneficiary communities throughout Kenya. One purpose of the Project Selection Criteria is to identify activities which indicate a potential for replicability and which can provide models for development efforts among other groups, or in other areas of the country. PVOs historically implement projects which they can build on for future development efforts. The project selection criteria have been delineated to focus upon projects which have a potential for long-term use and demonstrate a relatively low dependence on external resources (see Annex E).

Every effort will be made to equitably distribute benefits of the Project among the various types of PVOs and constituents (see section 2 above).

In-depth studies regarding the role of PVOs in development are needed by both PVOs and the donor community, in particular to guide assistance to PVOs. The lack of documentation and research on PVO activities hampers the assistance to this sector world-wide. While the PVO Sector Survey represents a beginning, and the data collected by the Project will help address this, the Project will also fund in-depth studies on the role of PVOs in Kenyan development in order to give guidance to USAID/Kenya and other donors for future PVO activities. (See Section V, Evaluation).

E. Administrative Analysis

This analysis focuses on the ability of USAID/Kenya, V.A.D.A. and PVOs supported by the Project to handle their administrative requirements under the project.

1. USAID/Kenya

The Mission is fully staffed with adequate experienced personnel in the Human Resources Development Office, the office directly responsible for oversight of this project for USAID/Kenya. There are also adequately staffed Mission support offices to provide necessary backup assistance. Furthermore, the Regional Financial Management Center and the Regional Economic Development Support Office are located in the same building as USAID/Kenya and are staffed to provide financial, legal, contracting, procurement, environmental and engineering support during the Project's implementation. Therefore the Project has been judged to be well within the administrative capability of USAID/Kenya, given the proposed implementation structure of the Project.

2. Choice of Implementing Agent

A series of possibilities were considered for the role of principal implementation agent for this Project. In the past, much of the U.S. Government's assistance to Kenya has been channeled directly through the Government of Kenya. There is a recognition now however that the GOK has reached capacity in its ability to financially support and administratively control the full level of development services which are needed by the Kenyan population. Indeed, a principal focus of A.I.D.'s strategy in Kenya is to foster and support non-public approaches to development in the country through the private sector, including the PVO community. The nature of PVO assistance generally precludes managing this type of aid through public means. As the ECPR guidance cable (see Annex C) notes: "PVO umbrella projects are not normally obligated with the host government."

Early consideration was given to USAID/Kenya itself as the key implementation agent. In this case, A.I.D. would have shouldered the responsibility for organizing institutional strengthening of PVOs through contracts for technical assistance and training services. The selection process for subgrantees, including public education on the subgrant process, proposal review, and assistance to strengthen proposals, would have remained in A.I.D.'s hands. It was concluded that USAID/Kenya did not have adequate staffing to handle project execution at this level. Neither was it considered advisable to create such a capability given the desire to support an indigenous capacity to provide technical and administrative support to the Kenyan PVO community. Given these considerations, the concept of USAID/Kenya as the principal implementing agent was rejected.

Models exist in the USAID/Kenya program for providing support to PVOs and administrative oversight of funding mechanisms through a U.S. private voluntary organization. This approach is being followed in the case of the PVO component of the Rural Private Enterprise Project (615-0220). All indications are that a similar model could be followed with success in the case of the PVO Co-Financing project. However, focusing the project on a U.S. PVO would dilute the institution building capacity of the project. In order to emphasize the creation of Kenyan capability to support and expand the development potential of its own PVO community, the optimum solution is direction of Project activities through a Kenyan organization closely linked to PVOs functioning in Kenya.

Several Kenyan organizations have been examined which could play this role. Most of the umbrella organizations which operate in the PVO community are unsuitable for the role because of limitations in their functional or geographic scope. Two such organizations do however have a broad enough base to play the role, one being the government supported Kenya National Council for Social Services (KNCSS) and the other known as Voluntary Agencies Development Assistance (V.A.D.A.). KNCSS has been in operation since 1964 and is funded through the Ministry of Culture and Social Services. This linkage weakens the KNCSS as a candidate for implementing agent as it dilutes the strategy of pursuing non-public means of development. The KNCSS linkage to government also poses the problem of whether KNCSS as the grantee for project funds would be in a position to adequately control the use of grant funds, or whether control might pass to other organizations in the Government of Kenya such as the Ministry of Culture or the Ministry of Finance which acts as the conduit for donor funds to public agencies. The ECPR guidance cable indicates that grantee control over project funds must be assured in order for the Project obligation to be valid (see paragraph 1, ECPR guidance cable, Annex C). Given these problems, the KNCSS was not regarded as a viable candidate for implementation agent for this Project.

V.A.D.A. is a very new organization, established in 1983, with a mandate to provide management support and a broad range of training programs to PVOs. It also is designed to act as an information clearing house for subjects and issues of interest to the PVO community. V.A.D.A. is a Kenyan organization with a small staff of Kenyans in place at the present time. It is privately financed and privately managed. Therefore, V.A.D.A. meets the strategic criteria of promoting Kenyan development through the private sector while building a high level of Kenyan participation into the Project. Furthermore, V.A.D.A.'s focus on efforts to strengthen Kenyan PVOs as institutions dovetails with the institutional development thrust of the Project design.

The principal drawback concerning V.A.D.A. is its newness and lack of a lengthy track record in conducting its own affairs and meeting its obligations to the PVO community. However, examination of its limited record to date, the qualifications of the current staff and the quality of planning for future activities provides a measure of confidence that V.A.D.A. can successfully play the role of implementing agent for the Project, given institutional strengthening and substantial A.I.D. involvement in the early stages of the Project. (See Annex G for details on V.A.D.A.). There is no doubt that working through V.A.D.A. remains a high risk undertaking. An evaluation of these risks and means proposed to minimize them are presented in the following section.

G.D.

3. V.A.D.A.

a. The Impact of the Project on V.A.D.A.

V.A.D.A. currently maintains a staff of five professionals which would grow to twenty-two, given the requirements of the PVO Co-Financing Project. The organizational structure required to implement the Project has been shown in Section III of this paper. This structure and its administration is substantially more complex than that required to conduct current V.A.D.A. operations. Detailed procedures governing personnel management, office management and procurement of goods and services will be required to support the greatly expanded level of operations. Some personnel and procurement procedures exist now, but for only the limited staff and commodity needs of the present organization. Currently, V.A.D.A. is handling a budget of some \$100,000 on an annual basis. According to a recent audit (see Annex G), internal control procedures and accounting and reporting systems are judged generally adequate to properly manage these funds. Accounting and financial capability must be significantly expanded in order to deal with the \$12 million in A.I.D. financing which will be channeled through V.A.D.A. during the next seven years.

b. Institutional Support to V.A.D.A.

In order to strengthen V.A.D.A. to support the PVO Co-Financing Project and to adequately safeguard U.S. Government resources, a number of steps have been taken. First, the Project design allows for a phased start-up of activities over the first three years. Only one-third the full load of training and advisory services is expected to be carried out in the first fifteen months of project operations; two-thirds in the second year. Utilization of the development fund to finance subprojects will follow the same gradual start-up patterns. Much of the first fifteen months will be devoted to the expansion of V.A.D.A.'s staff and the development of the administrative and financial systems and procedures required to adequately implement and control the Project. Such systems and procedures are so crucial that V.A.D.A. will be prohibited from expending A.I.D. grant funds or requesting disbursement from A.I.D. of funds for Development Fund Activities until specific administrative and financial control procedures have been developed and are in place. Also, V.A.D.A. will be required to have adequate personnel procedures in place for its projected staffing level by December 31, 1985.

83

Technical assistance will be financed through the Project to assist V.A.D.A. in this period of expansion. A contract will be entered into by V.A.D.A. with an experienced administrative and financial management firm which can assist V.A.D.A. in developing the needed accounting systems, financial controls and other administrative systems. The same firm will also monitor V.A.D.A.'s utilization of these systems for at least the first three years of the Project to assure proper execution of these management and reporting tools. A.I.D. will work collaboratively with V.A.D.A. in developing an appropriate scope of work for this contract and in soliciting and evaluating proposals received from potential contractors. Initially, a considerable amount of mission staff time will be made available to V.A.D.A. to assist in this process and to put into place a procurement services agent to handle commodity procurement for V.A.D.A. While this type of involvement by A.I.D. in a grantee's operations is unusual, it is warranted in this situation given V.A.D.A.'s limited operating experience to-date and is, of course why a cooperative agreement rather than an ordinary grant agreement will be utilized to implement the Project. Funding will also be provided to support V.A.D.A. in its technical assessment of proposals for subgrants in order to assure high quality subprojects. The local Kenyan market can provide the necessary technical resources to support V.A.D.A. in this regard and it is expected that V.A.D.A. will be able to procure these services without substantial A.I.D. involvement.

Because V.A.D.A. is so new, there are undoubtedly risks associated with its use as a grantee for a major A.I.D. sponsored activity. However, analysis indicates that V.A.D.A. has managed its affairs well to date and should be able to properly manage a major expansion of its activities, given necessary technical assistance and safeguards to protect the interest of all parties concerned. A.I.D. will be substantially involved in oversight and review of V.A.D.A.'s operations through the vehicle of the Cooperative Agreement.

4. PVOs

The PVOs to be assisted under the Development Fund will be carefully assessed regarding their administrative capability to carry out the activities for which they are requesting funding. Proposals from PVOs determined to be administratively unfeasible will be rejected. If a proposal indicates sufficient promise, evidence of improvements in the PVO's administrative shortcomings will be a condition of further consideration of the proposal.

Through V.A.D.A., the Project will provide training and information which PVOs can use to assist in analysing the economic, social, and technical viability of proposed projects. Technical assistance will also be provided to assist

49

PVOs. Assistance will be designed to strengthen the capability of PVOs to manage both their internal affairs and to plan and execute technically and managerially feasible development projects.

46

VIII. OBLIGATION MECHANISM

Project funds will be obligated through an incrementally-funded cooperative agreement with the implementing agency, V.A.D.A. The agreement will contain the standard agency prescribed terms and conditions for such agreements and the following special provisions:

1. V.A.D.A. will be precluded from expending grant funds for subprojects under the Development Fund until it has furnished to A.I.D. and A.I.D. has approved, detailed administrative and financial procedures for operation of the Development Fund.

2. V.A.D.A. will be required to submit, by December 31, 1985, or such later date as the Grant Officer may agree in writing, evidence that it has developed and promulgated detailed personnel procedures, including a staffing pattern by position and the required qualifications for each position.

3. V.A.D.A. will be required to submit to A.I.D. at least two weeks prior to the beginning of each fiscal year for V.A.D.A., an action plan for each project component which shall include quantified targets and a detailed budget by quarter.

4. V.A.D.A. will be required to submit, within ninety days after the end of each fiscal year for V.A.D.A., an audited annual financial statement.

While A.I.D. does not plan to exercise a substantial degree of operational control, A.I.D. will collaborate or participate in the management of the project. Substantial involvement of A.I.D. in implementation of the project is necessary because:

- close A.I.D. monitoring or operational involvement during implementation over and above normal exercise of Federal stewardship responsibilities will be necessary to ensure that V.A.D.A., which has no prior experience with U.S. grants, complies with the special accounting requirements resulting from funding from multiple functional accounts;
- close A.I.D./V.A.D.A. interaction to achieve program objectives will be required particularly regarding program priorities and updating of selection criteria for subgrants under the Development Fund;
- involvement of A.I.D. in the selection of key V.A.D.A. personnel is necessary to assure achievement of program objectives as V.A.D.A. increases its professional staff from five to twenty-two persons;

86

- A.I.D. review and approval of subgrant agreement formats for the Development Fund, subgrants over \$100,000 and technical assistance contracts will be required to assure adherence to project funding criteria;
- A.I.D. monitoring or operational involvement will be required to assure compliance with environmental protection statutory requirements.

Substantial Involvement by A.I.D. In the Project will include:

- 1) Joint participation by A.I.D. in the preparation of scopes of work, solicitation documentation and evaluation of proposals for institutional strengthening and procurement services contracts to be entered into by V.A.D.A.;
- 2) Review and approval of all major contracts for technical services to V.A.D.A.;
- 3) Review and approval of the qualifications of key personnel hired by V.A.D.A. to support the project;
- 4) Review and approval of annual work plans, financial management and administrative procedures.
- 5) Review and approval of subgrants in excess of \$100,000; and
- 6) Joint participation in project evaluations.

IX. SPECIAL PROJECT CONSIDERATIONS

Funding supplied by A.I.D. for this project will be drawn from several FAA functional accounts. For the project as a whole, funds will be drawn from the following accounts:

<u>FAA Section</u>	<u>Functional Account</u>	<u>Amount (\$000)</u>
103	ARDN	5,000
104(G)	Population	3,000
104(L)	Health	3,000
105	EHR	500
106	SDA	500

Special provisions will be inserted into the Cooperative Agreement with V.A.D.A. to ensure that activities financed under the Development Fund fit within functional account criteria and that subproject proposals funded from any particular functional account do not exceed the amount of funds available from that account at any point in time. Subproject approval criteria will include a requirement that all proposals meet the requirements of at least one of the accounts listed above. The Grant agreement between A.I.D. and V.A.D.A. will prescribe the amounts of funding available from the grant for subprojects in each of the functional account categories and will provide for adjustment of such amounts as necessary from time to time to reflect the types of subproject proposals received.

It is anticipated that V.A.D.A. and A.I.D. will consult early in the process of each subproject review to determine the appropriate source of funding for the subproject and to verify availability of funds for the subproject before substantial review time is invested. V.A.D.A. accounting for the project will specify the amount of funds available to the Development Fund from each functional account and indicate, on a cumulative basis, the amount of funds committed and expended from each account.

. 480

LOGICAL FRAMEWORK
PROJECT 615-0236

GPOI	INDICATORS	VERIFICATION	ASSUMPTIONS
<p>Goal: To increase the wealth, self-reliance and quality of life of rural and urban Kenyans whose development needs are otherwise inadequately served.</p>	<p>The indicators of goal achievement include increased income, increased participation in development activities, a perception of less dependence on public sector services and increased quality of life as reflected in health and education status.</p>	<p>Evaluations of development activities by participating PVOs, evaluations of Project activities by V.A.D.A. and A.I.D., and special impact studies conducted by independent Kenyan evaluators financed by the Project.</p>	<p>Kenyan development policies continue to emphasize the importance of PVOs in development.</p>
<p>Purpose: To increase the development impact of PVO activities in Kenya.</p>	<p><u>End of Project status:</u> Increased institutional capability of PVO support and development oriented entities; improved impact of PVO development activities as reflected in 60 large and 20 small PVO development activities funded by the Project and others provided technical assistance by the Project.</p>	<p>Periodic project reviews and evaluations.</p>	<p>The policies of PVOs continue to emphasize support for development activities.</p>

GPOI	INDICATORS	VERIFICATION	ASSUMPTIONS
<u>Outputs:</u>			
a. <u>Development Fund</u>	a. Approximately 60 large and 20 small subgrants made.	Quarterly Project reports and Project evaluations and audits.	There are no unforeseen delays in providing Project inputs.
b. <u>Institutional Strengthening</u>	b. 1. There will be approximately 1800 participants at Project sponsored training programs. 2. Approximately 60 PVOs will receive advisory services. 3. VADA will be able to better serve PVOs.		
1. <u>Training.</u>			
2. <u>Advisory Services</u>			
3. <u>V.A.D.A.</u>			
c. <u>Information and Evaluation</u>	c.1 A quarterly newsletter will be produced. An information system on PVOs will be established. c.2 Three major Project evaluations will be completed. Numerous evaluations of VADA's activities of PVO subprojects will be undertaken by VADA staff.		
1. <u>Information</u>			
2. <u>Evaluations</u>			

	GPOI		INDICATORS			VERIFICATION	ASSUMPTION
<u>Inputs:</u>	(\$000 US DOLS)						
	<u>A.I.D.</u>	<u>V A D A</u>	<u>FORN</u>	<u>PVCs</u>	<u>TOTAL</u>		
Development Fund - Support	1,136	442	80	-	1,558	Monthly financial reports, quarterly project reviews, and audits.	Cooperating PWDs are willing and able to provide fees and contributions.
Development Fund -Capital	8,550	-	-	4,250	12,750		
Institutional Strengthening	1,144	423	145	505	2,217		
Evaluation and Information	764	211	110	-	1,085		
Contingencies and Inflation	456	163	-	-	619		
Total	<u>12,000</u>	<u>1,239</u>	<u>335</u>	<u>4,755</u>	<u>18,329</u>		

STATUTORY CHECKLISTSA. GENERAL CRITERIA FOR PROJECT1. FY 1985 Continuing Resolution
Sec. 525;) FAA Sec. 634A;
Sec. 653(b)

(a) Describe how authorizing and appropriations committees of Senate and House have been or will be notified concerning the project;

(b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that amount)?

(a) A Congressional Notification regarding an FY 85 obligation for this Project was submitted to Congress on May 13, 1985 and expired without objection on May 28, 1985

(b) Yes

2. FAA Sec. 611(a) (1). Prior to obligation in excess of \$100,000, 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.

3. FAA Sec. 611(a) (2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?

No further legislation is required.

4. FAA Sec. 611(b); FY1985
Continuing Resolution Sec. 501.
If for water of water-related land resource construction, has project met the standards and criteria as set forth in the Principles and Standards for Planning Water

N/A

and Related Land Resources,
dated October 25, 1973, or
the Water Resources Planning Act?

