

PDBAX 757

OFFICIAL PROJECT DOCUMENT

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET

1. TRANSACTION CODE [A] A = Add, C = Change, D = Delete. DOCUMENT CODE 3

COUNTRY/ENTITY: SOMALIA. 3. PROJECT NUMBER: 649-0138. 4. BUREAU/OFFICE: AFR, 06. 5. PROJECT TITLE: PVO DEVELOPMENT PARTNERS. 6. PROJECT ASSISTANCE COMPLETION DATE (PACD): 06/30/91. 7. ESTIMATED DATE OF OBLIGATION: A. Initial FY 85, B. Quarter 4, C. Final FY 88.

8. COSTS (\$000 OR EQUIVALENT \$1 =) Table with columns: A. FUNDING SOURCE, B. FX, C. L/C, D. Total, E. FX, F. L/C, G. Total. Rows include AD Appropriated Total (Grant, Loan), Other U.S. (PVOs), Host Country, and Other Donor(s). TOTALS: 3,900, 6,800, 10,700, 27,200, 6,800, 34,000.

9. SCHEDULE OF AID FUNDING (\$000) Table with columns: A. APPROPRIATION, B. PRIMARY PURPOSE CODE, C. PRIMARY TECH. CODE, D. OBLIGATIONS TO DATE, E. AMOUNT APPROVED THIS ACTION, F. LIFE OF PROJECT. Rows include ARDN, HEALTH, SDA, and TOTALS.

10. SECONDARY TECHNICAL CODES (220). 11. SECONDARY PURPOSE CODE. 12. SPECIAL CONCERNS CODES (PVOU, PVON). 13. PROJECT PURPOSE (maximum 480 characters).

To expand the programs of PVOs in development sectors and areas consistent with AID and GSDR strategy and priorities. To develop the capacity of indigenous non-governmental organizations and local organizations to actively participate in the development process.

14. SCHEDULED EVALUATIONS (Interim 09/88, Final 06/91). 15. SOURCE/ORIGIN OF GOODS AND SERVICES (941 checked).

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a page PP Amendment.) I concur in the methods of implementation and the financial arrangements under this project.

Signature: Clarence G. Combs, Acting Controller

17. APPROVED BY: Louis A. Cohen, Director, USAID/Somalia. Date Signed: 08/29/85. 18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION.

Cover

/

ACTION MEMORANDUM FOR THE MISSION DIRECTOR

DATE : July 2, 1985
FROM : E. ~~B. [Signature]~~, PROJ
SUBJ : FVO Development Partners Project (649-0138)

Action:

Your approval is requested for a grant of \$3.9 million from the FAA Sections 103 (Agriculture, Rural Development and Nutrition), 104 (Health), and 106 (Selected Development Activities) appropriations to the Government of Somalia for the FVO Development Partners Project. Life-of-project funding for the Project is \$18.2 million.

Discussion:

A. Project Description

The Project will foster the sustained economic and social development of Somalia by building a base for productivity at the grass roots, local level. It will do this by expanding the programs of Private and Voluntary Organization (PVOs) in development sectors and by developing the capacity of Somali non-governmental organizations and local groups to actively participate in the development process.

Project outputs will be: 1) Somalis trained in development at the local level; 2) Somali communities and private local organizations carrying out and maintaining development activities; 3) PVOs and Somali NGOs assisting Somali communities to plan, implement, and manage local development projects. The Project consists of two components: 1) Operational Program Grants and Community Action Grants to PVOs; and 2) Support, training and evaluation activities related to PVO development activities in Somalia.

The PID for the Project was approved for \$15.0 million. Subsequent to PID approval AID decided to deobligate up to \$3.2 million from the Rural Health Delivery Project (649-0102), and under existing authority, reobligate the funds under the FVO Development Partners Project. AID/Washington has approved the Project at the \$18.2 million level (State 197922).

FINANCIAL PLAN

	USAID	GSDR	PVOs/Local Groups
	<u>FX (\$1000)</u>	<u>LC (\$1000 equiv)</u>	<u>FX or LC</u>
Operational Program Grants	13,800	4,400	7,000
Community Action Grants	2,000	1,000	2,000
Technical Services	1,484	204	-
Commodities and Support	278	471	-
Training, Studies, Monitor/ Evaluation	145	40	-
Inflation, Contingencies	<u>493</u>	<u>685</u>	<u>-</u>
Total:	18,200	6,800	9,000

For all Project components, USAID will finance only foreign exchange costs. This includes funding for: 1) Operational Program Grants; 2) Community Action Grants; 3) Project support - technical assistance and commodities; 4) international short-term training; and 5) monitoring and evaluation.

For all Project components, the Grantee will finance all local currency costs for the following: 1) Operational Program Grants; 2) Community Action Grants; 3) Project support - salaries for local MUST staff, salary supplements for MOI personnel, housing for international long-term MUST personnel, office space and commodities for the MUST, commodities and office supplies for the MOI; 4) training - workshops; and 5) monitoring and evaluation.

B. Special Considerations

It has been determined by the Mission Project Committee that implementation arrangements, monitoring and evaluation plans, and all required analyses have been adequately addressed in the Project Paper and that there are no outstanding issues needing resolution. The environmental threshold decision must be deferred until each Project sub-activity is developed, and then normal environmental review procedures will apply. The Regional Legal Advisor has reviewed the Project Paper, and his comments have been incorporated into it. A Congressional Notification was sent to the Hill on June 9, 1985. The C.N. waiting period expired without objection. All statutory criteria have been satisfied. By Action Memorandum dated May 14, 1981, Mission has waived the requirement that Grantee pay international travel costs associated with AID funded training programs. You have the authority to authorize and obligate the Project under Delegation of Authority 140, signed June 9, 1982. Funds are available.

Recommendation:

That you sign the attached Project Authorization and Project Data Sheet thereby approving life-of-project funding of \$18.2 million and authorizing the Project and its FY1985 increment of funding.

- Attachments: - Project Authorization
- Project Data Sheet

Clearance: PROG, A. Martinez _____
CONT, C. Combs _____

A handwritten signature in black ink, appearing to be 'C. Combs', is written over the signature line for 'CONT, C. Combs'.