5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project?
- N/A
6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs.
- The Project is not regional or multilateral in nature. The Project will be coordinated with one other donor, the Ford Foundation.
7. FAA Sec. 601(a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; and (c) encourage development and use of cooperatives, and 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 expects to develop appropriate human resources skills in various aspects of agriculture, family planning, health, energy, social services and institutional building, foster private initiative and may encourage the development of cooperatives.
8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade 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 will support private U.S. participation and contributions to foreign assistance programs through private voluntary organizations. Grant-funded management and training assistance will draw on U.S. private sector expertise.

9. FAA Sec. 612(b), 636(h);
FY 1985 Continuing Resolution
Sec. 507. 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.
- Financial and in-kind contributions of both private and non-governmental Kenyan organizations are an integral part of the Project budget.
10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?
- No.
11. FAA Sec. 610(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?
- Yes.
12. FY 1985 Continuing Resolution Sec. 522. 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?
- This assistance is not for the production of any specific commodity for export.
13. FAA118(c) and (d). Does the project comply with the environmental procedures set forth in A.I.D. Regulation 16?. Does the project or program take into consideration the problem of the destruction of tropical forests?
- Yes. A categorical exclusion was approved by the Africa Bureau Environmental Officer for the institutional strengthening activities of the Project (training and technical assistance). Environmental threshold decisions for subgrants financed by the Project will be approved by the Regional Environmental Officer in REDSO/ESA.

14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (dollars or local currency generated therefrom)? N/A
15. FY 1985 Continuing Resolution Sec. 536. Is disbursement of the assistance conditioned solely on the basis of the policies of any multilateral institution? No.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a. FAA Sec. 102(b), 111, 113, 281(1). Extent to which activity will (a) effectively involve the poor in development, by extending 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; (b) 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; (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?

This Project has been specifically designed to address items (a) through (d). The Project will directly benefit the poor and disadvantaged by: directly involving the poor in identifying local needs and then planning and implementing activities to address those needs; increased local production; use of appropriate technologies; self-help efforts; promoting the participation and upgrading the status of women; and improvement of the well being of the most disadvantaged groups in the Kenyan society.

96

b. FAA Sec. 103, 103A, 104, 105, 106. Does the project fit the criteria for the type of funds (functional account) being used?

Yes.

c. FAA Sec. 107. Is emphasis on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small business, and small incomes of the poor)?

Yes. Project is designed to allow for maximum innovation and use of appropriate technology.

d. FAA Sec. 110(a). Will the recipient country provide at least 25% 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)?

N/A. However, the Project has been designed to assure that the A.I.D. policy requirement that at least 25% of the costs of a PVO project come from non-A.I.D. sources will be satisfied.

e. FAA Sec. 110(b). Will grant capital assistance be disbursed for project over more than 3 years? Is so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country "relatively least developed"? (M.O. 1232.1 defined a capital project as "the construction, expansion, equipping or alteration of a physical facility or facilities financed by A.I.D. dollar assistance of not less than \$100,000, including related advisory, managerial and training services, and not undertaken as part of a project of a predominantly technical assistance character."

N/A

f. FAA Sec. 122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase or productive capacities and self-sustaining economic growth?

Yes. The purpose of this Project is to increase the well-being of the poorest segments of the Kenyan population by enabling local Kenyan groups to manage and sustain their own development.

g. FAA Sec. 281(b). Describe extent to which program 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 civil education and training in skills required for effective participation in government processes essential to self-government.

The Project's emphasis is on addressing local level development problems which have been identified by the local beneficiaries themselves. The Project will strengthen the abilities of local PVOs to better plan, manage and administer local development activities through specifically directed training activities.

STANDARD ITEM CHECKLIST

A. Procurement

1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed?

Grant financed contracts will follow A.I.D. contracting procedures which contain provisions for small business participation.

2. FAA Sec. 604(a). Will all commodity procurement financed be from the United States except as otherwise determined by the President or under delegation from him?

Yes.

3. FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?

Kenya does not discriminate against U.S. marine companies.

4. FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a). If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such

No agricultural commodities or products will be financed by the Project.

commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)

5. FAA Sec. 604(g). Will construction or engineering services be procured from firms of countries otherwise eligible under Code 941, but which have attained a competitive capability in international markets in one of these areas? Do these countries permit United States firms to compete for construction or engineering services financed from assistance programs of these countries?

Construction or engineering services, if any are required for approved subgrants, will not be obtained from ineligible Code 941 sources.

6. FAA Sec. 603. Is the shipping excluded from compliance with requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 per centum 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 that such vessels are available at fair and reasonable rates?

No.

7. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? If the facilities of other Federal agencies will be utilized, are they

Technical assistance will be furnished by private enterprise on a contract basis to the fullest extent practicable. Services by other Federal agencies are not anticipated.

A

particularly suitable,
not competitive with
private enterprise, and
made available without
undue interference with
domestic programs?

8. International Air Transport.
Fair Competitive Practices Act,
1974. If air transportation
of persons or property is
financed on grant basis, will U.S.
carriers be used to the extent
such service is available?

Yes.

9. FY 1985 Continuing
Resolution Sec. 504.
If the U.S. Government
is a party to a contract for
procurement, does the
contract contain a
provision authorizing
termination of such
contract for the
convenience of the United
States?

Such provision
will be included in
any such contracts.

B. CONSTRUCTION

1. FAA Sec. 601(d). If
capital (e.g., construction)
project, will U.S. engineering
and professional services
to be used?

N/A

2. FAA Sec. 611(c). If
contracts for
construction are to be
financed, will they be
let on a competitive
basis to maximum extent
practicable?

Yes.

3. FAA Sec. 620(k). If for
construction of
productive enterprise,
will aggregate value of
assistance to be
furnished by the U.S. not

Yes.

exceed \$100 million
(except for productive
enterprises in Egypt that
were described in the CP)?

C. OTHER RESTRICTIONS

1. FAA Sec. 122(b). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter? N/A
2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Controller General have audit rights? N/A
3. FAA Sec. 620(b). 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? Yes.
4. Will arrangements preclude use of financing:
- a. FAA Sec. 104(f); FY 1985 Continuing Resolution. Sec. 527. (1) To pay for performance of abortions as a method of family planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive (1) Yes.
(2) Yes.
(3) Yes.

100

to any person
to undergo sterilization;
(3) to pay for any
biomedical research which
relates, in whole or
part, to methods or the
performance of abortions
or involuntary
sterilizations as a means
of family planning: (4)
to lobby for abortion?

(4) Yes.

b. FAA Sec. 620(g). To
compensate owners for
expropriated nationalized
property?

Yes.

c. FAA Sec. 660. To
provide training or
advice or provide any
financial support for
police, prisons, or other
law enforcement forces,
except for narcotics
programs?

Yes.

d. FAA Sec. 662. For
CIA activities?

Yes.

e. FAA Sec. 636(i). For
purchase, sale, long-term
lease, exchange or
guaranty of the sale of
motor vehicles
manufactured outside
U.S., unless a waiver is
obtained?

Yes.

f. FY 1985 Continuing
Resolution, Sec. 503.
To pay pensions, annuities,
retirement pay, or
adjusted service
compensation for military
personnel?

Yes.

g. FY 1985 Continuing
Resolution, Sec. 506. To pay
U.N. Assessments,
arrearsages or dues?

Yes.

h. FY 1985 Continuing Resolution, Sec. 506.

To carry out provisions of FAA section 209(d) (Transfer of FAA funds to multilateral organizations for lending)?

Yes.

i. FY 1985 Continuing Resolution, Sec. 510.

To finance the export of nuclear equipment, fuel, or technology or to train foreign nationals in nuclear fields?

Yes.

j. FY 1985 Continuing Resolution, Sec. 511.

Will Assistance be provided for the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights?

No.

k. FY 1985 Continuing Resolution, Sec. 516. To be used for publicity or propaganda purposes within U.S. not authorized by Congress?

Yes.

ECPR Review Cable and Commentary

TO AMEMBASSY NAIROBI PRIORITY 0708

UNCLAS 01 OF 02 STATE 065436

AIDAC, ABIDJAN REDSO/WCA FOR OSBORN

E.O. 12356: N/A

TAGS:

SUBJECT: PVO CO-FINANCING (615-0236): ECPR GUIDANCE

THE PVO CO-FINANCING PID WAS REVIEWED AT AN ECPR CHAIRED BY DAA BIRNBAUM ON DECEMBER 20. THE PID WAS APPROVED FOR PP DEVELOPMENT AND AUTHORIZATION IN THE FIELD. ECPR CONCERNS AND GUIDANCE ARE SUMMARIZED AS FOLLOWS:

1. OBLIGATING MECHANISM: (A) THE PID LEAVES TO THE PP STAGE THE DECISION ON HOW FUNDS WILL BE OBLIGATED, E.G., WITH THE GOK, THROUGH A LOCAL PVO, OR THROUGH INDIVIDUAL GRANTS TO PVOS/NGOS. THE ECPR EXPRESSED A PREFERENCE FOR A SINGLE ANNUAL OBLIGATION TO FACILITATE AN ASSURED LEVEL OF OBLIGATIONS EACH YEAR. WE NOW UNDERSTAND THAT THE MISSION IS PLANNING TO MAKE SINGLE ANNUAL OBLIGATIONS THROUGH A KENYAN PVO. THE BUREAU ENDORSES THAT APPROACH AS BEING DESIRABLE FOR PROJECT MANAGEMENT AND OBLIGATIONS. (B) GC/AFR NOTED THAT IF FUNDS ARE OBLIGATED THROUGH AN AGREEMENT WITH THE GOVERNMENT, CARE NEEDS TO BE TAKEN TO ENSURE THAT THE AGREEMENT IS STRUCTURED SO THAT IT CONSTITUTES A VALID OBLIGATION UNDER SECTION 1311 OF THE SUPPLEMENTAL APPROPRIATION ACT OF 1955. FOR THE OBLIGATION TO BE LEGALLY VALID, WHICHEVER RECIPIENT ORGANIZATION SIGNS THE GRANT WITH AID, THE U.S. MUST BE BOUND TO PROVIDE GRANT FUNDS TO THE RECIPIENT. THUS THE RECIPIENT MUST BE IN A POSITION TO CONTROL THE USE OF GRANT FUNDS. ORDINARILY THIS IS ACCOMPLISHED BY GIVING THE GRANTEE THE RIGHT TO SELECT SUB-GRANTEES IN ACCORDANCE WITH PREDETERMINED CRITERIA. BECAUSE OF THIS CONCERN, PVO UMBRELLA PROJECTS ARE NOT NORMALLY OBLIGATED WITH THE HOST GOVERNMENT. IN THE CASE OF OBLIGATION WITH THE GOVERNMENT, THE ECPR SUGGESTED THAT ONE APPROACH MIGHT BE TO HAVE A TECHNICAL COMMITTEE REVIEW APPLICATIONS AND SELECT GRANTEES, PER APPROVED CRITERIA, AND THEN REQUIRE HOST COUNTRY APPROVAL. THIS MAY SATISFY 1311 CONCERNS IF THE HOST COUNTRY CAN CONTROL THE TECHNICAL COMMITTEE, E.G., HAVE A MAJORITY OF THE VOTES, OR APPOINT THE CHAIRMAN IF THE CHAIRMAN CAN MAKE COMMITTEE DECISIONS. IF THE MISSION WISHES TO OBLIGATE WITH THE GOVERNMENT, THE RLA SHOULD BE CONSULTED AT AN EARLY POINT AND ALL THE FACTS SHOULD BE CAREFULLY REVIEWED. (C) THE BUREAU DOES NOT ENDORSE INCREMENTAL OBLIGATIONS THROUGH INDIVIDUAL GRANTS.

DISCUSSION:

The PVO Co-Financing Project will be implemented through a Kenyan PVO, Voluntary Agencies Development Assistance (V.A.D.A.), using a cooperative agreement as the obligating mechanism. Single annual obligations will be made as funds are made available through the OYB process. The Government of Kenya will not be a party to the obligation. V.A.D.A. will control the use of grant funds. V.A.D.A. will select subgrantees through a selection committee which will be appointed by V.A.D.A.

2. REVIEW AND APPROVAL PROCESS AND PROCEDURES:

THE PROJECT PAPER NEEDS TO DELINEATE CAREFULLY THE CRITERIA AND PROCEDURES FOR PROMOTION, SELECTION AND APPROVAL OF THE SUBPROJECTS. THIS WOULD INCLUDE SUBSTANTIVE CRITERIA (E.G., RELATIONSHIP TO CDSS, TYPES OF ACTIVITIES AND RECIPIENTS), AND PROCEDURAL MATTERS (E.G., COMPLIANCE WITH HB 3 OPG REQUIREMENTS, WHO IN AID AND HOST COUNTRY WILL TAKE PARTICULAR ACTIONS). WHILE THE CHOICE OF OBLIGATION MECHANISM DETERMINES AT WHAT POINT (AUTHORIZATION OR OPG APPROVAL) 611 (A) APPLIES AS A FORMAL MATTER, AS A PRACTICAL MATTER THE RESULT WOULD BE SAME - AT THE PP STAGE CRITERIA AND PROCEDURES SHOULD BE ESTABLISHED, AND SUBPROJECTS SHOULD RECEIVE THE SCRUTINY NORMALLY REQUIRED FOR GRANTS OF COMPARABLE SIZE. TO MINIMIZE THE MANAGEMENT BURDEN IN MAKING 611 (A)/ADEQUATE PLANNING JUDGMENTS ABOUT SPECIFIC GRANT PROPOSALS, THE MISSION MAY WANT TO RELY ON A PVO'S OWN CAPACITY TO PLAN AND IMPLEMENT AND DEEMPHASIZE ACTIVITIES WITH COMPLICATED CONSTRUCTION OR PROCUREMENT ELEMENTS OR ENVIRONMENTAL PROBLEMS. THE RLA SHOULD BE CONSULTED AT AN EARLY POINT IN THIS PROCESS.

DISCUSSION:

Project selection criteria and procedures for promotion, selection and approval of PVO projects have been defined. These are discussed briefly in Section IV, Implementation and Administrative Arrangements, and are presented in detail in Annex E, Implementation Arrangements, of the Project Paper.

3. PROJECT FOCUS: THE QUESTION WAS RAISED WHETHER THE PROJECT SHOULD FOCUS MORE SHARPLY ON A SECTOR, GROUP OF SECTORS, OR TARGET GROUP. THE MISSION REPRESENTATIVE STRESSED THAT USAID/KENYA WANTED TO BE ABLE TO RESPOND TO WORTHY PVO PROPOSALS IN ALL SECTORS IN ORDER TO TAKE FULL ADVANTAGE OF THE UMBRELLA MECHANISM AND PROMOTE FURTHER DEVELOPMENT OF PVO/NGO ORGANIZATIONS ACROSS THE BOARD. THIS APPROACH WAS ACCEPTED, AND IT WAS SUGGESTED THAT THE PP BE DEVELOPED WITH AN INSTITUTION BUILDING EMPHASIS. THE ECPR RECOMMENDED THAT THE PP DEMONSTRATE HOW THIS PROJECT WILL EXPAND THE CAPACITY OF PVOS, MOBILIZE LOCAL RESOURCES, AND REDUCE DEMAND FOR GOVERNMENT SUPPORT.

DISCUSSION:

The Project has both developmental and institution building emphases. Institution building will be supported for both participating PVOs and the implementing agency (V.A.D.A.). V.A.D.A. will be strengthened to improve its capacity to support PVOs in Kenya. As accepted by the ECPR, the Project will be wide ranging in scope without a particular sectoral emphasis.

4. MANAGEMENT FEASIBILITY: THE ECPR RECOMMENDED THAT THE ROLES OF THE USAID, POSSIBLE PROJECT-FUNDED CONTRACTORS AND PVOS/NGOS BE CAREFULLY DELINEATED AND STUDIED DURING PROJECT PAPER DEVELOPMENT AND THE QUESTION OF ADMINISTRATIVE FEASIBILITY BE CAREFULLY ANALYZED IN ORDER TO ESTABLISH THE MOST PRACTICAL MANAGEMENT STRUCTURE AND PROCESSES POSSIBLE. CARE SHOULD BE TAKEN NOT TO USE PROJECT FUNDS TO CARRY OUT AID OR RESPONSIBILITIES OR TO CONTRACT OUT INHERENTLY GOVERNMENT FUNCTIONS. SOME OF THESE CONCERNS BECOME LESS PROBLEMATICAL IF THE NEWLY PROPOSED USE OF A LOCAL PVO TO IMPLEMENT THE PROJECT IS ADOPTED.

DISCUSSION:

Management arrangements are discussed in detail in Section IV, Implementation and Administrative Arrangements, and are based on an intensive review carried out during preparation of the PP. The results of the review are contained in the Project Analyses, in particular, the Administrative and Technical analyses.