PROJECT AUTHORIZATION

Name of Country: Somali Democratic Republic
Name of Project: PVO Development Partners
Number of Project: 649-013B

1. Pursuant to Sections 103, 104 and 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the PVO Development Partners Project (the "Project") for the Somali Democratic Republic (the "Cooperating Country") involving planned obligations of not to exceed eighteen million two hundred thousand United States dollars (\$18,200,000) in grant funds over a four year period, subject to the availability of funds in accordance with the AID/OYB allotment process, to help in the financing of foreign exchange and local currency costs of goods and services required for the Project. The planned life of the Project is six years from the date of initial obligation.
2. The Project will assist the Cooperating Country to expand the programs of PVOs (Private and Voluntary Organizations) in development sectors and to develop the capacity of Somali non-governmental organizations and local groups to actively participate in the development process. AID contributions to the project will include funding for technical assistance, training, commodities, and grants to PVOs.
3. The Project Agreement, which may be negotiated and executed by the officer to whom such authority is delegated in accordance with AID 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 AID may deem appropriate.
4. (a) Source and Origin of Commodities, Nationality of Services:
Commodities financed by AID under the Project shall have their source and origin in the Cooperating Country or in countries included in AID Geographic Code 941, except as AID may otherwise agree in writing. The suppliers of commodities or services, including ocean shipping, shall have the United States, the Cooperating Country, or other Geographic Code 941 countries as their place of nationality, except as AID may otherwise agree in writing.

(b) Conditions Precedent to Disbursement:

First Disbursement:

Prior to any disbursement of funds or to the issuance of any commitment documents under the Project Agreement, the Cooperating Country shall, except as the Parties may otherwise agree in writing, furnish to AID in a form and substance satisfactory to AID:

- (1) A statement of the name(s) of person(s) who will be acting on behalf of the grantee together with specimen signature(s) of such person(s).
- (2) A statement indicating that the General Shillings Proceeds Committee of the Ministry of Finance has reviewed the annual local currency requirements for the Project and that such requirements will be included in the annual budget programming document.
- (3) A letter from the Ministry of Finance confirming that personnel and commodities financed by AID under the Project shall be exempt from all Cooperating Country taxes and duties, including taxes on fuel purchased by Project funds.

Disbursement for Operational Program Grants (OPGs) and Community Action Grants (CAGs):

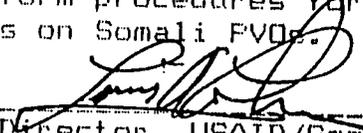
Prior to any disbursement or to the issuance of any commitment documents for Operational Program Grants and Community Action Grants, the Cooperating Country shall, except as the Parties may otherwise agree in writing, furnish to AID in a form and substance satisfactory to AID:

- (1) Evidence that the Ministry of Interior has appointed one of its senior officials to be Chairman of the Project's Proposal Review Group.
- (2) With respect to and prior to disbursement for each OPG or CAG, a FVD submitted proposal for such OPG or CAG will have been approved by the Grantee and will conform with the eligibility and criteria requirements for funding of subgrants under this Grant.

Special Covenants:

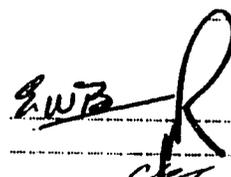
- (1) The Cooperating Country will encourage maximum participation of the Somali private sector in the Project, including review of proposals for Operational Program Grants and Community Action Grants, implementation of subprojects at the local level, and monitoring and evaluation of the Subprojects.
- (2) The Cooperating Country will issue uniform procedures for registering and conferring legal status on Somali FVOs.

Date: 29 August 1985



Director, USAID/Somalia

Clearances: PROJ, E. Birgellis
 PROG, A. Martinez
 CON, C. Combs





PVO DEVELOPMENT PARTNERS

PROJECT PAPER
(649-0138)

Table of Contents

	<u>Page</u>
Authorization	-i-
1. Summary and Recommendations	1
2. Project Rationale	7
3. Project Description	12
4. Cost Estimate and Financial Plan	28
5. Implementation Plan	36
6. Monitoring and Evaluation Plan	43
7. Summaries of Analyses	51
7.1 Technical	51
7.2 Administrative	55
7.3 Economic	60
7.4 Social	63
7.5 Environmental	66
8. Conditions and Covenants	67
 <u>ANNEXES</u>	
A. Approval Message	68
B. Log Frame Matrix	72
C. Statutory Checklist	73
D. Grantee Request for Assistance	94
E. Project Analyses	95
E.1 Technical	95
E.2 Administrative	99
E.3 Economic	116
E.4 Social	128
F. Eligibility Requirements for Registration as Non-U.S. Private and Voluntary Organization	149
G. Criteria for Selection of Proposals	152
H. Outlines for PVO Proposals	155
I. Guidelines for Grant Proposal Analyses	169
I.1 Social	169
I.2 Economic	186
I.3 Environmental Impact Identification and Evaluation Form	227
J. Scope of Work for Management Unit for Support and Training	230
K. Detailed Implementation Plan	238
L. Detailed Budgets	240
M. Functional Accounts	249
N. Report on Somali PVOs	253

A

7

1. SUMMARY AND RECOMMENDATIONS

1.1 Recommendations

USAID/Somalia recommends the authorization of a \$18.2 million grant to be implemented over a six year period to the Government of the Somali Democratic Republic (GSDR) for the PVO Development Partners Project (PVOP). The GSDR Ministry of Interior will be the designated Implementing Agency. The GSDR contribution will be the Somali shilling equivalent of \$6.8 million.

USAID/Somalia has examined the economic, financial, social, technical, and administrative implications of the Project. The findings of these analyses have been incorporated into the final design. All activities under PVOP are considered feasible and beneficial.

1.2 Summary Description

The goal of the PVO Development Partners Project is to foster the sustained economic and social development of Somalia by building a base for increased productivity at the grass roots, local level. The Project has two purposes: 1) to expand the programs of PVOs in development sectors and areas consistent with AID and GSDR strategy and priorities, and 2) develop the capacity of Somali non-governmental organizations (NGOs) and local groups to actively participate in the development process.

Project outputs will be: (1) U.S. and Somali PVOs assisting communities and local groups to plan, implement and manage local development projects; (2) PVOs better prepared to identify and work with Somali communities; (3) MOI personnel trained in monitoring and evaluation; (4) GSDR, PVOs and USAID working together to improve and expand local development efforts.

The Project includes two components: 1) Grants to PVOs (\$15.8 million) to be funded thru OPGs greater than \$50,000, and Community Action Grants (CAGs) of less than \$50 thousand in foreign exchange; and 2) Support, Training, and Evaluation (\$2.4 million). The partnership approach was stressed in the design of the Project, and it will be fundamental for Project implementation.

1.3 Summary Financial Plan
(U.S. \$000 or equivalent)

	AID	GSDR	PVOs/Local Groups
Operational Program Grants	13,800	4,400	7,000
Community Action Grants	2,000	1,000	2,000
Technical Services	1,484	204	-
Commodities and Support	278	471	-
Training, Studies, Monitor/Eval.	145	40	-
Inflation, Contingencies	493	685	-
Total:	18,200	6,800	9,000

1.4 Project Issues

Following is a list of issues resulting from the ECPR PID review:

1. The validity of the obligation mechanism

All proposals will be reviewed by a Proposal Review Group, chaired by a Senior staff member of the GSDR Ministry of Interior. This Group will make recommendations to the Ministry of Interior to fund or decline funding for a grant proposal. The Ministry will be responsible for approving, on behalf of the GSDR, all grants. AID will review GSDR approved proposals to assure that Project-funded activities meet the established proposal review criteria of the Grant agreement and Project Paper. The obligating document will be a tri-partite Operational Program Grant signed by the GSDR, USAID and the PVO. This is discussed in the Project Description (Section 3), and the Implementation Plan (Section 5).

2. Criteria and procedures for the review and approval process for grants.

Detailed criteria and procedures have been developed for the review and approval process and are discussed in the Project Description (Section 3), Criteria for Selection of Proposals (Annex G) and Outlines for PVO Proposals (Annex H).

3. Deferral of the environmental threshold decision from the PID and PP until each sub-project design.

Normal environmental review procedures will apply for each sub-project, including review of the IEE by the Regional Environmental Officer. Environmental review of sub-project proposals is discussed in Criteria for Selection of Proposals (Annex G) and Outlines for PVO Proposals (Annex H).

4. Publicity of the Project's grant program, both in Somalia and the U.S.

AID/W and USIS in Somalia will help the Mission publicize the Project to PVOs and the Somali public. PVOP will develop an operations manual for PVOs. The manual will be widely distributed throughout the PVO community. This is addressed in the Project Description (Section 3) and Implementation Plan (Section 5).

5. The administrative burden that the Project will place on USAID. An effective, practical structure for USAID administration of PVOP has been developed. It is discussed in the Project Description (Section 3), Implementation Plan (Section 5), Monitoring and Evaluation Plan (Section 6), and Administrative Analysis (Annex E.2).

6. Contract support requirements: roles, functions, and recruitment of PSC Assistant to the Project Officer and of requirements contractor.

The PP specifies that all contract support requirements will be supplied by one organization - the Project's Management Unit for Support and Training (MUST). The roles and functions of the MUST are described in the Project Description (Section 3) and Scope of Work for the MUST (Annex J). The MUST will be staffed by a PVO or firm to be recruited under open competition. This is discussed in the Implementation Plan (Section 5).

7. Project focus - how it fits within the USAID Strategy for Somalia.

The PVOP clearly fits within the USAID strategy for Somalia. This is discussed in the Project Rationale (Section 2).

8. A sound evaluation plan for the Project is necessary.

The monitoring and evaluation responsibilities of all Project partners are described in Section 6. Requirements for participating PVOs' evaluation plans are detailed in Annex H.

1.5 Conditions Precedent and Covenants

The following conditions precedent will be met prior to the initial disbursement of funds:

1. A statement of the name(s) of person(s) who will be acting on behalf of the grantee together with specimen signature(s) of such person(s).

2. A letter from the Ministry of Finance confirming that personnel and commodities financed by AID under the Grant shall be exempt from all GSDR taxes and duties, including taxes on fuel purchased by Project funds.
3. A statement indicating that the GSP Committee has reviewed the annual local currency requirements for the Project and that such requirements will be included in the annual budget programming document.

The following conditions precedent will be met prior to disbursement of funds for Operational Program Grants and Community Action Grants:

1. The Ministry of Interior will appoint one of its senior officials to be Chairman of the Project's Proposal Review Group.
2. With respect to and prior to disbursement for each OPG or CAG, a PVO submitted proposal will have been approved by the Grantee which conforms with the eligibility and criteria requirements for funding of subgrants under this grant.

The following covenants will be among those included in the Grant Agreement:

1. The GSDR will encourage maximum participation of the Somali private sector in the Project, including review of proposals of OPGs and CAGs, implementation of sub-projects at the local level, and monitoring and evaluation of sub-projects.
2. The GSDR will document uniform procedures for conferring legal status on Somali PVOs.

1.6 Project Design Team

The design of the PVO Development Partners Project is the result of the collaboration of the USAID design team, PVOs working in Somalia, and Somali counterparts at the Ministry of Interior.