5. ENVIRONMENTAL REVIEW: THE IEE DEFERRING THE THRESHHOLD DECISION FOR EACH SUBPROJECT IS APPROVED BY THE BUREAU ENVIRONMENTAL OFFICER AND GC/AFR, WITH THE UNDERSTANDING THAT SUBPROJECTS WILL BE REVIEWED FOR ENVIRONMENTAL MATTERS BY THE REO WITH RLA CLEARANCE. A CATEGORICAL EXCLUSION IS APPROVED FOR THE TECHNICAL ASSISTANCE (I.E., MANAGEMENT ASSISTANCE) PORTION OF THE PROJECT.

DISCUSSION:

Procedures for detecting and minimizing environmental harm of PVO projects have been developed with the REO, and are contained in Annex C, following the IEE.

6. RECURRENT COSTS: THE ECPR RECOMMENDED THAT THE PP EXPLAIN HOW PVOS/NGOS RECEIVING FUNDS UNDER THE PROJECT WILL DEAL WITH RECURRENT COST PROBLEMS. SUSTAINABILITY OF THE PVO/NGO AND VIABILITY OF THE SUBPROJECT ACTIVITY (THROUGH USER FEES, LABOR CONTRIBUTION, ETC.) SHOULD BE EXAMINED CAREFULLY DURING SUBPROJECT SELECTION. THE PP SHOULD FURTHER DESCRIBE CURRENT APPROACHES OF PVOS TO COST RECOVERY AND THEIR RECEPTIVENESS (AS OPPOSED TO GOVERNMENT) TO FEE-FOR-SERVICE APPROACHES IN SUCH AREAS AS HEALTH, WATER ACCESS, ETC. THE POTENTIAL COST IMPACT ON THE GOK (I.E., REDUCED COSTS) SHOULD BE HIGHLIGHTED.

DISCUSSION:

Issues of sustainability and recurrent costs apply to PVO subgrantees and the implementing agency, V.A.D.A. PVO subgrantees are required to present an adequate plan for post Project funding in their proposals. The analysis of their ability to sustain project activity is based on the findings of the PVO sector survey (see Annex H, Chapter 10). Fee-for-service is the key to long-term recovery of recurrent costs, especially for V.A.D.A., and is built into this Project. This is an acceptable method for service delivery among PVOs. Increased donor funding of PVOs is another aspect of sustainability. This is discussed in section II.F.2. of the Project Paper.

7. EVALUATION PLAN: THE ECPR FELT THAT THE EVALUATION PLAN SHOULD BE MORE PROCESS ORIENTED WITH ONGOING CASE STUDY EVALUATIONS BEING CONDUCTED THROUGHOUT THE PROJECT. THE PROJECT SHOULD ALSO ATTEMPT TO TRACK AND DOCUMENT INCREASES IN PVO ABSORPTIVE CAPACITY OVER THE LIFE OF THE PROJECT. INSTITUTION-BUILDING GRANTS SHOULD INCLUDE SPECIFIC PERFORMANCE BENCHMARKS, FOR EXAMPLE. IN ADDITION, THE IMPACT OF THE PROJECT ON MISSION STAFFING AND MANAGEMENT SHOULD BE EVALUATED.

DISCUSSION:

See the Project Paper Section VI, Evaluation, and Section VII.E, Administrative Analysis.

8. OTHER POINTS:

A. THE PLANNED LINKS TO CENTRALLY FUNDED PROJECTS, OTHER DONOR ACTIVITIES, AND THE AFRICAN DEVELOPMENT FOUNDATION SHOULD BE DESCRIBED.

DISCUSSION:

See Section II.F., Complementary A.I.D. and other Donor Activities.

B. SOME FUNDS SHOULD BE RESERVED IN THE SELECTED DEVELOPMENT ACTIVITY ACCOUNT.

DISCUSSION:

\$500,000 HAVE BEEN RESERVED IN SDA FUNDS FOR THIS PROJECT.

C. THE KENYA ABS SHOULD INCLUDE A STATUS REPORT ON THIS PROJECT.

DISCUSSION:

Such a status report will be included.

106

D. THE SOCIAL ANALYSIS SHOULD ADDRESS THE QUESTION OF HOW MUCH COMMUNITIES CAN BE EXPECTED TO CONTRIBUTE TO SUB-PROJECT ACTIVITIES.

DISCUSSION:

See Section VII, D.4.

E. THE PP SHOULD DESCRIBE THE AVAILABILITY OF MANAGEMENT EXPERTISE IN KENYA WHICH COULD BE APPLIED TO ACTIVITIES UNDER THIS PROJECT.

DISCUSSION:

See Annex G, especially the list of V.A.D.A.'s associates.

F. HOW THIS PROJECT RELATES TO THE TWO OTHER PVO CO-FINANCING PROJECTS (RPE AND PSFP) SHOULD BE DISCUSSED IN THE PP.

DISCUSSION:

Relationships to other A.I.D. projects are discussed in Section II.F.1.

G. SINCE THIS IS A PVO UMBRELLA PROJECT, ONE CN FOR THE ENTIRE PROJECT IS ACCEPTABLE, RATHER THAN THE USUAL PRACTICE FOR UMBRELLA PROJECTS OF A SEPARATE CN FOR EACH SUBPROJECT. CARE SHOULD BE TAKEN TO MATCH THE SUBPROJECTS TO THE APPROPRIATE FUNCTIONAL ACCOUNT. A SLIGHT OVER NOTIFICATION FOR THE VARIOUS FUNCTIONAL ACCOUNTS MAY FACILITATE THE CN ASPECT OF THIS MATCHING.

DISCUSSION:

Matching subprojects to functional accounts is discussed in Section IX of the Project Paper. A CN is currently in process in AID/W.

H. THE PP SHOULD IDENTIFY THE MECHANISM(S) FOR ASSURING APPROPRIATE HOST GOVERNMENT RECOGNITION OF THE PVO ACTIVITIES AND CONFERRAL OF TAX/DUTY EXEMPTIONS.

DISCUSSION:

V.A.D.A. has tax exempt status and is currently seeking an exemption from import duties. Many potential subgrantees also have tax-exempt status. If any subgrantee cannot obtain exemption from import duties, then payment of the necessary duties, if imports are required, will form part of the subgrantee's contribution to the Project.

I. EXAMINATION OF THE NATURE, SCOPE AND MAGNITUDE OF ENVIRONMENTAL IMPACTS

A. Description of the Project:

The PVO Co-Financing Project seeks to work through PVOs and Kenyan counterpart groups to reach people, which are by-and-large unserved by Government programs. The Project will increase the resource base for development at the community level, tap the delivery capability of the private, non-profit sector in Kenya, and increase the absorptive capacity of target groups by using various PVO/NGO-developed strategies.

The goal of this Project is to increase the wealth, self-reliance and quality of life of the rural and urban Kenyans. The purpose of the Project is to increase the impact of PVO and NGO programs in Kenya. Achievement of this purpose will promote viable national level NGO/PVO programs; enable Kenyan local community organizations, with various economic and social purposes, to manage and sustain their own development; and enable Kenyan non-governmental organizations to effectively assist these community organizations to achieve their development aims.

B. Identification and Evaluation of Environmental Impacts

1. Identification of Possible Impacts:

Since it is not possible to know at this time what subactivities will be funded by the Project, the identification of potential impacts must be hypothetical. It is clear however, that the Project does not envision the type of activities listed in Section 216.2(d) of A.I.D.'s Environmental Procedures which would require the conduct of an Environmental Assessment or Environmental Impact Statement. Rather, the sorts of activities which may be undertaken, having some impact on the physical environment, are likely to be small scale and widely dispersed water development, agricultural production, and construction activities.

Water development activities may include the development of shallow or tube wells for a variety of purposes including use for human consumption, livestock consumption or as a source for limited irrigation of crops. Environmental hazards which could result from such activities include the possibility of water contamination as a result of well placement or through design faults allowing contamination by animals during the course of use. Animals making use of water points in high concentration may also cause the stripping of vegetation around water points, thus contributing to soil erosion and degradation of the land base. Impoundment of water, for whatever purpose, may also contribute to the spread of water-borne diseases through an expansion of vectors disease.

109

The expansion of agricultural production may involve the use of insecticides, herbicides and other agricultural chemicals which, if improperly handled and applied, may pose a significant threat to animal and human health and life. Given the fragility of Kenyan soils, any use of improper production methods or lack of adequate soil conservation methods, may produce erosion, loss of top soil and depletion of limited arable land.

Expanded water use and the turning of the soil itself may expand the vectors for insect-borne and parasitic diseases such as malaria, schistosomiasis and hookworm, all of which are prevalent in Kenya.

Small scale construction may take place under the Project, particularly of classrooms, health clinics, offices and storage facilities. Any such construction always poses the short-term problems of dust, noise and congestion resulting from the process. Possible hazards may also result if the design and siting of structures were inadequate.

2. Impact Evaluation

The scale of anticipated activities is expected to be so limited and geographically diffused as to preclude any major impacts on the physical or cultural environment. Nevertheless, the above listed activities may produce negative impacts on the specific populations concerned. From an environmental perspective, technical assistance efforts will include efforts to sensitize potential Project beneficiaries to these concerns and assist them in applying design criteria which will limit environmental hazards. These criteria encompass suitable siting and construction plans for wells to avoid contamination, appropriate soil conservation practices for agricultural activities and siting and design standards for physical structures. Such criteria and others, properly applied, will mitigate the potentially hazardous effects of water development, agricultural production, construction and other activities.

The use of pesticides is a special case and, if any are proposed for use, will require examination according to Section 216.3(b) of A.I.D.'s Environmental Regulations.

Any proposal submitted under the Project will include adequate information to evaluate potential environmental impact. The Project Paper will contain procedures and criterion for environmental review. The A.I.D.

Project review committee (which will include the REDSO environmental officer) will review the potential environmental impact of each proposed subproject prior to approval. For activities where some impact on the environment is possible such as those mentioned in Section I of this IEE, design criteria will be developed and extended through technical assistance provided by the Project to mitigate such impact. Any subprojects involving pesticides will be subject to the procedures outlined in Section 216.3(b) of A.I.D.'s Environmental Regulations.

3. Recommendation for Environmental Action

A deferred threshold determination is recommended since subproject activities have yet to be identified.

111

ENVIRONMENTAL REVIEW PROCEDURES

In order to assure that the environmental effects of all activities to be financed are thoroughly reviewed in accordance with their potential for environmental harm, and to assure that activities which have significant potential for harm are identified (regardless of the size of the activity in monetary terms), the following procedures will be used by the Development Fund.

A. Classification System for Subproject Activities

There are two general classifications to separate small subgrants (\$1,000 to \$50,000) from larger subgrants (\$50,000 and up); these are further subdivided on the basis of impacts expected as follows:

Class 1: Small Subgrants

Class 1a consists of subprojects that would normally qualify for a categorical exclusion under Reg. 16, e.g., community development, health and nutrition activities.

Class 1b consists of those subprojects that would normally qualify for a negative determination under Reg. 16 based on the fact that they will use the existing A.I.D. approved guidelines during the design of the subprojects. (See Annex E for references to these guidelines.) This would include activities in forestry, water, energy, agriculture, irrigation and rural roads.

Class 1c consists of those subprojects that will involve procurement and/or use of pesticides and those involving small industries (except for small agro-industry). The Project will not finance any subgrants where pesticides are involved. In the case of small industries, the PVO involved will follow the conditions set out for Class 2 below i.e., undertake an environmental review.

Class 2: Larger Subgrants

Class 2a will encompass subprojects which would also normally qualify for a categorical exclusion.

Class 2b includes subprojects which would normally qualify for a negative determination. In this particular case, these activities will definitely require an environmental review because, while falling within the categories described in Class 1b, the larger scale of the activities requires a consideration of their environmental impacts.

Class 2c consists of subproject activities similar to those described for in Class 1c but, as a larger scale activity, they will require particular attention during the environmental review.

B. Procedures

When a concept paper is received by the PVO Development Fund, it will be reviewed and classified according to the above classification system. In the case of class 1a subprojects, no further environmental review will be necessary. In the case of class 1b subprojects, the PVO will be advised to incorporate in the subproject design the guidelines referred to in Annex E. In the case of class 1c subprojects, the PVO will be required to complete an environmental review as part of their subproject proposal.

An environmental review will be required for all class 2 subprojects. In the case of class 2a subprojects, the review should be a justification for a categorical exclusion. The environmental review should be comprehensive and should include a discussion of the impacts expected and how they will be minimized by the design in order to qualify for a negative determination. In the case of a class 2c subproject, the formal environmental review must be prepared for review and clearance by the Regional Environmental Officer (REO).

If there are questions regarding classification of a subproject at the concept paper stage, the PVO Development Fund should seek assistance from the REO. After determining the classification, the Fund should provide the guidelines necessary for classes 1b and 2b, and the technical assistance required for undertaking an environmental review required for class 1c subprojects. In the case of class 2c subproject proposals, the initial environmental review will be the responsibility of the PVO involved.

An environmental review normally consists of a comprehensive review of the impacts and a description of how the project will minimize these impacts. Because of the technical nature of this review, the TAS will provide technical assistance in specific instances and provide general training workshops for relevant Project personnel on incorporating environmental considerations into the project planning process.

IMPLEMENTATION ARRANGEMENTS

- A. Grantmaking
 - 1. Registration
 - 2. Project Selection Committee
 - 3. Project Selection Criteria
 - 4. Proposal Processing Procedures
 - 5. Concept Paper Format
 - 6. Grant Proposal Outline
 - 7. Environmental Guidelines
- B. Implementation Schedule
- C. Procurement Plan
- D. Justifications for Waivers

A. Grantmaking

1. Registration

(a) General Information

To be eligible for U.S. Government financing, a "voluntary" agency must be philanthropic and/or public service oriented in purpose. It must also be nonprofit, non-political, and non-governmental. Excluded from eligibility are research organizations and universities, colleges, other similarly structured and degree-awarding, accredited institutions of learning, and churches or organizations engaged exclusively in religious activities. A prospective registrant should be able to demonstrate to the satisfaction of the reviewing officer the characteristics indicated below.

- It is a legal entity organized under the laws of the country in which it is domiciled.
- It is a private, non-government entity and receives funds from private sources.
- It is a voluntary organization, i.e., receives voluntary contributions of money, staff time or in-kind support from the public.
- It operates on a not-for-profit basis and has tax exemption under the laws of its country of domicile/operation, if such laws exist and are appropriate.
- It is engaged in voluntary charitable and/or development assistance operations of a non-religious nature which are consistent with the purposes and objectives set forth in the Foreign Assistance Act or PL480 and described in the application and supporting documents submitted to the USAID, Regional Bureau or FVA Bureau of A.I.D.
- It prepares an annual financial statement that indicates the organization has the financial resources to enable it to perform its normal functions without A.I.D. support.
- It is controlled by an active and responsible governing body which maintains effective policy and administrative control, which meets at least annually; and whose members serve without compensation. If paid officers serve on the governing body they cannot constitute a majority in any decision.

- Under its own established priorities and programs, it obtains, expends and distributes its funds and resources in conformity with accepted ethical standards, without unreasonable cost for promotion, publicity, fund raising or administration.

(b) U.S. PVOs

U.S. PVOs must be registered by AID/Washington (Bureau for Food for Peace and Voluntary Assistance/Office of Private and Voluntary Cooperation). Information concerning PVOs which are so registered will be available to USAID/Kenya from the Bureau's computerized Registration Information Subsystem.

(c) Kenyan PVOs

Registration requirements for non-U.S. PVOs are quite similar to those for U.S. PVOs, although latitude is provided to reflect differing legal, business or cultural practices.

Kenyan PVOs receiving Project subgrants directly must be registered by USAID/Kenya. The USAID Mission Director has the authority to approve registration applications of Kenya PVOs.* The registration of Kenyan PVOs by the USAID Mission will be reported to the Office of Private and Voluntary Cooperation for inclusion in the Agency's Registry of Non-U.S. PVOs. The flow of activities involved in registration is shown on the following page.

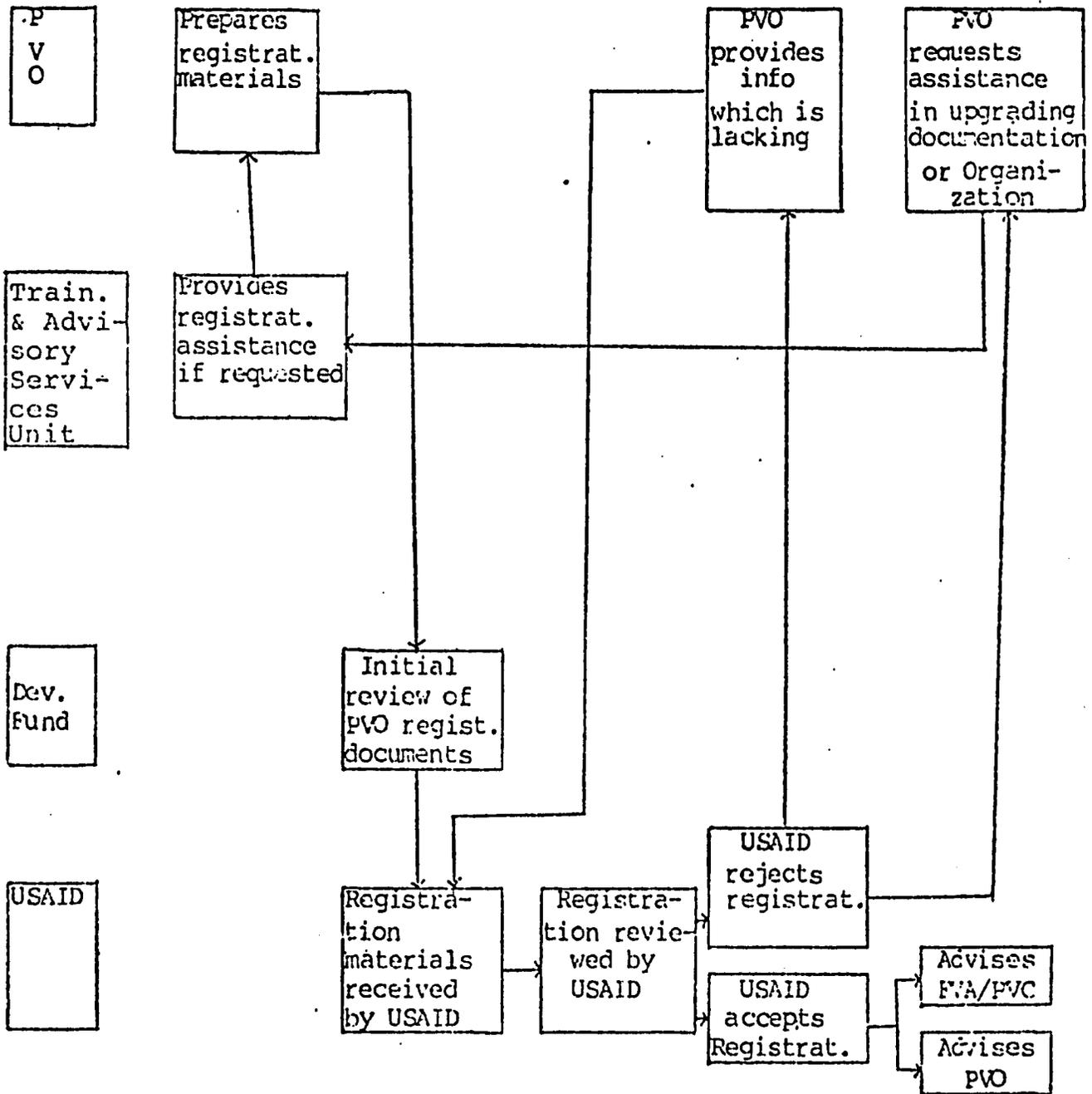
Specific guidance concerning the conditions of registration and documentation required are listed below.

(1) Conditions of Registration

- (a) Registration is open to any philanthropic and/or public service organization that is non-profit, non-political and non-governmental in nature. To qualify for registration, an organization must demonstrate that it meets the criteria outlined below,

*Africa Regional PVOs are to be registered by AA/AFR and international PVOs by FVA/PVC.

REGISTRATION



that it is financially viable and that it has sufficient management capability to engage in development oriented assistance to disadvantaged groups.

- (b) An organization that meets all of these conditions will be certified as "eligible to receive U.S. Government Assistance" and will be added to the register of qualified Private Voluntary Organizations maintained by the Agency for International Development in Washington, D.C.
- (c) Interested organizations can apply for registration by letter addressed to the Director, USAID/Kenya. The letter should describe the type of development activities normally undertaken or intended to be undertaken by the organization and indicate in general terms the type of activity intended to be carried out with A.I.D. assistance. Copies of the documents listed in the attached "Conditions and Documentation Requirements" should be sent with the letter. If the specific document listed is not available, alternate documentation establishing that the organization is in substantial compliance with the corresponding conditions may be submitted.
- (d) Registration establishes an organization's eligibility to receive A.I.D. assistance but does not guarantee it. The granting of assistance to a registered organization will be based on a separate application which must include a detailed description of the development activities the organization proposes to implement with A.I.D. assistance.
- (e) To remain registered, an organization must submit annually an audit prepared by an independent certified public accountant, a report of income and expenditures, an annually report of activities and a statement that all other conditions described in the original material remain unchanged except as noted. A.I.D. may terminate eligibility upon receipt of information which calls into question the organization's ability to meet these criteria.

(2) Documentation Required

If the Organization:

then the documentation
required is:

- | | |
|---|---|
| (a) Is a legal entity organized under Kenyan law for philanthropic and/or public service purposes. | (a) Articles of Incorporation, constitution, by laws, relevant documents establishing its legal status. |
| (b) Is private (non-governmental). | (b) Articles, constitution, by laws or other relevant documentation. |
| (c) Is non-profit | (c) Audited financial statement (see e below) or certificate of tax exemption. |
| (d) Is engaged in or anticipates becoming engaged in voluntary charitable or development assistance operations (other than religious) including but not limited to services of relief, rehabilitation, disaster assistance, welfare training and/or program support and coordination for such services, in the fields of health, education, population planning, nutrition, agriculture, industry, environment and ecology. | (d) Annual Report (or document of similar import); third party descriptive information of what they do; letter stating reasons for seeking registration. |
| (e) Accounts for its funds in accordance with generally accepted accounting principles and applicable Kenyan regulations pertaining to Certified Public Accountants. | (e) Audit, prepared by independent Certified Public Accountant (CPA), disclosing administrative program and fund raising costs (the latter, where applicable) and providing complete information on financial position as |

evidenced by liabilities and assets. NOTE: New organizations (organizations which have been established less than a year) must provide an independent CPA statement that an accounting financial reporting system consistent with the IICPA guidelines has been installed, along with unaudited financial statement covering the period between establishment and application for registration. The Certified Public Accountant's statement for new organizations will also indicate whether the organization has installed internal controls to engage the execution of an audit in accordance with the applicable guidelines at the end of the first year of operations.

- | | |
|---|--|
| <p>(f) Exercises financial planning through submission of an annual budget for the year subsequent to the annual audit.</p> | <p>(f) A Budget for the year subsequent to that covered in the audit, prepared in a manner consistent with the format used in the audit.</p> |
| <p>(g) Has a functioning board or governing body which is the highest authority of the organization, is legally responsible, whose members serve without compensation for such service, and that paid officers do not constitute a majority in any decision of such a body.</p> | <p>(g) By laws/articles; non-compensation statement; names and addresses. (In the case of a corporation desiring to register, suitable evidence must be submitted to the satisfaction of A.I.D. to ensure that the governance of the organization is such that the nature of the</p> |

E-8

organization's functions
and purposes shall not
change during the life of
any A.I.D. assistance.)

12'

2. Project Selection Committee

A minimum of a five-person Project Selection Committee will be formed to review project proposals. It will be composed of the USAID Project manager, two V.A.D.A. representatives, and two others (from outside A.I.D. or V.A.D.A.) who will be nominated by V.A.D.A. and agreed to by A.I.D.

The Committee will meet at least every three months to review proposals that the Development Fund has determined are within the acceptable range. Before each meeting of the Committee, the Development Fund will prepare an issues paper supported by a technical feasibility review. Such reviews will be prepared with locally procured technical assistance.

With respect to the Project Selections Committee;

- It will be chaired by a V.A.D.A. representative.
- If possible, its decisions will be based on consensus; otherwise, majority will decide.
- If any member belongs to an organizations whose proposal is being considered by the Committee, he or she may participate only ex officio in consideration of that proposal.
- The Committee will set a small, equitable applications fee in connection with the submission of each subgrant proposal.
- The terms of Committee members should be staggered initially and members should be replaced biennially.

3. Project Selection Criteria

Selection criteria have been developed to evaluate both the institutional capabilities of the PVO submitting a proposal for funding as well as the relevance of the proposal to the Project. These are listed below.

(a) Institutional Selection Criteria:

- (1) PVO has demonstrated capability to carry out its planned program, through having a clear strategy, strong institutional philosophy, capable staff and independent funding.
- (2) PVO has track record in understanding of Kenyan society and experience in development in Kenya.

(3) PVO has potential to design, implement, manage, monitor and evaluate projects, especially small development projects.

(4) PVO has demonstrated ability to provide institutional development and/or mount training programs.

(5) PVO is receptive to improving its management ability, as necessary.

(6) PVO program is consistent with overall Kenyan and A.I.D. country development priorities.

(7) PVO has demonstrated creativity and innovation in working with people; encouraging local initiatives; promoting beneficiary participation (including women); increasing local leadership; and expanding local absorptive capacity for external assistance.

(8) PVO is receptive to collaboration with other initiatives serving similar target groups.

(b). Project Selection Criteria

Subproject proposals will be eligible for approval only if they meet the following criteria:

(1) The proposed subproject has a clearly stated goal and implementation plan which will result in improved lives of targeted community groups, especially the rural and urban poor.

(2) The subproject proposal demonstrates economic soundness, using as a basis for judgement the characteristics of economically sound PVO projects listed on pages E 11 and E 12.

(3) The proposal demonstrates social soundness (analysis of social context, participation, relationship of participation to benefits) and presents a clear plan for reaching targeted beneficiaries.

(4) The subproject proposal presents clear and feasible plans for administering the subproject and managing its finances.

(5) The proposal presents an acceptable plan to evaluate and monitor field activities, including the collection of baseline data.

123

Economic Characteristics of PVO Projects with High Internal Rates of Return:

Costs

1. The project has low capital costs (relative to labor costs and to total project funding), minimizing the use of imported inputs, particularly of capital equipment.
2. The project has low labor costs, minimizing the use of expatriate personnel, and maximizing the use of volunteer labor.
3. The project utilizes simple technology appropriate to the skill levels of project participants.
4. The project has low operating and maintenance costs compared to expected benefits.
5. The project has a system to recover all or part of recurrent costs from participants, leading to careful use of project inputs.

Benefits

6. The project participants are members of the poorest groups or communities in Kenya.
7. The project generates saleable outputs capable of recovering project costs.
8. The project responds to highly valued requirements which are widely recognized by the participants' community, and which may be identified by the willingness of participants to share in coverage of recurrent costs.

Time Value of Money

9. The start-up period before project benefits begin to flow is short, 2 years at most.
10. Project participation and benefits grow as rapidly as possible.
11. The implementation plan is realistic and takes account of likely delays. Procurement of imported and other capital equipment, and hiring of expatriate and other high cost personnel, are planned accordingly.

12. The project does not introduce completely new activities in cases where improvements to already existing activities would be sufficient.

Other

13. Sustainability (related to costs and benefits above, but involving non-economic factors as well).
14. Replicability (an externality to subproject cost/benefit analysis).

(6) The proposal demonstrates the potential to increase a targeted community's capacity to plan and execute local self-help development related activities, and maintain them beyond the life of the subproject.

(7) The proposal is environmentally sound, i.e. will not result in significant adverse environmental impacts if carried out as designed. The proposal provides for environmental monitoring measures or safeguards, as required.

(8) The proposal evaluates relevant technical feasibility factors, including project planning (611a), commodity needs, etc.

(9) The proposal must demonstrate the means by which the PVO will make available not less than one-third the total cost of the subproject..

(10) Each subproject must meet the specific criteria incorporated in the U.S. law which governs use of funding from each of the various functional accounts which will support the Project. These accounts are defined by the following sections of the U.S. Foreign Assistance Act: Section 103 (Agriculture, Rural Development, and Nutrition), Section 104.b (Assistance for Population Planning), Section 104.c (Assistance for Health and Disease Prevention), Section 105 (Education and Human Resources Development), and Section 106 (Energy, Private Voluntary Organizations, and Selected Development Activities). Criteria related to the use of funding from these accounts will be specified in the Cooperative Agreement.

4. Proposal Processing Procedures:

Flow Chart B summarizes the subgrant review and selection process, indicating the roles and activities of PVOs, the Fund, Training and Advisory Services, USAID/Kenya and the Project Selection Committee.

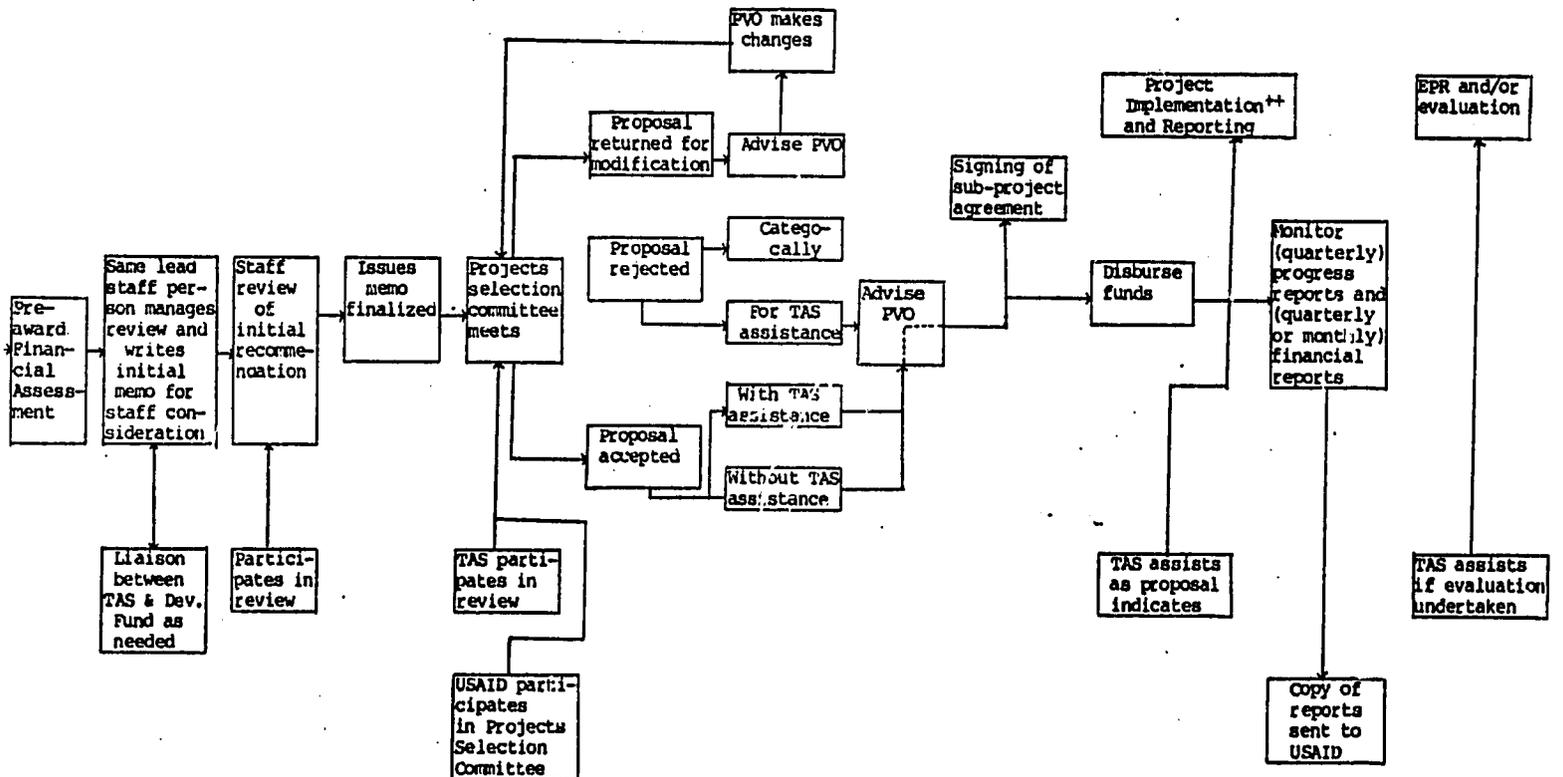
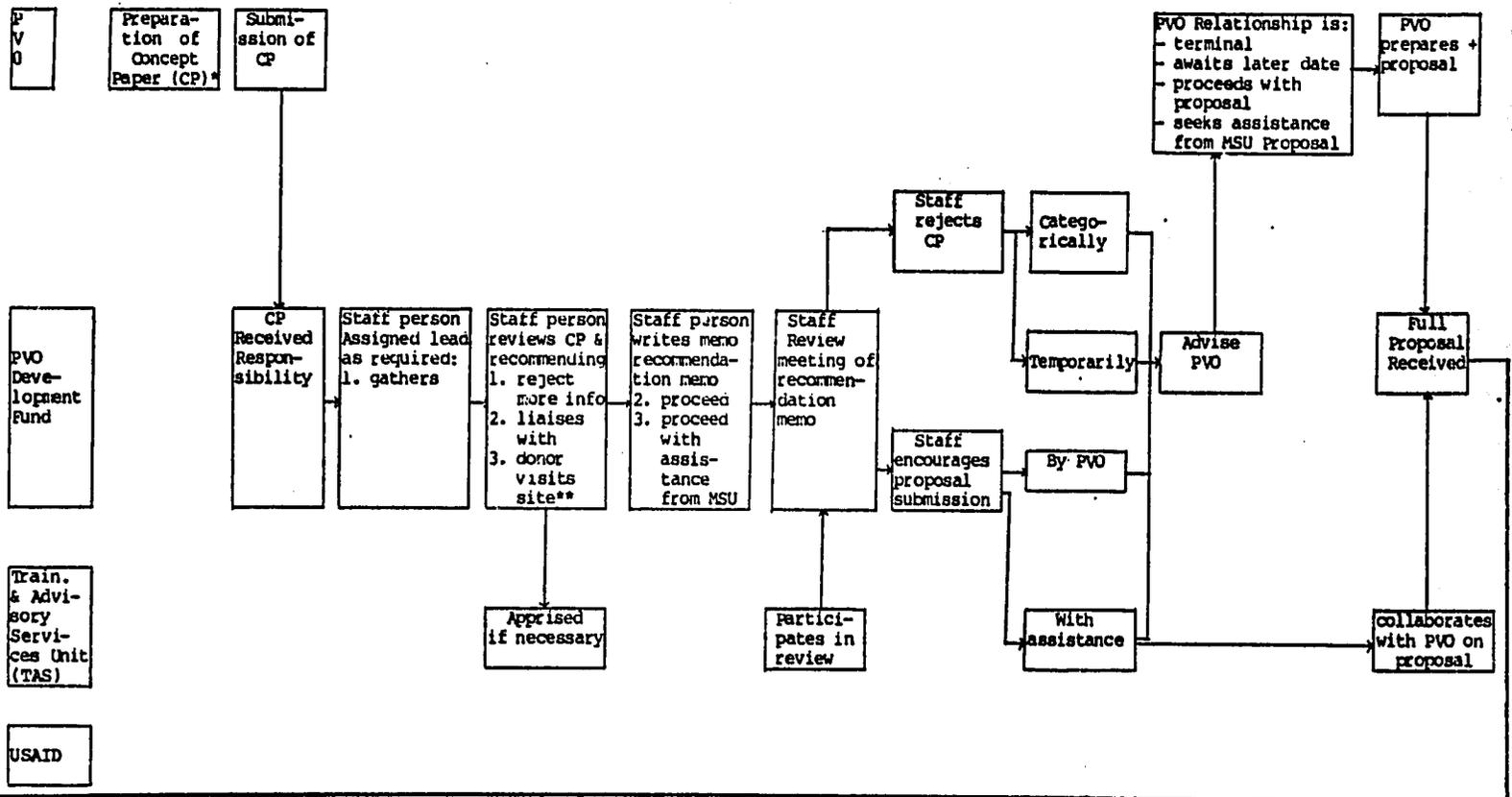
There will be a quarterly subgrant review cycle. Thus, the time between submission of a proposal and a funding decision should be three months. In keeping with the important interrelationships between grantmaking and the training and advisory services, the Training and Advisory Services Unit will be a key participant in the subgrant review and selection process and a staffperson from that unit will serve on the Project Selection Committee. The major elements of the subgrant review and selection process are elaborated below.