- PVOs
- Mohamoud J. Hamud, Africare
 - Henry Cauley, James McCormick, VITA
 - Robert Hollister, Joanne Burke, EIL
 - Earl Goodyear, Nick Webber, CARE
 - John Grierson, PFP
 - Norman Prather, World Concern
 - Alvin Edgell, SCF
 - Abdi Osman, Haqabtir
 - Bashir Dole Hersi, Marilee Kane, OEF
 - Frank Procella, NTF

- MOI
- Ahmed Haji Deria, Director, Department of Rural Development
 - Mohamed H. Farah, SURERD
 - Mohamed Ali, Department of Rural Development

- AID
- Andrew Sisson, Assistant Project Development Officer, USAID
 - Ross Bigelow, FVA/PVC
 - Nedra Huggins-Williams, AFR/EA
 - William Keefe, Design Consultant
 - Linda Markey, Economist, Consultant
 - Michael Brown, Social Scientist, Consultant

2. PROJECT RATIONALE

2.1 Overview

The impetus for the PVO Development Partners Project (PVOP) derives generally from Congressional and Agency mandates. However, the particular impetus for the project is derived from AID's principle bilateral support for PVOs under the \$6.0 million CDA Forestry I Project (649-0122) and the \$6.0 million Refugee Self-Reliance Project (649-0123). Utilizing Refugee Program funds, the two projects are designed to promote the move towards development activities within the refugee camps and to provide support to PVOs willing to make the shift from relief to development. Currently, there are eight PVOs participating in the two projects. It is expected that some of the PVOs will want to participate in the PVOP. All of the organizations have participated in the design of PVOP, through a PVO Advisory Board. The eight PVOs are as follows:

- Africare
- Care
- Save the Children
- Overseas Education Fund
- Volunteers in Technical Assistance
- Experiment in International Living
- Partnership for Productivity
- New Transcentury Foundation

Although benefitting from the results of several other AID/PVO co-financing projects, PVOP is novel in many ways. Hopefully this will lead to a more effective development partnership in Somalia. The Project's novel aspects involve experimentation and risk, so mechanisms will be established to promote flexibility in implementation and allow for mid-course corrections.

2.2 Relation to AID Objectives and CDSS

The development partners concept underlying PVOP conforms closely with AID objectives and the Mission's recently-approved CDSS. AID's partnership with PVOs is mandated by Section (102(b)(8) of the Foreign Assistance Act, which provides that the United States cooperation in development should be carried out, to the maximum extent possible, through private sector institutions such as private and voluntary organizations.

AID's Policy Paper "AID Partnership in International Development with Private and Voluntary Organizations" (September 1982) clearly justifies the role that PVOs have to play in development, citing PVO capability to engage the poor in development, mobilize a broad awareness of development issues, and extend AID's effectiveness with respect to community development.

AID's partnership with local-level groups is also mandated by the Foreign Assistance Act. Section 102 of the FAA of 1961, as amended, directs AID to involve the poor effectively in development by working through "local-level" institutions. Also, AID's assistance in the areas of agriculture, rural development, and nutrition is to be carried out in part by "creation and strengthening of local institutions" linked to regional and national organizations (Section 103).

PVOP's emphasis on working with PVOs and private local groups is also in line with the AID Administrator's four pillars of development. The Project involves local-level institution building to promote the private sector's role in development. Technology transfer will occur through numerous PVO activities. Policy dialogue with the GSDR has taken place during the Project's design and will continue during its implementation since its encouragement of PVO and local group participation in development represents a relatively untested path for the Somali Government.

Although the CDSS does not discuss in great detail the role of PVOs in Somalia's development, the PVO Development Partners Project clearly fits within the USAID strategy in Somalia. The long-term objective of the strategy, as outlined in the CDSS, is to build a base for productivity in a diversified and outward-oriented economy. One of the development themes in the CDSS is strengthening of the private sector. Another is policy reform: "The Mission's policy dialogue will focus attention on allowing the maximum opportunity for private sector participation and individual initiative while defining the appropriate government role." PVOP seeks to build a base for productivity in Somalia by encouraging and enabling local private groups to take increased initiative and more fully participate in the development process. The Somali Government is not excluded from the process. Rather, its role is carefully defined in the Project and involves working with PVOs and local groups to promote their more effective participation in Somalia's development.

The CDSS gives high priority to development of Somalia's agricultural/livestock and human resources sectors and it states: "A significant PVO project will be implemented throughout the CDSS period. This project will address, inter alia, targets of opportunity in agriculture and rural development as well as skills training". The project referred to, PVO Development Partners, does indeed have this focus. Almost all of PVOP's grants to PVOs and local groups will be for activities in CDSS high priority sectors as determined by levels of Project functional account funding. Grants will involve skills training and local institution building and attempt to the extent feasible to promote the development role of the private sector, as found at the "grass roots" level throughout Somalia.

2.3 Relation to GSDR Development Plans

The most recent GSDR long-term development plan was prepared by the Ministry of National Plan in 1982 -- the Five Year Development Plan -- 1982-1986 (the FYP). The FYP's general objectives are: 1) to raise the population's standard of living, 2) to provide opportunities for gainful employment to the entire labor force, and 3) to create a society based on social justice and individual freedom within a socialist framework. Additional objectives include: 1) accelerate growth in production, 2) reduce urban/rural disparities in income and access to services to discourage urban migration and unemployment, 3) protect the environment and 4) foster self-reliance and encourage popular participation in the development effort.

The FYP and Mission agree that a most important Somali asset is its resourceful and outward-looking population. Moreover, the FYP acknowledges that the private sector should play an increasing role in the economy. This government position, plus the FYP objectives listed above, suggest that the PVOP fits within the GSDR's development plans.

The GSDR's goals are more tangibly expressed in the GSDR Development Strategy and Public Investment Programme 1984-1986, as revised. The Public Investment Programme (PIP) sets as two points of its three-pronged strategy:

- Restoration of productive capacity; and
- Building up of the basis for steady self-sustaining growth.

The PIP further targets greater participation of the private sector in development and identifies productivity in water, agriculture, energy, and health as among key foci of this strategy's ultimate success. The PIP seeks to "promote strategic projects or programmes that have a short gestation period with a high rate of return and are basic to the

promotion of a wide-range of other development activities," and "decentralization of socio-political administration to the regional and district levels to enable the participation of the people in development programmes."

Clearly, the PVOP goals conform closely to these objectives by providing needed input into key development sectors, and furthering the policy aims of increasing rural distribution of resources and encouraging local initiative and private sector involvement. The PVOP is an excellent example of the type of project the PIP seeks to encourage. PVO activities are characterized by a high internal rate of return (IRR), rapid start-up time and long-term linkages with sectors of the economy traditionally overlooked (cf Economic Analysis, Section 7.3).