(a) Eligibility. To be eligible to receive a subgrant from the Development Fund, any potential subgrantee must be registered with either AID/W (FVA/PVC) for U.S. PVOs, or with USAID/Kenya for Kenyan PVOs.

(b) Concept Paper. The use of a concept paper is an important element in the subgrant submission process. PVOs may submit a concept paper to the Development Fund for comments, suggested improvements, and guidance for project development. The Development Fund's staff reviews concept papers, seeks initial feedback from A.I.D. and possibly other donors involved in funding the proposed subproject, and provides feedback to the PVO. Such feedback will indicate strengths and weaknesses of the subproject design, sections of the proposal which need additional work, and suggested changes in the subproject concept and

DEVELOPMENT FUND OPERATIONS

"Flow Chart, B"



* Two page concept paper form used.
 ** Project Selection Criteria used in all reviews.
 + Grant proposal form used.

** Regarding implementation problems, the PVO advises the PVO Development Fund (either informally or formally) which notifies the MSU as necessary.

128

design. A short two-page form has been developed for this purpose (see Section 5). This process allows the Development Fund an efficient way to identify promising proposals, represents a time saving for PVOs, and provides a way to determine as soon as possible whether assistance from the Training and Advisory Services Unit will be required concerning general or technical elements of project design, financial management and/or organizational development. A concept paper is not a prerequisite to submission of a formal proposal, but is recommended for larger, more elaborate projects, or in cases where further guidance on elements of the design is desired.

(c) Formal Proposal. PVOs may submit formal proposals at any time which will be reviewed within the funding cycle by Development Fund staff and the Project Selection Committee. A form has been developed for subgrant proposals (see Section 6).

Review of subgrant proposals will include an assessment of the approach, staffing and implementation plan, economic soundness (costs and benefits, recurrent costs implications, and sustainability); social soundness (context, equity, and participation); environmental soundness; evaluation and monitoring plans and plans for collection of baseline data; and the track record of the PVO along with the need for training and/or advisory services. Specific technical expertise will be procured as necessary for social, environmental and engineering analyses. In addition, when technical reviews require expertise available in A.I.D. technical offices, the Development Fund may seek their assistance which will be provided as time allows.

The selection criteria will be applied with consideration for the equity issues regarding the demographics of Project subgrant disbursements. Site visit will be undertaken as necessary. The Development Fund will conduct a pre-award financial assessment of all first time subgrantees to determine the viability of the organization's financial records, accounting system (including fund accounting for project funds), and banking system. Liaison with other donors will occur as proposals indicate multi-donor involvement. Specific liaison

with A.I.D. will occur regarding registration, the co-financing percentage contribution and functional account availability. The role of the Project Selection Committee is discussed above.

(d) Notification to PVO. Letters will be sent to all PVOs submitting proposals. Letters pertaining to proposals not recommended for funding will offer regrets, suggest other possible funding sources, may indicate needed improvements in the proposal or may encourage the PVO to improve the proposal and resubmit it for consideration.

Another sort of letter will be issued to indicate that the Project Selection Committee is "interested" in funding the proposed activity, if certain issues raised during the review process can be resolved.

(e) Resolving Issues. The Development Fund will work with the PVO to resolve the issues. Assistance will be provided with making technical changes in project design, developing implementation and evaluation plans and resolving other technical issues. The Project Selection Committee will determine when issues are satisfactorily resolved.

(f) Drafting and Signing of Subgrant Agreement. The Development Fund will prepare a subgrant agreement which will be signed by V.A.D.A. and a representative of the subgrantee PVO utilizing a format mutually agreed upon by A.I.D. and V.A.D.A. Thereafter, V.A.D.A. will disburse funds to the subgrantee according to procedures agreed upon with A.I.D. and will maintain fund accounting on all subgrants.

(g) Reporting and Evaluation. PVOs will submit quarterly progress reports and either monthly or quarterly financial reports. Either evaluations or end of project reports will be required, a decision to be made by the Project Selection Committee on the basis of the size and scale of the subproject involved as well as its overall importance with respect to replicability and sustainability. It is expected that approximately five of the fifteen larger development activities to be funded each year will be evaluated, with assistance from V.A.D.A's information and evaluation officer.

5. Concept Paper Format

The following form has been developed for PVOs to use in submitting concept papers for preliminary review to the Development Fund.

CONCEPT PAPER

Preliminary Application for Assistance

Date _____

PVO Name _____

Address _____

PVO Director _____

Title _____ Tel. No. _____

Project Title _____ Total Cost _____

Length of Project _____ Amount Requested _____

Project Location (s) _____

Briefly describe the activity proposed:

Explain how the activity will be implemented.

Is this activity part of other activities you or others are involved in?

Will other groups be involved?

Will there be community participation? (If so, explain what is expected.)

131

Who and approximately how many people will benefit, and what are the benefits?

What is your group's experience with this type of activity?

Will you carry out this activity with existing staff or require additional staff?

If applicable, describe the technology to be employed, and note how the necessary technical expertise will be provided.

Will the activity involve any construction, earth movement or water ponding?

Briefly describe how the project will be financed (your resources, community resources, resources of this project, other donors) and what the funds will be used to support (approximately how much will be used for personnel, commodities, overhead, etc.)

Note: PVOs applying for assistance from the PVO Development Fund must be registered with A.I.D. and be able to contribute one-third of the total project costs. Contact the PVO Development Fund for more information.

6. Grant Proposal Outline

The following format for grant proposals to be submitted to the Development Fund will be used by PVOs.

PVO DEVELOPMENT FUND

GRANT PROPOSAL OUTLINE

Project Title: _____ Life of Project _____
(yrs)

PVO Name and Address: _____

PVO Director: Name: _____
Title: _____ Tel. No: _____

Date of submission to USAID: _____

Organizations Cooperating in Project: _____

Total Project Cost: _____

Amount of Grant Request: _____

A. PURPOSE

Summarize the purpose of the activity: state what will be created, accomplished or changed.

B. PROJECT BACKGROUND

1. State why this activity is being undertaken. What problems does this activity address?

2. State what has been done already by your organization or others to address the problem (s) described.

3. Comment on your organization's ability to undertake this activity (briefly describe your organization's past experience in implementing this type of activity).

4. Describe complementary activities (if any) of the Government or other development organizations and explain how your project supplements these activities but does not duplicate them.

5. Explain the relationship of your proposed project to Kenyan development objectives.

C. PROJECT DESCRIPTION

Provide a general description of the activities you intend to carry out and how these activities will be carried out. Describe the group (s) who will benefit as a result of this project, and describe how they will benefit, e.g., state what changes in income, employment, production, education or health status are expected at the end of the activity. Describe what will be achieved by the end of the project, and how these will be achieved.

If the project objective is to test a new development methodology or innovative technology, explain how you will go about testing that the methodology or technology is appropriate for problems it is to solve. State how, if the technology is successful, it can be utilized to benefit additional beneficiaries in Kenya and/or other developing countries.

D. PROJECT ANALYSES

1. Economic: Statement of the economic effects of the project (a) on its major intended beneficiaries, (b) on related groups, and (c) the potential to reach beneficiaries at low per capita cost. Such effects could include such desirable purposes as increased income and employment; enhanced job opportunities through encouragement of labor intensive, low cost systems of production and services; improve literacy, and better forms of education and training to help people qualify for opportunities. In its review of the proposal, V.A.D.A. will be comparing the benefits of the project with the cost of the proposed effort. To the extent the PVO can supply information to assist the comparison, review of the proposal will be facilitated. Describe how recurrent costs, if applicable, will be met after the life of the grant.

2. Technical: Describe the technology and/or methods and techniques to be used. Provide evidence that your organization has the capability to implement the technology and/or methods and techniques. Provide an assessment of whether beneficiary groups or organizations have the ability to

use and maintain the technology and/or methods and techniques once the project is over. Provide special technical analyses as required, e.g. engineering studies if construction is proposed.

3. Socio-Cultural Feasibility:

a. Participation:

Provide a description of the intended participants. Describe characteristics such as sex, location, age, employment, and income level. State the contributions anticipated from these participants and why you expect these to be forthcoming. If the intended participants are organized into a group, describe how it functions and past activities.

b. Beneficiaries:

Give a beneficiary profile (if different from participants) and the approximate number of direct beneficiaries. Describe the benefits which are expected as a result of this project. Describe how you intend to document the actual participation, benefits and beneficiaries. Calculate the cost per direct and indirect beneficiary.

c. Socio-Cultural Context

Provide as much information as needed to explain the socio-cultural factors that will affect project activities and influence the degree of benefit that will accrue to the beneficiary group.

4. Environmental Analysis: The PVO should describe the impact project activities will have on the environment. (An annex to the Grant proposal outline will contain details on what is required for such an analysis).

5. Administrative Feasibility: Include information on your management capabilities to demonstrate your ability to manage A.I.D. grant resources and carry out the proposed activities.

If other entities manage some or all project activities, include information on such organizations and their administrative and management capabilities.

If beneficiaries will be expected to carry out some implementation functions and/or be directly involved in planning and project design and evaluation of project results, describe the capabilities that exist within the beneficiary group which can be employed on the project. If part of the project activity is to assist the beneficiary group gain needed capability, explain how this will be accomplished in the section titled "Project Description."

For any project activities that result in something such as a road, water system, health clinic, income-generating activity or a system of services that must be maintained by the beneficiary group, describe how you will ensure that the beneficiaries have the ability to assume these responsibilities once the project is completed.

E. PROJECT IMPLEMENTATION PLAN

- describe how the project will be carried out and whether or not subgrants will be made.
- describe how you plan to provide for technical assistance i.e. use of volunteers, staff from cooperating organizations, or consultants.
- describe the type and amount of commodities needed and proposed procurement procedures.
- provide a schedule of actions required, their timing and interrelationships, and who will be responsible for carrying them out.
- describe how you will monitor the above described activities.

F. FINANCIAL PLAN

Prepare an analysis of the entire cost of the project. This should include the cost of all activities, commodities, services etc. needed for successful completion of the project and who will finance these costs. All costs to be incurred from the date of signature of a grant agreement with V.A.D.A. until the project is completed should be included no matter what source or type of contribution will cover them. If beneficiaries and/or any other contributor is going to supply labor, commodities, technical assistance, etc. in kind, the cost of these items should be expressed in shillings or dollars. List all contributions whether they are in the form of cash or kind. For contributions made by organizations other than the subgrantee and V.A.D.A., provide suitable evidence to assure the contribution will be available in the amount listed and on time.

Budget presentation should be broken down by various line items as appropriate to the specific project. Projects will include most of the following line items:

Personnel Costs

1. Local personnel
2. U.S. technician, etc.
3. Third country personnel

Training Costs

(include transportation and subsistence by dollars or K.shillings and person months)

Commodity Costs

1. U.S. procured
2. Locally procured
3. U.S. surplus property

Other Costs

1. Office space
2. Fuel
3. Transportation
4. Office supplies, equipment, etc.
5. Other costs including overhead
6. Evaluation costs (see Evaluation)

Proposed expenditures should also be broken down by year, using year 1, 2, etc. to signify each full year of the project.

G. EVALUATION

An end of project report is the responsibility of the grantee. The PVO Development Fund and the Management Services Unit will assist with evaluation design and implementation as required. Each proposal submitted must include an evaluation plan. This plan should tell VADA what you plan to evaluate (end of project status) and how you plan to go about carrying out this evaluation. We are interested in identification of the indicators that you will look at to see if your project purpose has been achieved. Tell how you plan to acquire baseline data against which to measure progress. We are also interested in who (NGO staff, outside consultants, etc.) you plan to use to perform the evaluation and when it will be scheduled. Most projects that extend for more than one year should be evaluated at various stages during implementation. Include an evaluation schedule supporting the timing of evaluations by indicating the facets of the project that will be examined in each evaluation.

Evaluations add to the cost of a project. In order to ensure that the costs have been included in the overall estimate of the project, a separate line item should be included in the budget.

7. Environmental Guidelines

The guidelines for project planning included in each of the publications listed below will be used by PVOs in preparing environmental analyses which will accompany grant proposals.

- (1) Environmental Design Considerations for Rural Development Projects. AID, 1980. (rural roads, rural electrification, rural water contains information on supply, small irrigation schemes, and small rural industries).
- (2) Environmentally Sound Small-Scale Agriculture Projects. CODEL/VITA. 1980.
- (3) Environmentally Sound Small-Scale Water projects. CODEL/VITA, 1981.
- (4) Surface Water Filtration for Rural Areas: Environmental Sanitation Information Center. Bangladesh, Thailand, 1982.
- (5) Environmentally Sound Small-Scale Forestry Projects CODEL/VITA, 1983.
- (6) Environmentally Sound Small-Scale Energy Projects. CODEL/VITA. 1985.

B. DETAILED IMPLEMENTATION SCHEDULE

The implementation plan has the following four phases:

- Project Start-Up;
- Pilot Phase;
- Continued Project Operations; and
- Phase-Down or Redesign.

Start-up Phase (5 quarters)

The start-up phase includes the first five quarters of the Project, through FY 86.

The first two quarters will be devoted to institutional strengthening of V.A.D.A. and in completing all tasks necessary to meet the special provisions of the cooperative agreement. In January, 1986, the Project will be publicly launched with a major PVO orientation conference. This will open the first funding cycle of the Development Fund and the training and advisory services will begin. During the three quarters included in this part of the workplan, there will be three funding cycles, seven 2-3 day training sessions, and advisory services provided related to project funding. The number of activities and funding decisions reflects one-third the level of activity anticipated at full operation.

Tasks to be completed during this period are described below on a monthly basis.

4th quarter
FY851st quarter
FY86

July	August	September	October	Nov.
<ul style="list-style-type: none"> -Develop RFP for FMF & PSA and advertise for them. -Personnel and procurement procedures defined and AID approval sought. -Terms of reference finalized for all position openings at VADA. Advertise openings for associate director, marketing officer, controller, financial assistance, financial analyst, administrative officer, evaluation and information officer, 3 secretaries, and 3 drivers. Begin review of applicants for position openings. 	<ul style="list-style-type: none"> -Evaluate proposals of FMF & PSA -Hire PSA. PSA begins purchasing local office equipment and vehicles. -Begin interviews of applicants for position openings and conduct background investigations. Begin to make selections. 	<ul style="list-style-type: none"> -hire FMF: review existing procedures; develop specifications for training equipment and imported office equipment; assist in developing the in-house VADA training program to be carried out in November and December. -First local purchase items delivered (PSA). -Finalize hiring of personnel. -VADA submits quarterly progress and financial reports to AID. 	<ul style="list-style-type: none"> -FMF expands financial and administrative systems to meet the requirements of VADA's expanded operations. -FMF begins purchasing imported commodities. -Remaining local purchases arrive. -Drivers assume duties. -Begin preparations for orientation. Prepare handbook and descriptive literature. Compile invitation list. -Begin to identify candidates for Project Selection Committee. 	<ul style="list-style-type: none"> -VADA Board reviews and approves all systems developed by FMF. -Continue preparations for PVO orientation conference. Prepare brochure and mail invitations. -AID and VADA review Project Selection Committee candidates. -Technical services of Project reviewers arranged with assistance of relevant REDSO staff. - VADA in-house training program carried out.

PSA=Procurement Service Agent
 FMF=Financial Management Firm

199

1st quarter
FY862nd quarter
FY86

December

January

February

March

April

- | | | | | |
|--|---|--|--|--|
| <p>-Meet special conditions of cooperative agreement.*</p> <p>-Continue Preparations for orientation conference.</p> <p>-Project Selection Committee formally organized and first meeting held on organizational matters.</p> <p>-VADA submits quarterly progress and financial reports, and a detailed six-month workplan (Jan.-June) to AID.</p> <p>-FMF submits quarterly report to VADA.</p> <p>-VADA in-house training program carried out.</p> | <p>-Orientation Conference held.</p> <p>-Development Fund holds 1st quarterly funding cycle (Jan.-March).* Concept Papers & proposals begin to be submitted following Orientation Conference. Begin Development Fund's Project review procedures.</p> <p>-Technical services for project reviewers finalized.</p> | <p>-Fund continues Project procedures, i.e., in-house analysis, external reviews as necessary, issues memo written and sent along with proposal to Project Selection Committee.</p> <p>-Technical services of an information consultant defined and procurement initiated.</p> | <p>-Imported goods arrive.</p> <p>-Project Selection Committee meets to review & select submitted proposals.</p> <p>-Information consultant hired; sets up computer equipment.</p> <p>-VADA staff trained in using microcomputers.</p> <p>-VADA submits quarterly progress and financial reports to AID.</p> <p>-FMF submits quarterly report to VADA.</p> <p>-Training session in organizational development held.*</p> | <p>-Development Fund begins second funding cycle.</p> <p>-Training session in project management held.</p> <p>-Training session in Financial Management held.</p> <p>-Arrange assistance in general technical areas in consultation with relevant REDSO staff (engineering, for example)</p> |
|--|---|--|--|--|

*Detailed financial and administrative procedures for operation of the Development Fund; detailed administrative procedures, including a staffing pattern describing the function of each position in VADA and the qualifications of the incumbents.

*Funding cycle is defined by the receipt of a full proposal to when a decision is reached by the Project Selection Committee.

*All training sessions will be preceded by promotional activities during the previous month by the marketing officer.

141

3rd quarter
FY86

E-29

4th quarter
FY86

May

June

July

August

September

- | | | | | |
|---|---|--|--|--|
| <ul style="list-style-type: none">-Development Fund continues second funding cycle.-Training session in organizational development held.-Advisory Service in Financial management initiated.-VADA prepares annual work-plan.-Finalize arrangements for generic technical assistance and contract for training session in technical area in June.-Develop a plan for undertaking specialized studies on PVOs (with assistance from Ford, HRD and REDSO social analyst). | <ul style="list-style-type: none">-Project Selection Committee meets.-Training session in technical area held.-Initiate specialized PVO studies according to plan (defined in April).-VADA submits quarterly progress and financial reports, and an annual work-plan to AID.-FMF submits quarterly report to VADA.-Annual Project Review held (includes review of criteria for project selection). | <ul style="list-style-type: none">-Development Fund begins third funding cycle.*-Training session in organizational development held.-Training session in project management held. | <ul style="list-style-type: none">-Development Fund continues third funding cycle.-Training session in Financial Management held.Advisory Service in Organizational development initiated. | <ul style="list-style-type: none">-Project Selection Committee meets.-Training session in organizational development held.-VADA submits quarterly progress and financial reports to AID-FMF submits quarterly report to VADA. |
|---|---|--|--|--|

*Beginning with this funding cycle, technical and design assistance in proposal preparation may be made available.

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Pilot Phase: Year 2

In the second year of the Project, the activity level will increase to two-thirds the level of full operations.

- Office systems and procedures will be continuously refined on the basis of the annual project review, financial monitoring, and as experience is gained with grantmaking and the provision of training and advisory services.
- There will be four funding cycles of the Development Fund and approximately 10 large and 2-3 small PVO development activities will be funded.
- Approximately 13 training sessions and 10 advisory service activities will be undertaken.
- Technical and other services will be procured as necessary. Quarterly reports will be submitted and an annual project review held. There will be continuous monitoring of the demographics of funding decisions.
- In month 20, preparations will be made for the first evaluation of the Project to be carried out within months 20-24.
- In month 24, V.A.D.A. will advertise for a program associate and another driver.
- V.A.D.A. will submit an annual work plan to USAID/Kenya two weeks before the end of year 2.

Continued Project Operations: Years 3-5

Year 3 is the first year of full Project operations.

- Adjustments to the Project will be undertaken according to the evaluation completed at the end of year 2.
- Project activities will continue on the basis of annual workplans including approximately 15 large and 5 small PVO development activities funded annually; approximately 39 training sessions and 30 advisory service activities provided to PVOs annually; and approximately 5 PVO projects evaluated annually.
- Early in year 3, V.A.D.A. will review candidates for the program associate position in conjunction with A.I.D. and select a candidate. A second vehicle for the Development Fund will be procured and a driver/messenger hired.

- There will be continuous monitoring and refinement of Project activities and systems, quarterly reports will be submitted and annual project reviews held.
- It is expected that the services of the financial management firm will terminate at the end of year 3.
- In year 4, three Project vehicles will be replaced.
- In year 4, within months 42-48, a mid-course evaluation will be carried out to assess the outputs of the Project. A SOW will be developed jointly by V.A.D.A. and HRD and external assistance will be procured.
- Year 5 will be the last year of funding of new PVO activities by the Development Fund.

Phase Down or Redesign: Years 6-7

- Early in year 6, V.A.D.A. and HRD will jointly develop the SOW for the final impact evaluation of the Project which will take place within months 58-64.
- Based on the impact evaluation, A.I.D. will either begin to phase-out and turn over to other donors as many functions as possible, or redesign the Project concept and continue further support.
- If the Project is phased out the Development Fund will make no new subgrants and will monitor the completion of ongoing subgrants. Staff of the Development Fund may be reduced as needed.
- The Training and Advisory Services Unit will continue to provide annual levels of service as indicated in annual workplans.
- Quarterly reports and annual workplans will be submitted and annual project reviews held.
- Special studies on PVOs will be widely disseminated and discussed.

C. PROCUREMENT PLAN

Commodity	Delivered Cost (\$)	Responsible Agency	Procurement Source/Origin (Geographic Code)	Method of Procurement	Payment Procedure	Schedule of Procurement In Project Months				Potential Suppliers	Consign
						Order Issued	Delivery Time	Port ETA	Project Site		
1. OFFICE FURNITURE											
10 Staff desks	3,500	VADA	Kenya/941	PSA	Direct	M2 Y85	M2 Y85	NA	M3 (Sept 85)	Mecol	VADA
3 Secretary desks	1,200	VADA	Kenya/941	PSA	Direct	"	"	NA	"	Mecol	VADA
33 Desk chairs	6,600	VADA	Kenya/941	PSA	Direct	"	"	NA	"	Mecol	VADA
12 Conference chairs	2,400	VADA	Kenya/941	PSA	Direct	"	"	NA	"	Mecol	VADA
7 Bookshelves	700	VADA	Kenya/941	PSA	Direct	"	"	NA	"	Mecol	VADA
10 Filing cabinets	2,000	VADA	Kenya/941	PSA	Direct	"	"	NA	"	Mecol	VADA
3 Storage shelves	1,200	VADA	Kenya/941	PSA	Direct	"	"	NA	"	Mecol	VADA
4 Computer tables	1,200	VADA	Kenya/941	PSA	Direct	"	"	NA	"	Mecol	VADA
2 Conference tables	400	VADA	Kenya/941	PSA	Direct	"	"	NA	"	Mecol	VADA
1 literature display shelf	100	VADA	Kenya/941	PSA	Direct	"	"	NA	"	Mecol	VADA
Sub-total	19,900										
2. OFFICE EQUIPMENT											
1 Photocopier	12,000	VADA	935	PSA	Direct	"	"	NA	"		VADA
1 Mimeograph	5,000		935	PSA	Direct	"	"	NA	"		VADA
5 Electric typewriters @ \$1,000	1,000 4,000	VADA VADA	000 000	PSA VADA	Direct Direct	" M1 Y89	" M1 Y89	NA NA	" M2Y89		VADA

199

Commodity Potential	Delivered Cost (\$)	Consignee Agency	Responsible Source/Origin (Geographic Code)	Procurement Procedure	Method of Payment	Schedule of Procurement				Suppliers
						In Project Months				
						Order Issued	Delivery Time	Port ETA	Project Site	
6 Calculators @ \$100	300	VADA	000	PSA Direct	M2 FY85	M2 FY85	NA	M3Y85		
1 Binding machine	1,000	VADA	935	PSA Direct	M1 FY90	M1 FY90	NA	M2Y90	VADA	
4 Microcomputers with network	31,000	VADA	000	Fin. Mgmt. Firm Direct	M2 Y85	M3 Y85	NA	M5 Y85	VADA	
2 Portable computers	10,000	VADA	000	" Direct	"	"	"	"	VADA	
4 Power supply units	5,500	VADA	000	" Direct	"	"	"	"	VADA	
Diskettes	1,500	VADA	000	" Direct	"	"	"	"	VADA	
1 Franking machine	1,500	VADA	Kenya/941	PSA Direct	M2 Y85	M2 Y85	NA	M3 Y85	VADA	
1 Telex machine	2,800	VADA	Kenya/941	PSA Direct	"	"	"	"	VADA	
Telephone equipment	7,500	VADA	Kenya/941	PSA Direct	"	"	NA	"	VADA	
Stationery & supplies @ 15,000/yr.	15,000(yr)	VADA	Kenya/941	PSA/VADA Direct	"	"	NA	"	VADA	
Sub-total	108,400							and on-going		
3. TRAINING EQUIPMENT										
1 Overhead projector	900	VADA	935	Fin. Mgmt. Firm Direct	M4 Y85	M6 Y85	M8 Y85	M9 Y85	VADA	
1 Slide projector	750	VADA	"	" Direct	"	"	"	"	VADA	

Commodity Potential	Delivered Cost (\$)	Consignee Agency	Responsible Source/Origin (Geographic Code)	Procurement Procedure	Method of Procurement	Payment Schedule of Procurement				Suppliers
						Order Issued	Delivery Time	Port ETA	Project Site	
1 Screen	450	VADA	"	"	Direct	"	"	"	"	VADA
1 Movie project	1,300	VADA	"	"	Direct	"	"	"	"	VADA
1 TV	1,300	VADA	"	"	Direct	"	"	"	"	VADA
1 VCR Unit	1,300	VADA	"	"	Direct	"	"	"	"	VADA
1 Tape recorder	1,500	VADA	"	"	Direct	"	"	"	"	VADA
1 Sound system	5,000	VADA	935	"	Direct	"	"	"	"	VADA
3 Flip charts	<u>300</u>	VADA	Kenya/941	PSA	Direct	M2 Y85	M2 Y85	NA	M3 Y85	VADA
Sub-total	13,250									
4 VEHICLES										
5 4WD vehicles @ \$12,000	24,000	VADA	Kenya/941	Y1 PSA	Direct	M2 Y85	M3 Y85	NA	M3 Y85	VADA
	12,000	VADA	Kenya/941	Y3 VADA	Direct	H1 Y87	M2 Y87	NA	M2 Y87	VADA
	24,000	VADA	Kenya/941	Y5 VADA	Direct	M1 Y89	M2 Y89	NA	M2 Y89	VADA
2 Sedans @ \$7,500	7,500	VADA	935	Y1 PSA	Direct	M2 Y85	M3 Y85	NA	M3 Y85	VADA
	<u>7,500</u>	VADA	935	Y5 VADA	Direct	M1 Y89	M2 Y89	NA	M2 Y89	VADA
Sub-total	73,000									
5. TECHNICAL SERVICES										
Financial firm	120,000	VADA	000/Kenya	VADA	Direct	M1 Y85	M2 Y85	NA	M3 Y85	VADA
Information consultant	14,000	VADA	000/Kenya	VADA	Direct	M8 Y85	M9 Y85		M9 Y85	VADA

Lh

Commodity Potential	Delivered Cost (\$)	Consignee Agency	Responsible Source/Origin (Geographic Code)	Procurement Procurement Procedure	Method of	Payment			Schedule of Procurement	Suppliers
						In Project Months				
						Order Issued	Delivery Time	Port ETA	Project Site	
Evaluation consultants:										
a. Yr. 4 evaluation VADA	100,000	VADA	000/Kenya	VADA	Direct	M20		M22	NA	M22
b. Yr. 6 evaluation VADA	150,000	VADA	000/Kenya	VADA	Direct	M55		M58	NA	M59
c. Info & eval. unit VADA	19,500	VADA	000/Kenya	VADA	Direct	as needed		as needed		Y3-Y7
Proposal reviewers	95,000	VADA	000/Kenya	VADA	Direct	"	"		Y1-Y5	VADA
Generic TA (Dev.Fund)	50,000	VADA	000/Kenya	VADA	Direct	"	"		Y1	VADA
Special studies	220,000	VADA	000/Kenya	VADA	Direct	"	"		Y1-Y7	VADA
Expatriate consultants	140,000	VADA	000/Kenya	VADA	Direct	"	"		Y1-Y7	VADA
Resource Persons -TAS	210,000	VADA	000/Kenya	VADA	Direct	"	"		Y1-Y7	VADA
PSA	5,000	VADA	000/Kenya	VADA	Direct	M1 Y85	M2 Y85	NA	M2-12 Y85	VADA
Sub-total	1,123,500									
GRAND TOTAL \$1,418,050										

144

D. JUSTIFICATION FOR WAIVERSAUDIO-VISUAL AND OFFICE EQUIPMENT

- a. Country : Kenya
- b. Project Name : PVO Co-Financing
- c. Project Number : 615-0236
- d. Nature of Funding: : Grant
- e. Description of Commodities : Mimeograph, binding machines, photocopier, overhead projector, slide projector, screen, video-cassette recorder and television movie projector, tape recorder, and sound equipment.
- f. Approximate Value : \$25,000
- g. Probable Procurement Origin : Japan
- h. Probable Procurement Source : Kenya

Operation of the Project will require the types of equipment listed above. Currently, there is no reliable source of spare parts or service in Kenya for U.S. manufactured photocopiers, mimeograph and binding machines. In addition, there are no U.S. manufacturers who are producing a photocopier which operates on 220 volt electrical current. The majority of the audio-visual equipment sold in the United States does not meet A.I.D.'s componentry requirements. No such machinery is manufactured in Kenya. For these reasons, it is necessary to waive A.I.D.'s source/origin regulations in order to obtain such equipment which is either not manufactured in the United States or Kenya, or which cannot be properly operated or maintained in Kenya. The most probable source and origin of such equipment is Japan, a Code 935 country. Handbook 1B, Chapter 5, Section 134a(2) permits a waiver of the authorized geographic Code where "the commodity is not available from countries or areas included in the authorized geographic Code" which is the case in this instance.

RECOMMENDATION: It is recommended that, as part of the Project Authorization for the PVO Co-Financing Project, the Mission Director, USAID/Kenya should exercise the authority delegated to him in Africa Bureau Delegation of Authority No. 140 revised to:

(1) approve a source/origin waiver from A.I.D. Geographic Code 000 to Code 935 for the procurement of selected audio-visual and office equipment valued at approximately \$25,000; and

(2) certify that exclusion of procurement from Free World countries other than the cooperating country and countries included in Code 941 would seriously impede the attainment of U.S. foreign policy objectives and the objectives of the foreign assistance program.

Annex F

FINANCIAL DATA

Cost estimates for this Project have been organized and aggregated using Lotus spreadsheet software and a Wang microcomputer. As a consequence, the financial data presented in this paper represent an integrated unit. At the base level, (Table 9), cost factors are presented for each unit of expenditure and estimates made of the number of units to be purchased in any given fiscal year. Table 8 presents total Project costs in detail. These costs are derived from the basic data contained in Table 9. Tables 5, 6 and 7 divide the information contained in Table 8 by the three principal activities of the Project: institutional strengthening, information and evaluation, and the development fund.

Tables 1-4 are presented in Section V.A of the main body of the paper. All these tables are derived from the material displayed in this Annex. Table 1 is the summary financial plan, while Tables 2-3 present projected expenditures by fiscal year for each of the principal actors in the Project.