While the PIP does not place strong emphasis on rural development per se, funding for rural development activities will average \$8.5 million per year through 1986, and are estimated at \$7.0 million per annum after 1986. PVOP is included in PIP "Regional and Rural Development" funding. Project MP01, Micro projects, identifies a Somali shilling equivalent \$7.4 million Local Government and \$4.5 million Self-Help contribution through 1986. Initial PVOP funding will come from this source. An additional \$7.0 million equivalent has been earmarked after 1986, (see PIP, Annex I, Table 4.1).

Certainly the GSDR is ready for PVOs to take a larger role in development as opposed to refugee activities. However, PVO activities in development have been relatively few to date, and GSDR confidence in their ability to promote development is still not assured. Moreover, despite the government's stated intentions of promoting local initiative and the private sector, putting these intentions into practice has been a slow and tentative process. By encouraging a partnership between PVOs, the GSDR, and local groups, PVOP will promote government confidence in PVOs and the private sector at the local level. It will also encourage the GSDR to permit PVOs and the private sector to play a larger role in Somalia's development.

3. PROJECT DESCRIPTION

3.1 Project Objectives

The goal of the PVO Development Partners Project is to foster the sustained economic and social development of Somalia by building a base for increased productivity at the grass roots, local level. The Project has two purposes: 1) to expand the programs of PVOs in development sectors and areas consistent with AID and GSDR strategy and priorities, and 2) develop the capacity of Somali private and voluntary organizations and local groups to actively participate in the development process.

Project outputs will be: (1) U.S. and Somali PVOs assisting communities and local groups to plan, implement and manage local development projects; (2) PVOs better prepared to identify and work with Somali communities; (3) MOI personnel trained in monitoring and evaluation; (4) GSDR, PVOs and USAID working together to improve and expand local development efforts.

By the end of the Project, USAID expects the following conditions to be achieved:

- The GSDR will have increased confidence in utilizing PVOs as a development alternative.
- A cadre of Somali development professionals will be established capable of undertaking sustained grass roots development.
- Somali PVOs and local organizations will have a capability for designing and implementing programs and attracting a funding base.

- There will exist an effective collaboration in project development between AID, PVOs, the GSDR, and local groups and communities.
- At the grass roots level, at least a hundred local communities will have benefited from sub-project activities throughout Somalia.

In very approximate terms, USAID also expects that through the Project:

- 350,000 individuals will directly benefit from the project
- 20 PVOs and 3-5 SPVOs (Somali PVOs) will be directly funded and undertake development activities.
- 100 sub-project (grant) communities and local groups will identify needs, manage inputs, and effect change.
- 10 workshops and training events will be held for PVOs and Ministry of Interior personnel.

Design Strategy

Rather than immediately beginning to draft this Project Paper, USAID chose to present basic design issues to all partners; the GSDR, PVOs, and several local groups. The reasons for this approach were two-fold: first, to draw maximum benefit from PVO and government experience for the project's design; and second, to give PVOs a large stake in the project from its inception, i.e. to make it clear that this is not a USAID project, but a partnership. While the parties focussed on different areas of concern, the ongoing dialogue and sharing of ideas assured that all partners were on board and set the tone for implementation of the project. This paper is largely a product of these combined efforts.

The PVO Advisory Board

One essential element in this process was the establishment of a PVO Advisory Board (PAB). The Board met several times with USAID and the GSDR to discuss PVOP design and develop a future role for the PAB. The Board also established a working group to participate in the drafting of this Project Paper.

The PVO Advisory Board is made up of representatives of all U.S. PVOs and Non-governmental Organizations (NGOs) working in Somalia. As an integral part of the implementation of PVOP the Advisory Board will be primarily a consultative group, meeting with USAID and the MOI to discuss issues of concern to the Project and to the PVOs. It will meet at its own behest as the need arises. It will also meet with USAID management on a bi-monthly basis. In addition the Board has agreed to assume a few key project responsibilities: 1) Appoint two representatives to be voting members of the Proposal Review Group; 2) Provide guidance to the MUST in the selection of PVO seminars and workshops; 3) Participate in annual PVOP assessments.

Current members of the PVO Advisory Board are:

AFRICARE	Overseas Education Fund
American Friends Service Committee	Partnership for Productivity
CARE	Save the Children Federation
Experiment in International Living	World Concern
Interchurch Response	Volunteers in Tech. Assistance
New TransCentury Foundation	Haqabtir

3.2 Project Elements

The project includes two components: 1) Operational Program Grants and 2) Support, Training and Evaluation. The Grants component consists of: 1) funding unsolicited proposals from PVOs for OPGs with greater than a \$50,000 AID contribution, and 2) funding much smaller Community Action

Grants (CAGs) with less than a \$50,000 AID contribution. The latter component will fund a contract for a Management Unit for Support and Training (MUST) attached to the Ministry of Interior which will provide training to PVOs and Ministry of Interior personnel, assist in the review of PVO proposals, and carry out monitoring and implementation functions for the Ministry of Interior and USAID. This component will also fund project evaluations and other activities described below in Section 3.3.

3.2.1 Unsolicited Grant Proposals

The funding of PVO proposals by the OPG mechanism is the principal component of PVOP. It is anticipated that between 12-15 OPGs, and over 40 of the smaller Community Action Grants will receive funding by PACD. Total funding of this component will be approximately \$30.2 million. AID will contribute up to \$15.8 million, the GSDR will contribute an estimated 210.6 million Somali shillings (a \$5.4 million equivalent at the current exchange rate of So.Sh.39 = \$1) and PVOs and local groups will contribute the remainder. Of this, \$13.8 million dollars of the USAID contribution and 171.6 million Somali shillings (\$4.4 million) will fund OPGs with a USAID dollar contribution greater than \$50,000. A two million dollar (\$2.0 million) USAID contribution and a one million GSDR shilling contribution (So.Sh. 39 million) will be allocated to fund CAGs.

Proposals will be considered that address AID and GSDR priority areas and that fit into the range of activities appropriate for funding under the Agriculture, Rural Development and Nutrition (ARDN); Health (HE) and Selected Development Activity (SDA) functional accounts. A detailed listing of appropriate activities is contained in Annex M. In general PVOP will entertain proposals in the following general areas:

Agriculture:

Improvement of Plant/Livestock;
Better Production Methods;
Delivery/Marketing Systems;
Multi-Element Food Production;
Improved Food Storage; Packaging and
Processing; Preserving Food Supply.