Table 5
Institutional Strengthening

Donor/Category	FY85	FY86	FY87	FY88	FY89	FY90	FY91	FY92	Total
A. A.I.D.									
1. Technical Assistance									
financial consultants	0	40000	30000	30000	0	0	0	0	120000
sub-total	0	60000	30000	30000	0	0	0	0	120000
2. Training									
expatriate consultants	0	20000	20000	20000	20000	20000	20000	20000	140000
resource people	2808	11700	23400	34320	34320	34320	34320	34320	209508
meeting facilities	234	1040	1950	3016	3016	3016	3016	3016	18304
miscellaneous	400	5000	5000	5000	5000	5000	5000	5000	35400
sub-total	3442	37740	50350	62336	62336	62336	62336	62336	403212
3. Commodities									
office furnishings	7600	0	400	400	400	400	400	400	10000
office equipment	28240	1600	2800	2800	2200	1440	1000	1000	41680
training equipment	15700	0	1300	1300	1300	1300	1300	1300	23500
vehicles	15200	0	0	4800	0	15200	0	0	35200
Procurement Service Agent	2000								
sub-total	68740	1600	4500	9300	3900	18340	2700	2700	111780
4. Operations and Maintenance									
sub-total	5228	26299	24512	25005	14670	11669	8335	8335	126053
5. Other Costs									
staff salaries	21920	67190	67190	67190	57065	41810	32530	11905	366800
staff training									
staff travel (int'l)									
staff travel (dom.)	456	1930	1900	1900	1900	1900	1900	1900	13756
computer training	0	650	660	660	0	0	0	0	1900
sub-total	22376	69750	69750	69750	58965	43710	34430	13805	382536
A.I.D. Totals	99786	195389	179112	196391	141971	136055	107831	87176	1143581
B. VAGA									
1. Technical Assistance									
sub-total									N/A
2. Training									
sub-total									N/A
3. Commodities									
office furnishings	2740	0	0	0	0	0	0	0	2740
office equipment	4600	0	0	0	0	0	0	0	4600
training equipment	600	0	0	0	0	0	0	0	600

150

Table 5

vehicles	0	0	0	0	0	0	0	0	0
sub-total	7940	0	0	0	0	0	0	0	7940
4. Operations and Maintenance									
sub-total	1307	4641	6658	8335	16670	21671	25005	25605	109302
5. Other Costs									
staff salaries		16540	18540	26540	38340	54560	61180	74080	291780
staff training									0
staff travel (int'l)									0
staff travel (dom.)	456	1900	1900	1900	1900	1900	1900	1900	13756
computer training									0
sub-total	456	20440	20440	28440	46240	56460	63080	75980	305536
VADA Totals	9703	25081	27108	36775	59910	78131	88085	100985	422778
<hr/>									
C. Ford Foundation									
1. Technical Assistance									
sub-total	0								
2. Training									
PVO fellowship fund		10000	10000	10000	10000	0	0	0	40000
sub-total	0	10000	10000	10000	10000	0	0	0	40000
3. Other Costs									
staff salaries		16000	16000	8000	4000	0	0	0	44000
staff training		4960	4960	4960	4960	0	0	0	19840
staff travel (int'l)		4000	4000	4000	4000	0	0	0	16000
staff travel (dom.)		0	0	0	0	0	0	0	0
computer training		0	0	0	0	0	0	0	0
sub-total	0	24960	24960	16960	12960	0	0	0	79840
Ford Foundation Total	0	34960	34960	26960	22960	0	0	0	119840
<hr/>									
Institutional Strengthening sub-totals	109489	255430	241180	260126	221741	214186	195686	188161	1686199
D. PVO Contributions	32847	76429	72354	78338	66522	64256	58766	56448	595660
<hr/>									
TOTAL COSTS	142336	332059	313534	333164	238263	278442	254652	244509	2192059

153

Table 6
Information/Evaluation

Comor/Category	FY85	FY86	FY87	FY88	FY89	FY90	FY91	FY92	Total
A. A.I.D.									
1. Technical Assistance									
information consultant	0	9360	4660	0	0	0	0	0	14040
evaluation consultant	0	0	0	3900	3900	3900	3900	3900	19500
special studies	0	25200	25200	25200	25200	40000	40000	40000	220800
sub-total	0	34560	29860	29100	29100	43900	43900	43900	254340
2. Training									
sub-total									
3. Commodities									
office furnishings	3800	0	200	200	200	200	200	200	5000
office equipment	14120	800	1400	1400	1100	720	500	500	20540
training equipment	0	0	0	0	0	0	0	0	0
vehicles	7600	0	0	2400	0	7600	0	0	17600
Procurement Service Agent	1000								
sub-total	26520	800	1600	4000	1300	8520	700	700	44140
4. Operations and Maintenance									
sub-total	2614	13150	12256	12503	8335	5835	4168	4168	63027
5. Other Costs									
staff salaries	10960	25600	25600	25600	22100	14100	12800	7950	143310
staff training	0	0	0	0	0	0	0	0	0
staff travel (int'l.)	0	0	0	0	0	0	0	0	0
staff travel (dom.)	228	950	950	950	950	950	950	950	6878
computer training	0	330	330	330	0	0	0	0	990
sub-total	11188	26880	26880	26880	23050	15050	13750	8000	151678
A.I.D. Total	40322	75390	70616	72463	61785	73305	62518	56768	513195
B. VADA									
1. Technical Assistance									
sub-total									
2. Training									
sub-total									
3. Commodities									
office furnishings	1370	0	0	0	0	0	0	0	0
office equipment	2300	0	0	0	0	0	0	0	0
training equipment	0	0	0	0	0	0	0	0	0
vehicles	0	0	0	0	0	0	0	0	0
sub-total	3670	0	0	0	0	0	0	0	0
4. Operations and Maintenance									
sub-total	654	2321	3334	4168	8335	10836	12503	12503	54651
5. Other Costs									
									0

Table 6

staff salaries		9270	9270	13270	19170	27280	30590	37040	145890
staff training									0
staff travel (int'l.)									0
staff travel (dom.)	228	950	950	950	950	950	950	950	6978
computer training									0
sub-total	228	10220	10220	14220	20120	28230	31540	37990	152768
VADA Total	4552	12541	13554	18388	28455	39066	44043	50493	211089
C. FORD FOUNDATION									
1. Technical Assistance									
special studies		14800	14800	10000	14800	0	0	0	54400
PVD directory		0	0	5000	0	0	0	0	5000
sub-total	0	14800	14800	15000	14800	0	0	0	59400
2. Training									
national conference		2500	2500	2500	2500	0	0	0	10000
sub-total	0	2500	2500	2500	2500	0	0	0	10000
3. Commodities									
office furnishings									
office equipment									
training equipment									
vehicles									
sub-total	0								
4. Operations and Maintenance									
sub-total	0								
5. Other Costs									
staff salaries		8000	8000	4000	2000	0	0	0	22000
staff training		2480	2480	2480	2480	0	0	0	9920
staff travel (int'l.)		2000	2000	2000	2000	0	0	0	8000
staff travel (dom.)									0
computer training									0
sub-total	0	12480	12480	8480	6480	0	0	0	39920
FORD FOUNDATION Total	0	29780	29780	25980	23780	0	0	0	109320

155

Table 7
Development Fund

Donor/Category	FY85	FY85	FY87	FY88	FY89	FY90	FY91	FY92	Total
A. A.I.D.									
1. Technical Assistance									
project proposal evaluators	0	6240	12480	12720	18720	18720	0	0	74880
project design tech. assist.	0	3900	8580	12480	12480	12480	0	0	49920
sub-total	0	10140	21060	31200	31200	31200	0	0	124800
2. Training									
sub-total									
3. Commodities									
office furnishings	7600	0	400	400	400	400	400	400	10000
office equipment	28240	1600	2800	2800	2200	1440	1000	1000	41080
vehicles	15200	0	0	4800	0	15200	0	0	35200
Procurement Service Agent	2000								
sub-total	53040	1600	3200	8000	2600	17040	1400	1400	88280
4. Operations and Maintenance									
sub-total	5228	26299	24512	25005	16370	11669	8335	8335	126053
5. Other Costs									
staff salaries	21920	126410	130160	130160	103035	95740	89770	23835	781090
staff training	0	0	0	0	0	0	0	0	0
staff travel (int'l)	0	0	0	0	0	0	0	0	0
staff travel (dom.)	456	1900	1900	1900	1900	1900	1900	1900	13756
computer training	0	660	660	660	0	0	0	0	1980
sub-total	22376	128970	132720	132720	104935	97640	91670	95795	796826
A.I.D. Totals	80644	167009	181492	196925	155405	157549	101405	95530	1135959
B. VADA									
1. Technical Assistance									
sub-total									
2. Training									
sub-total									
3. Commodities									
office furnishings	2740	0	0	0	0	0	0	0	0
office equipment	4660	0	0	0	0	0	0	0	0
training equipment	0	0	0	0	0	0	0	0	0

Table 7

vehicles	0	0	0	0	0	0	0	0	0
sub-total	7340	0	0	0	0	0	0	0	0
4. Operations and Maintenance									
sub-total	1307	4641	6668	8335	16670	21671	25005	25005	109302
5. Other Costs									
staff salaries	18540	18540	18540	26540	38340	54560	61180	74080	310320
staff training	0	0	0	0	0	0	0	0	0
staff travel (int'l)	0	0	0	0	0	0	0	0	0
staff travel (dom.)	456	1900	1900	1900	1900	1900	1900	1900	13756
computer training	0	0	0	0	0	0	0	0	0
sub-total	18996	20440	20440	28440	40240	56460	63080	75980	324676
VADA Totals	27643	25081	27108	36775	56910	73131	88095	100925	440718

C. Ford Foundation
 1. Technical Assistance
 sub-total

2. Training
 sub-total

3. Other Costs									
staff salaries	0	16000	16000	8000	4000	0	0	0	44000
staff training	3000	4960	4960	4960	4960	0	0	0	19240
staff travel (int'l.)	0	4000	4000	4000	4000	0	0	0	16000
staff travel (dom.)									0
computer training									0
sub-total	3000	24960	24960	16960	12960	0	0	0	79840
Ford Foundation Total	3000	24960	24960	16960	12960	0	0	0	79840

157

Table B
Total Project Costs

Donor/Category	FY85	FY86	FY87	FY88	FY87	FY90	FY91	FY92	Total
A. A.I.D.									
1. Technical Assistance									
financial consultant	0	60000	30000	30000	0	0	0	0	120000
project proposal evaluator	0	6240	12480	18720	18720	19720	0	0	74880
project design tech. assist.	0	3900	8580	12480	12480	12480	0	0	49920
information consultant	0	9360	4680	0	0	0	0	0	14040
evaluation consultant	0	0	0	3900	3900	3900	3900	3900	19500
special studies	0	25200	25200	25200	25200	40600	40600	40600	220800
sub-total	0	104700	80940	90300	60300	75100	43900	43900	499140
2. Training									
expat. consultants	0	20000	20000	20000	20000	20000	20000	20000	140000
resource people	2808	11700	23400	34320	34320	34320	34320	-34320	209568
mtg. facilities	234	1040	1950	3016	3016	3016	3016	3016	18304
miscellaneous	400	5000	5000	5000	5000	5000	5000	5000	35400
sub-total	3442	37740	50350	62336	62336	62336	62336	62336	403212
3. Commodities									
Office furnishings									
supply cupboards	1200	0	0	0	0	0	0	0	1200
conference tables	400	0	0	0	0	0	0	0	400
staff desks	3500	0	0	0	0	0	0	0	3500
secretary desks	1200	0	0	0	0	0	0	0	1200
chairs (desk)	6600	0	0	0	0	0	0	0	6600
chairs (conference)	2400	0	0	0	0	0	0	0	2400
file cabinets	2000	0	0	0	0	0	0	0	2000
book shelves	700	0	0	0	0	0	0	0	700
miscellaneous	1000	0	1000	1000	1000	1000	1000	1000	7000
sub-total	19000	0	1000	1000	1000	1000	1000	1000	25060
Office Equipment									
photocopier	12000	0	0	0	0	0	0	0	12000
typewriter (electric)	2000	0	0	0	3000	0	0	0	5000
calculator (tape)	300	0	0	0	0	300	0	0	600
binding machine	1000	0	0	0	0	0	0	0	1000
lit. display shelf	100	0	0	0	0	0	0	0	100
telex machine	0	1500	0	0	0	0	0	0	1500
franking machine	1500	0	0	0	0	0	0	0	1500
telephone equipment	5000	0	0	0	0	0	0	0	5000
micro-computer	24000	0	0	0	0	0	0	0	24000
portable micros	0	0	4500	4500	0	0	0	0	9000
power conditioner	5000	0	0	0	0	0	0	0	5000
disk storage media	5000	0	0	0	0	0	0	0	5000
micro network	5000	0	0	0	0	0	0	0	5000
stationery/supplies	2500	2500	2500	2500	2500	2500	2500	2500	20000
freight	7200	0	0	0	0	600	0	0	8000
sub-total	70600	4000	7000	7000	5500	3600	2500	2500	102700
Training equipment									

158
Training equipment

Table 8

overhead projector	600	0	0	0	0	0	0	0	600
slide projector	500	0	0	0	0	0	0	0	500
screen	300	0	0	0	0	0	0	0	300
movie projector	900	0	0	0	0	0	0	0	900
TV	900	0	0	0	0	0	0	0	900
VCR	900	0	0	0	0	0	0	0	900
sound equipment	5000	0	0	0	0	0	0	0	5000
flip chart	300	0	0	0	0	0	0	0	300
tape recorder	1000	0	0	0	0	0	0	0	1000
other	1000	0	1000	1000	1000	1000	1000	1000	7000
pubs./subscriptions	300	0	300	300	300	300	300	300	2100
freight	4000	0	0	0	0	0	0	0	4000
sub-total	15700	0	1300	1300	1300	1300	1300	1300	23500
Vehicles									
4 WD autos	24000	0	0	12000	0	24000	0	0	60000
sevens	13000	0	0	0	0	13000	0	0	26000
freight	1000	0	0	0	0	1000	0	0	2000
sub-total	38000	0	0	12000	0	38000	0	0	68000
Procurement service agent	5000	0	0	0	0	0	0	0	5000
Commodities sub-total	148300	1000	9300	21300	7800	43900	1300	4800	244200
4. Operations and Maintenance									
vehicles O & M	1200	15300	13800	13600	12000	6400	6000	5000	89700
communications	1800	7650	7200	6750	4500	3150	2250	2250	35550
stationery/supplies	560	2320	2240	2100	1400	980	700	700	11060
office O & M	3760	14260	13440	12600	8400	5630	4200	4200	66330
office rental	3750	15930	15000	14063	9375	6563	4633	4539	74063
computer O & M	1300	5525	5200	4875	3250	2275	1625	1625	25675
printing	500	2125	2000	1875	1250	875	625	625	9875
miscellaneous	600	2550	2400	2250	1500	1050	750	750	11850
sub-total	13070	65748	61280	62513	41675	29173	20639	20833	315133
5. Other Costs									
staff salaries	54800	219200	222950	222950	192200	151650	135100	102650	1291700
staff training	0	0	0	0	0	0	0	0	0
staff travel (int'l)	0	0	0	0	0	0	0	0	0
staff travel (dom.)	1140	4750	4750	4750	4750	4750	4750	4750	34390
computer training	0	1650	1650	1650	0	0	0	0	4950
sub-total	55940	225600	229350	229350	186950	156400	139850	107600	1331040
6. Project Development Fund	0	690000	1380000	2040000	2040000	2040000	0	0	8190000
7. Project Evaluations	0	0	100000	0	0	0	150000	0	250000
A.I.D. Totals	220752	1127788	1911220	2505799	2399061	2406909	271724	239474	11232725
9. VADA									
1. Technical Assistance	0	0	0	0	0	0	0	0	0
sub-total	0	0	0	0	0	0	0	0	0
2. Training	0	0	0	0	0	0	0	0	0
sub-total	0	0	0	0	0	0	0	0	0

Table 8

3. Commodities

Office furnishings

supply cupboards	0	0	0	0	0	0	0	0	0
conference tables	0	0	0	0	0	0	0	0	0
staff desks	1050	0	0	0	0	0	0	0	1050
secretary desks	800	0	0	0	0	0	0	0	800
chairs (desk)	2400	0	0	0	0	0	0	0	2400
chairs (secretarial)	1200	0	0	0	0	0	0	0	1200
file cabinets	1400	0	0	0	0	0	0	0	1400
book shelves	0	0	0	0	0	0	0	0	0
miscellaneous	0	0	0	0	0	0	0	0	0
sub-total	6850	0	0	0	0	0	0	0	6850

Office Equipment

photocopier	0	0	0	0	0	0	0	0	0
calculators (tape)	0	0	0	0	0	0	0	0	0
typewriter (electric)	3000	0	0	0	0	0	0	0	3000
binding machine	0	0	0	0	0	0	0	0	0
lit. display shelf	0	0	0	0	0	0	0	0	0
telex	0	0	0	0	0	0	0	0	0
franking machine	0	0	0	0	0	0	0	0	0
telephone equipment	0	0	0	0	0	0	0	0	0
micro-computer	6000	0	0	0	0	0	0	0	6000
portable computer	0	0	0	0	0	0	0	0	0
power conditioner	0	0	0	0	0	0	0	0	0
disk storage media	0	0	0	0	0	0	0	0	0
micro network	0	0	0	0	0	0	0	0	0
stationery/supplies	2500	0	0	0	0	0	0	0	2500
freight	0	0	0	0	0	0	0	0	0
sub-total	11500	0	0	0	0	0	0	0	11500

Training Equipment

overhead projector	600	0	0	0	0	0	0	0	600
slide projector	0	0	0	0	0	0	0	0	0
screen	0	0	0	0	0	0	0	0	0
audio projector	0	0	0	0	0	0	0	0	0
TV	0	0	0	0	0	0	0	0	0
VCR	0	0	0	0	0	0	0	0	0
sound equipment	0	0	0	0	0	0	0	0	0
flip charts	0	0	0	0	0	0	0	0	0
tape recorder	0	0	0	0	0	0	0	0	0
publ./subscriptions	0	0	0	0	0	0	0	0	0
other	0	0	0	0	0	0	0	0	0
freight	0	0	0	0	0	0	0	0	0
sub-total	600	0	0	0	0	0	0	0	600