Rural Development:

Greater Small Farm Output; Small Farm Profitability; Land Tenure/Use; Rural Organizations; Integrated/Farmer Income; Expand Rural Employment, Small Entrepreneurs.

Nutrition:

Improve Dietary Habits; More Nutritious Food; Better Food Utilization.

Health:

Reduce Disease Incidence; Treatment of Illness; Integrated Delivery Systems.

Selected Development Activities:

Urban Poor Income; Urban Poor not elsewhere classified (n.e.c.); Export Promotion; Energy Production/Conservation; Science/Technology, n.e.c.; Strengthen PVOs.

Table 3.1 provides a listing of Project functional account funding levels and their percentage of Project funding.

3.2.2. Operational Program Grants

It is expected that OPGs will receive rather substantial funding under the Development Partners Project. Current evidence suggests that at least a few OPGs will be in excess of \$1.0 million in AID funding. This is in addition to PVO, GSDR, and local contributions which must total at least 25 percent of AID funding.

TABLE 3.1

AID Funding of PVOP

<u>Appropriation</u>	<u>Activity</u>	<u>Budget (\$000)</u>	<u>% of Total</u>
ARDN	120 Better Production Methods	5200	28.6
	130 Delivery/Marketing Systems		
	240 Rural Organizations	2600	14.3
	270 Small Entrepreneurs		
	300 Nutrition	550	3.0
	Total:	<u>8350</u>	<u>45.9</u>
HEALTH	530 Integrated Delivery Systems	5300	29.0
	590 Project Support*	1400	7.8
		Total:	<u>6700</u>
SDA	710 Urban Poor Income	500	2.7
	720 Urban Poor Quality of Life		
	740 Energy Production/Conservation	1650	9.0
	750 Science/Technology		
	760 Strengthen PVOs*	1000	5.6
	Total:	<u>3150</u>	<u>17.3</u>
	Grand Total:	<u>18,200</u>	<u>100.0%</u>

* Comprises non-grant Project funding (e.g. support to Proposal Review Group, PVO Advisory Board, monitoring and evaluation) to be implemented by direct AID contract.

At the end of the Project USAID expects to have funded from twelve to fifteen OPG sub-projects with AID dollar funding greater than \$50,000, with AID registered PVOs. Most OPGs will run for 2-3 years and will fund programs with PVOs which have a strong development aspect to them. These OPGs will attempt to develop the managerial and financial capabilities of local organizations, and bring positive developmental change to target areas. For this reason proposals for OPGs will be expected to thoroughly describe the project setting, the problem to be addressed and the strategy chosen to implement change. Included, as well, will be a description of the type of training the local organizations will receive and how this training will prepare them to continue similar activities after the PACD.

AID expects up to five local organizations independently to qualify for direct AID funding by the end of the Project. One organization now exists which may already be eligible for direct funding from the Project. "Haqabtir" ("meeting a need") has been given official recognition as a PVO by the Somali Government. It is the only Somali PVO involved in development work to date, and, if it meets USAID registration requirements, could be eligible for direct funding.

3.2.3 Community Action Grants

PVOP will encourage PVOs to submit proposals for small scale, fast impact activities by allocating funds for smaller grants under the project. USAID anticipates funding foreign exchange for action-oriented, community level, quick disbursing activities of under \$50 thousand (not counting local currency and in-kind contributions).

Community Action Grants will generally be implemented in less than one year. PVOP will initially budget \$2.0 million in foreign exchange, and \$1 million in local currency (from the CIPL account) over the life of the Project. It is anticipated that PVOs and local groups will provide \$2.0 million in local currency or in-kind contributions. Consequently, PVOP anticipates funding at least forty, and probably more, Community Action Grants.

The PVOP takes specific steps to distinguish these grants from the larger OPGs to assure their being rapidly funded and implemented. Criteria and documentation for proposals have been reduced, and proposal review streamlined, to ensure relatively quick project start-up. These steps are further elaborated below in sections 3.2.5-8.

The CAG Program is in keeping with the experimental nature of PVOP. USAID feels that the CAG will permit a more diverse participation in the Project among PVOs, particularly those with much smaller scale programs which normally will not be able to command the resources to develop full scale OPGs. Thus, CAGs offer the opportunity to broaden the Partnership. In addition, CAGs offer the potential for almost immediate impact and will by their very nature involve and foster community involvement in grass roots development.

Any individual or organization may suggest CAG possibilities. PVOs of course will be free to submit unsolicited proposals for CAGs. PVOP expects funding several CAGs to PVOs now working in refugee areas who are able to identify the needs of the surrounding non-refugee community.

The GSDR, local communities, AID contractors and direct hire personnel will also be expected to identify CAG possibilities. Suggestions from these sources will be forwarded to the PVO Advisory Board to see if a PVO working in the same geographic area will be interested in sponsoring the activity with a local group. The PVO will then develop a proposal, utilizing the simplified format, for GSDR and AID approval.

Illustrative examples of the kinds of activities anticipated under the CAGs are as follows:

- The provision of picks, shovels, prybars, and technical expertise to village committees for the repair and renovation of rural roads.

- The provision of equipment, materials and technical expertise for the rehabilitation of community wells.
- Materials and technical expertise for the conservation of village vegetation and sand dune stabilization.

3.2.4 Registration and Eligibility

PVOs that are registered with AID will be eligible for funding under the PVOP. U.S. and third country (i.e. not Somali) PVOs must be registered with AID/W, FVA Bureau. Somali PVOs can register with USAID Somalia to qualify for funding. US and Somali PVOs are given preference for grants over other international PVOs.

All international PVOs working in Somalia are required by the GSDR to register a Country Agreement with the Ministry of Foreign Affairs. The MOI through the MUST will assist Somali and other PVOs to register with the GSDR.