Vehicles

4 WD autos	0	0	0	0	0	0	0	0	0
sedans	0	0	0	0	0	0	0	0	0
freight	0	0	0	0	0	0	0	0	0
sub-total	0	0	0	0	0	0	0	0	0
Commodities sub-total	18950	0	0	0	0	0	0	0	18950

Table 8

4. Operations and Maintenance									
vehicles O & M	300	2700	4800	6000	12000	15600	18000	18000	77400
communications	450	1350	1800	2250	4500	5850	6750	6750	29700
stationery/supplies	140	420	560	700	1400	1820	2100	2100	9240
office O & M	840	2520	3360	4200	8400	10920	12600	12600	55440
office rental	938	2813	3750	4688	9375	12188	14063	14063	61975
computer O & M	325	975	1300	1625	3250	4225	4875	4875	21150
printing	125	375	500	625	1250	1625	1875	1875	8250
miscellaneous	150	450	600	750	1500	1950	2250	2250	9900
sub-total	3268	11603	16670	20838	41675	54178	62513	62513	273255
5. Other Costs									
staff salaries	21587	46350	46350	56350	95350	136400	152950	165200	751037
staff training	0	0	0	0	0	0	0	0	0
staff travel (int'l)	0	0	0	0	0	0	0	0	0
staff travel (dom.)	1140	4750	4750	4750	4750	4750	4750	4750	34390
computer training	0	0	0	0	0	0	0	0	0
sub-total	22727	51100	51100	71100	100600	141150	157700	169950	785427
PVOA Totals	44945	62703	67770	91938	142275	195328	220213	252163	1077632
6. Ford Foundation									
1. Technical Assistance									
special studies	0	14800	14800	10000	14800	0	0	0	54400
PVO directory	0	0	0	5000	0	0	0	0	5000
sub-total	0	14800	14800	15000	14800	0	0	0	59400
2. Training									
PVO fellowship fund	0	10000	10000	10000	10000	0	0	0	40000
National conference	0	2500	2500	2500	2500	0	0	0	10000
sub-total	0	12500	12500	12500	12500	0	0	0	50000
3. Other Costs									
staff salaries	17500	40000	40000	20000	10000	0	0	0	127500
staff training	7500	12400	12400	12400	12400	0	0	0	57100
staff travel (int'l)	0	10000	10000	10000	10000	0	0	0	40000
staff travel (dom.)	0	0	0	0	0	0	0	0	0
computer training	0	0	0	0	0	0	0	0	0
sub-total	25000	62400	62400	42400	32400	0	0	0	224600
Ford Foundation Total	25000	89700	89700	69900	59700	0	0	0	334000
7. OTHER PVO CONTRIBUTORS									
1. Training									
sub-total	21847	71712	68565	72640	63352	62394	60166	62311	462987
2. Development sub-grants									
sub-total	0	355000	700000	1065000	1065000	1065000	0	0	4250000

Table 8

OTHER PVO Totals	21847	426712	766555	1137640	1128352	1127394	60166	62311	4732967
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163

Table 9
Cost Factors - Total Project

Donor/Category	unit cost	unit	FY85	FY86	FY87	FY88	FY89	FY90	FY91	FY92	Total
A. A.I.D.											
1. Technical Assistance											
financial consultant	60000.00	year	0	1.00	0.50	0.50	0.00	0.00	0.00	0.00	0.00
project proposal evaluators	156.00	day	0	40.00	60.00	120.00	120.00	120.00	0.00	0.00	0.00
project design tech. assist.	156.00	day	0	25.00	55.00	60.00	80.00	60.00	0.00	0.00	0.00
information consultant	156.00	day	0	60.00	30.00	0.00	0.00	0.00	0.00	0.00	0.00
evaluation consultant	156.00	day	0	0.00	0.00	25.00	25.00	25.00	25.00	25.00	25.00
special studies	40000.00	each	0	0.63	0.63	0.63	0.63	1.00	1.00	1.00	1.00
sub-total											
2. Training											
expat. consultants	10000.00	month	0	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
resource people	156.00	day	18	75.00	150.00	220.00	220.00	220.00	220.00	220.00	220.00
stg. facilities	26.00	day	9	40.00	75.00	116.00	116.00	116.00	116.00	116.00	116.00
miscellaneous	5000.00	year	0	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
sub-total											
3. Commodities											
Office Furnishings											
supply cupboards	400	1	3	0	0	0	0	0	0	0	0
conference table	200	1	2	0	0	0	0	0	0	0	0
staff desk	350.00	1	10.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
secretary desk	400.00	1	3.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
chairs (desk)	200.00	1	33.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
chairs (conference)	200.00	1	12.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
file cabinets	200.00	1	10.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
bookshelves	100.00	1	7.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
miscellaneous	1000.00	year	1.00	0	1.00	1.00	1.00	1.00	1.00	1.00	1.00
sub-total											
Office Equipment											
photocopier	12000.00	1	1.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
typewriter (electric)	1000.00	1	2.00	0	0.00	0.00	3.00	0.00	0.00	0.00	0.00
calculator (tape)	100.00	1	3.00	0	0.00	0.00	0.00	3.00	0.00	0.00	0.00
binding machine	1000.00	1	1.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
lit. display shelf	100.00	1	1.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
telex machine	1500.00	1	0.00	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
franking machine	1500	1	1	0	0	0	0	0	0	0	0
telephone equipment	5000	1	1	0	0	0	0	0	0	0	0
micro-computer	6000.00	1	4.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
portable computer	4500.00	2	0.00	0	1.00	1.00	0.00	0.00	0.00	0.00	0.00
power conditioner	5000.00	1	1.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
disk storage media	5000.00	1	1.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
micro network	5000.00	1	1.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
stationery/supplies	2500.00	year	1.00	1	1.00	1.00	1.00	1.00	1.00	1.00	1.00
freight	8000.00	LDP	0.50	0	0.00	0.00	0.00	0.10	0.00	0.00	0.00
sub-total											
Training Equipment											

162

Table 9

overhead projector	600.00	1	1.00	0	0.00	0.00	0.00	0.00	0.00	0.00
slide projector	500.00	1	1.00	0	0.00	0.00	0.00	0.00	0.00	0.00
screen	300.00	1	1.00	0	0.00	0.00	0.00	0.00	0.00	0.00
movie projector	900.00	1	1.00	0	0.00	0.00	0.00	0.00	0.00	0.00
TV	900.00	1	1.00	0	0.00	0.00	0.00	0.00	0.00	0.00
VCR	900.00	1	1.00	0	0.00	0.00	0.00	0.00	0.00	0.00
sound equipment	5000	1	1	0	0	0	0	0	0	0
flip charts	100.00	3	3.00	0	0.00	0.00	0.00	0.00	0.00	0.00
tape recorder	1000.00	1	1.00	0	0.00	0.00	0.00	0.00	0.00	0.00
publ./subscriptions	1000.00	year	1.00	0	1.00	1.00	1.00	1.00	1.00	1.00
other	300.00	year	1.00	0	1.00	1.00	1.00	1.00	1.00	1.00
freight	4000.00	LDP	1.00	0						
sub-total										
Vehicles										
4 WD autos	12000.00	year	2.00	0	0.00	1.00	0.00	2.00	0.50	0.00
sedans	13000.00	year	1.00	0	0.00	0.00	0.00	1.00	3.00	0.00
freight	1000.00	vehicle	1.00	0	0.00	0.00	0.00	1.00	0.00	0.00
sub-total										
Operations/Maintenance										
vehicles O & M	6000.00	veh. year	0	2.55	2.30	3.00	2.00	1.40	1.00	1.00
communications	9000.00	year	0	0.85	0.80	0.75	0.50	0.35	0.25	0.25
stationery/supplies	2800.00	year	0	0.85	0.80	0.75	0.50	0.35	0.25	0.25
office O & M	16800.00	year	0	0.85	0.80	0.75	0.50	0.35	0.25	0.25
office rental	18750.00	year	0	0.85	0.80	0.75	0.50	0.35	0.25	0.25
computer O & M	6500.00	year	0	0.85	0.80	0.75	0.50	0.35	0.25	0.25
printing	2500.00	year	0	0.85	0.80	0.75	0.50	0.35	0.25	0.25
miscellaneous	3000.00	year	0	0.85	0.80	0.75	0.50	0.35	0.25	0.25
sub-total										
5. Other Costs										
staff salaries	04300.00	year								
staff training	40000.00	LDP	0	0.00	0	0	0	0	0	0
staff travel (int'l)	40000.00	LDP	0	0.00	0	0	0	0	0	0
staff travel (dom.)	9500.00	year	0	0.50	0.50	0.50	0.50	0.50	0.50	0.50
computer training	5000.00	LDP	0	0.33	0.33	0.33	0.00	0.00	0.00	0.00
sub-total										
6. Project Development Fund										
7. Project Evaluations										
A.I.D. Totals										

8. VADA										
1. Technical Assistance	N/A									
sub-total										
2. Training	N/A									
sub-total										

164

Table 9

3. Commodities

Office Furnishings

supply cupboards	200	1	0	0	0	0	0	0	0	0
conference tables	400	1	0	0	0	0	0	0	0	0
staff desk	350.00	1	3.00	0						
secretary desk	400.00	1	2.00	0						
chairs (desk)	200.00	1	12.00	0						
chairs (conference)	200.00	1	6.00	0						
file cabinets	200.00	1	7.00	0						
book shelves	100.00	1	0	0						
miscellaneous	1000.00	year	0	0						
sub-total										

Office Equipment

photocopier	12000.00	1	0	0						
calculator (tape)	100.00	1	0	0						
typewriter (electric)	1000.00	3	3.00	0						
binding machine	1000.00	1	0	0						
lit. display shelf	100.00	1	0	0						
telex	1500.00	1	0	0						
franking machine	1500	1	0	0	0	0	0	0	0	0
telephone equipment	5000	1	0	0	0	0	0	0	0	0
micro-computer	6000.00	1	1.00	0						
portable computer	4500.00	2	0	0						
power conditioner	5000.00	1	0	0						
disk storage media	5000.00	1	0	0						
micro network	5000.00	1	0	0						
stationery/supplies	2500.00	year	1.00	0						
freight	8000.00		0	0						
sub-total										

Training Equipment

overhead projector	600.00	1	1.00	0						
slide projector	500.00	1	0	0						
screen	300.00	1	0	0						
movie projector	900.00	1	0	0						
TV	900.00	1	0	0						
VCR	900.00	1	0	0						
sound equipment	5000	1	0	0	0	0	0	0	0	0
flip charts	100.00	3	0	0						
tape recorder	1000.00	1	0	0						
publ./subscriptions	1000.00	year	0	0						
other	300.00	year	0	0						
freight	3500.00		0	0						
sub-total										

Vehicles

4 WD autos	7000.00	year	0.00	0	0	0	0	0	0	0
sedans	6500.00	year	0.00	0	0	0	0	0	0	0
freight	3000.00	vehicle	0.00	0	0	0	0	0	0	0
sub-total										

165

Table 9

4. Operations and Maintenance

vehicles O & M	6000.00	veh. yr.	0	0.45	0.60	1.00	2.00	2.60	3.00	3.00
communications	9000.00	year	0	0.15	0.20	0.25	0.50	0.65	0.75	0.75
stationery/supplies	2800.00	year	0	0.15	0.20	0.25	0.50	0.65	0.75	0.75
office O & M	16800.00	year	0	0.15	0.20	0.25	0.50	0.65	0.75	0.75
office rental	18750.00	year	0	0.15	0.20	0.25	0.50	0.65	0.75	0.75
computer O & M	6500.00	year	0	0.15	0.20	0.25	0.50	0.65	0.75	0.75
printing	2500.00	year	0	0.15	0.20	0.25	0.50	0.65	0.75	0.75
miscellaneous	3000.00	year	0	0.15	0.20	0.25	0.50	0.65	0.75	0.75
sub-total										

5. Other Costs

staff salaries	304300.00	year								
staff training	40000.00	LGP	0	0.00	0	0	0	0	0	0
staff travel (int'l)	40000.00	LGP	0	0.60	0	0	0	0	0	0
staff travel (dom.)	9500.00	year	0	0.50	0.50	0.50	0.50	0.50	0.50	0.50
computer training	5000.00	LGP	0	0.60	0	0	0	0	0	0
sub-total										

VADA Totals

C. Ford Foundation

1. Technical Assistance

special studies	40000.00	1		0.37	0.37	0.37	0.37	0.00	0.00	0.00
FVD directory	5000.00	1		0.00	0	1.00	0	0	0	0
sub-total										

2. Training

PVO fellowship fund	10000.00	year		1.00	1.00	1.00	1.00	0	0	0
National conference	2500.00	year		1.00	1.00	1.00	1.00	0	0	0
sub-total										

3. Other Costs

staff salaries	304300.00	year		0	0	0	0	0	0	0
staff training	40000.00	LGP		0.31	0.31	0.31	0.31	0	0	0
staff travel (int'l)	40000.00	LGP		0.25	0.25	0.25	0.25	0.00	0.00	0.00
staff travel (dom.)	9500.00	year		0	0	0	0	0	0	0
computer training	5000.00	LGP		0	0	0	0	0	0	0
sub-total										

Ford Foundation Total

44

Annex G, Documents submitted by V.A.D.A., and Annex H, Survey of U.S. and Kenyan PVOs in Kenya, are not attached directly to this paper. For the reader's convenience, the table of contents for these documents is presented below.

ANNEX G

DOCUMENTS SUBMITTED BY V.A.D.A.

I. Registration Documents

- a. Letter Seeking Registration
- b. Memorandum and Articles of Association
- c. Certificate of Incorporation
- d. Tax Exemption Letter
- e. Annual Report 1984/85
 - Appendix I: Board of Directors
 - Appendix IIa: Staff List with Qualifications
 - Appendix IIb: List of Associates
- f. Third Party Descriptive Information (Letter from Dr. Goran Hyden, Representative, Ford Foundation)
- g. Financial Statement by an Independent C.P.A.*
- h. Unaudited Financial Statement*
- i. Accounting Systems - Standing Instructions for V.A.D.A.
- j. A brief summary about the Audit Firm, Messrs Kazibwe & Company.
- k. Current Budget 1984/85
- l. Minutes of Board Meeting (which indicates frequency of Board meetings)

+ Includes statement regarding non-compensation of of the Board.

* Registration requirements for new organization state that they must provide an independent CPA statement that an accounting financial reporting system consistent with IICPA guidelines has been installed, along with an unaudited financial statement covering the period between establishment and application for registration.

II. Project Components

- a. Training and Advisory Services Unit
- b. Staff List with Cost Allocations
- c. Staff Time Allocations
- d. Selected Staff Job Descriptions
- e. Projects Selection Committee.

III. V.A.D.A. General Information

- a. General Statement
- b. History
- c. List of Seminars and Workshops Held with Participants Lists
- d. Office Inventory
- e. V.A.D.A. Floor Plan

Annex H

SURVEY OF U.S. AND KENYAN PVOS IN KENYA

List of Tables and Graphs.....
Glossary.....
Executive Summary.....

1. Introduction
2. Methodology.....
3. Numbers.....
4. Classification.....
5. Structural Attributes
6. Program Presence:
 - a. Geographical Distribution.....
 - b. Correlation between Location and Need.....
7. Strategy and Sectoral Activities:
 - a. General Assistance Strategies.....
 - b. Sectoral Focii.....
8. Beneficiaries.....
9. Personnel.....
10. Level and Sources of Assistance:
 - a. PVO Funding Levels.....
 - b. Sources of Assistance.....
11. Problems and Constraints:
 - a. Funding.....
 - b. Donor Requirements
 - c. Other Impediments.....
12. Assistance Requirements:
 - a. Funding Needs.....
 - b. Ancillary Assistance Requirements.....
 - c. Terms and Conditions of Funding.....
13. Concluding Note.....

TABLES AND GRAPHS

Graphs

1. PVO Program Presence.....
2. PVO Sectoral Focii.....
3. PVO Beneficiaries: Age.....
4. PVO Beneficiaries: Income.....
5. PVO Beneficiaries: Occupation.....
6. PVO Beneficiaries: Cost Per Beneficiary.....
17. PVO Personnel: Fields of Training.....
8. PVO Sources of Funds: Comparative Use and Ranking..
9. Major Program Impediments.....
10. Possible Resolution of Program Impediments.....

Tables

1. PVO Programming and Poverty
2. Kenya: Social Welfare Indicators by Province, 1974/75
3. PVO Budgets, 1981-1985.....

Attachments:

- A. Questionnaire for Survey of Major U.S. and Kenyan PVOs Operating in Kenya.
- B. List of PVOs Interviewed and List of PVOs Requested to complete the Questionnaire.
- C. Geographical Location
- D. Sectoral Focii
- E. Beneficiaries
- F. Personnel: Fields of Training
- G. Budget Information, 1981-85
- H. Sources of Funds
- I. Names of Donors and Frequency of Use
- J. Major Impediments and Possible Resolution to Program Expansion and Project Implementation
- K. U.S. PVO Donors Listed by PVOs Surveyed.