3.2.5 Criteria for Unsolicited Proposals

In order to assure that PVOP objectives are met, to make the proposal review process smoother, and to facilitate proposal preparation, it is necessary that criteria for evaluating proposals are made clear and public as early as possible. (A complete list of criteria is included in Annex G). The most important criteria which PVO proposals for grants must meet are listed below:

Minimum Requirements for Funding:

- PVO is registered with AID, and has a Country Agreement with GSDR Ministry of Foreign Affairs.
- PVO exhibits ability to contribute 25% of total costs from non-AID funding.

- Proposal contains nothing that is illegal or in direct contradiction with USAID or GSDR regulations or policy.
- PVO is working in Somalia at time of financing (CAG only).
- PVO exhibits capability to manage the grant.
- Proposal contains necessary baseline analyses; e.g. economic, social and environmental.
- Includes a detailed and adequate evaluation and monitoring plan.
- Demonstrates technical feasibility.
- Demonstrates a PVO and local group contribution.
- Demonstrates knowledge and familiarity with Somalia.
- Clearly identifies direct and indirect beneficiaries.

Preferred Characteristics of Priority Proposals:

- Has local group participation in all phases of proposed activities.
- Is consistent with the major areas of AID/GSDR programming.
- Demonstrates favorable past performance with AID.
- Promotes equity and the role of women in development.
- Has a higher proportion of local group and PVO contribution.
- Does not oversubscribe the project in a particular region or sector.
- Has potential for developing local groups capacity to independently continue development activities after PACD.

These criteria and preferences for proposals (and those in Annex G) will be subject to periodic review, and can be revised if agreed upon by the PVO Advisory Board, the GSDR and USAID.

Proposals for Community Action Grants will address the same questions as those for OPGs, but with a lesser degree of analysis. While an OPG proposal is expected to be a substantial document, both in length and detail, a CAG proposal is not expected to run more than 7-10 pages. Outlines for the two types of proposals are found in Annex H.

3.2.6 Review of Grant Proposals

A. The Proposal Review Group

All grant proposals will be reviewed by the Proposal Review Group (PRG) which will make recommendations to the Ministry of Interior for funding of OPG and CAG proposals. Members of the PRG will be:

Ministry of Interior	(1) Chairman
Ministry of National Plan	(1)
USAID	(1)
PVO Advisory Board	(2)
Somali Private Sector	(1)

The USAID direct-hire Project Manager for the PVOP will represent USAID on the PRG. The Ministry of Interior will appoint a senior level official whose vote will reflect that of the Ministry. The Ministry of National Plan will be represented to ensure that approved sub-projects meet with overall GSDR planning priorities. The PVO representatives will be selected by the PVO Advisory Board. To select the private sector representative, the Ministry of Interior and USAID will request the Chamber of Commerce to prepare a list of suitable candidates from the private business community. The MOI and USAID will jointly select a representative from this list.

The PRG will be served by a secretariat staffed by the management Unit for Support and Training (discussed in 3.3.1, below). This secretariat will serve various functions, among them;

- Initially review proposals to assure completeness,
- Schedule meetings and organize agenda for proposal review,
- Send copies of proposals to USAID, Ministry of Interior and others who serve on PRG,

- Draft PRG's recommendations on proposals,
- Liaise with PVOs, GSDR, and USAID during review process,
- Assist PVOs with AID and GSDR procedures and regulations.

B. The Review Process

For unsolicited OPG proposals greater than \$50,000, PVOs will submit a concept paper to the PRG which will approve or disapprove the proposal, and, if approved, make specific recommendations to the PVO for consideration in preparing a full proposal.

If the PVO decides it wants to invest in preparing a full proposal, it submits the proposal to the PRG, through the secretariat. The PRG meets to review the proposal and makes a recommendation to the Ministry of Interior either to approve or decline funding. The Ministry will then decide whether the grant shall receive funding, and request USAID, in writing, to approve funding of the activity. USAID in turn notifies the Ministry of its decision which shall be based on whether or not the proposal has met the criteria for approval and followed the review process agreed upon by USAID and the GSDR. Concept papers need not be prepared for CAGs, which will require only a review of a brief final proposal.

C. USAID and Ministry of Interior Review

Prior to voting on concept papers and proposals, the USAID member of the PRG, the USAID PVOP Project Manager, will organize review by the Mission. Reviewers will be from the Controllers, Projects, Program and the appropriate technical office. The Mission Environmental Officer and Women in Development Officer will also sit on the review committee. The Environmental Officer will make written recommendations on the environmental soundness of each proposal. These reviewers will recommend to the Mission Director in the form of an Action Memorandum how the

Mission should vote. The USAID member of the PRG will vote accordingly. Similarly, the appropriate technical ministries of the GSDR, which the PVOs will have consulted during proposal preparation, will provide guidance to the voting Ministry of Interior member of the Proposal Review Group. USAID and the MOI will approve and sign all grant agreements with PVOs.

3.2.7 Implementation of Grants

OPGs and CAGs will be implemented by the PVO/local group partnerships. With this type of funding mechanism, they will have considerable autonomy. Depending on the grant, local government officials may be involved. However, their role will be clearly defined in individual PVO Grant Agreements.

USAID's role in implementation will largely be monitoring and evaluating grants. The USAID Project Manager will focus on the Project overall (e.g. proposal review process, PVO Advisory Board, contractor management) and Community Action Grants. USAID technical offices will monitor and act as liaison with PVOs regarding technical aspect of OPGs.

3.3 Support, Training and Evaluation

3.3.1 Management Unit for Support and Training

A. Background

The principal objective of the PVOP is to see that grant funds are allocated to PVO activities which will directly contribute to local development in Somalia. It is therefore no less important that these funds be obligated in a timely, efficient fashion, and that subsequent monitoring of these funds assures wise use. The review process, and criteria described above will promote this to some extent. In addition, the PVOP provides funding for a Management Unit for Support and Training (MUST) to provide monitoring, management and support and training to the implementing partners.

B. Objectives

The MUST will be under direct contract with USAID (see Section 5.2) and will perform the following functions.

- Act as Secretariat of the Proposal Review Group;
- Design and implement training activities for the Ministry of Interior, Department of Rural Development;
- Design and implement training activities for participating PVOs;
- Monitor the PVOP Community Action Grant Component, and;
- Provide non-technical support to PVO implementing partners.

C. Activities

Over the LOP, the Management Unit for Support and Training will:

- Establish procedures for the efficient quarterly review of PVO grant proposals by organizing PRG review, communicating with all parties in the review process, and providing feedback to PVOs on PRG revisions
- Prepare a training schedule for the MOI, Department of Rural Development which includes MOI participation in at least 3 in-country workshops, on the job training, and identification of possible third country training.
- Consult with AID and the PVO Advisory Board and arrange at least 7 training workshops for participating PVOs on topics such as evaluation techniques, data collection, and training of local groups.

- Monitor the CAG component by providing expertise, at regularly scheduled intervals, to conduct site visits and assess progress of the component and individual grants.
- Provide non-technical backstopping to PVO implementing partners on such topics as procurement. Provide Somali PVOs with information which will assist them in registering with AID, and provide U.S. PVOs with information that will assist them in registering with the GSDR.
- Develop a list of local consulting groups the PVOs can utilize in proposal preparation, implementation and monitoring. The MUST's full scope of work is described in Annex J.

D. Level of Effort

The MUST will be staffed by one U.S. recruited Chief of Party and funded for the six year life of project. A locally recruited U.S. citizen or third country national will be funded for three years to serve as a training coordinator and administrative assistant.

Long-term local staff needs will be met by one senior Somali staff person, 5 middle level employees (e.g. clerk, typists), and additional support personnel (i.e., drivers, watchmen, etc.).

The MUST will be able to call on eight person months of short-term consultants to design and implement PVO and MOI workshops, and sixteen person months of technical assistance to monitor the CAG component for GSDR and AID.

3.3.2 PVO Support

A. PVO Development Partners Manual

To assist PVOs to understand the Project and to develop proposals for OPGs and Community Action Grants, a manual which describes the program, the requirements for proposals, and the proposal review process will be prepared. It will carefully spell out the criteria which will be used for reviewing and selecting proposals, and provide guidelines and instructions to assist PVOs in preparing proposals. Detailed guidance and illustrative case studies will be provided on how to do economic and social analysis for OPG proposals. In addition, the manual will provide guidance on AID environmental requirements, procurement, reporting, and other procedures.

B. Workshops

The PVOP will fund up to ten (10) workshops over the life of the project which will provide technical and managerial assistance to PVOs. It is anticipated that such training, along with the guidance of the PVO Manual will enhance the PVOs ability to efficiently implement sub-grants, and in the long run reduce the need for day to day management assistance from AID and GSDR staff.

These workshops will be coordinated by the MUST, who will be able to call on professional facilitators to implement a number of them. The MUST will be responsible for implementing or contracting locally for the implementation of the remaining workshops.

The MUST will develop a training plan in consultation with AID, the GSDR and the PVO Advisory Board, which may include assistance in such topics as project planning, organizational and financial management, data analysis, technical and implementation problem solving. Should there develop a number of Somali PVOs, the Project has sufficient resources to include training in areas such as fund raising, board development, and technical training.

4. COST ESTIMATE AND FINANCIAL PLAN

Several partners will contribute to the PVO Development Partners Project. AID will provide \$18.2 million in DA funds: ARDN - \$8.35 million, HEALTH - \$6.7 million, and SDA - \$3.15 million. The GSDR's contribution of \$6.8 million (in Somali shilling equivalent) will be made available through local currency generated by the Commodity Import and PL-480 programs. It is expected that PVOs and local groups in Somalia will provide at least another \$9.0 million in dollars, Somali shillings, and/or in-kind, with the proportions varying from sub-project to sub-project. The PID for the PVOP was originally approved in AID/Washington for \$15.0 million. Subsequent to the PID approval, AID approved the deobligation of \$3.2 million in health funds from the Rural Health Delivery Project (649-0102) and the subsequent reobligation of these funds for health related activities under the PVOP. The deobligated health funds are scheduled to be obligated under PVOP in FY85 or FY86.

4.1 AID Contribution

The principle use of AID funds will be for OPGs. A total of \$15.8 million has been allocated with \$13.8 million for funding unsolicited OPG proposals greater than \$50,000, and \$2.0 million for CAGs.

The balance of \$2.4 million (13.2% of the AID contribution) will be for funding support, training, and evaluation costs. The bulk of these costs (\$1.53 million) will fund a Direct AID contract with the Project's Management Unit for Support and Training. Under the contract, USAID will fund MUST long and short-term personnel, office equipment and supplies. Approximately \$150 thousand is budgeted for USAID procured house

furnishings and appliances, and FSU support to the MUST. Five thousand dollars (\$5,000) is budgeted for the production of the PVO Development Partners Manual. USAID will also procure two microcomputers (\$24,000), one for the MUST and one for the MOI Department of Rural Development, and three vehicles for the MUST (\$60,000) for use over the life of project. (Local currency funding will provide a vehicle for the MOI). Sixty thousand dollars (\$60,000) is allocated for international short-term training for Ministry of Interior and NGO staff, and \$85,000 for mid-term and final project evaluations. An additional \$493,000 is budgeted for inflation (7% compounded annually) and contingencies (3%).

4.2 GSDR Contribution

Approximately seventy-nine percent of the GSDR's \$6.8 million equivalent contribution to the Project will be for grants. Of this amount 171.6 million Somali shillings (\$4.4 million equivalent at 39:1 exchange rate) will be for large-scale OPGs. This is thirty-two percent of AID's contribution. While this is somewhat lower than the fifty-nine percent ratio found in PVO activities funded under AID's two refugee projects (CDA Forestry 649-0122 and Refugee Self-Reliance 649-0123), PVOP will encourage local initiative and sustainability, by reducing the dependence on scarce government resources. Similarly cash-for-work and food-for-work projects will not be encouraged. In addition the GSDR will allocate 39 million Somali shillings (\$1 million) for CAGs, which is 50% of AID's contribution. This proportion anticipates relatively low dollar-funded indirect costs (e.g. overhead) and a strong commitment of local community resources. Local procurement will be stressed so that implementation is accelerated.

The GSDR contribution to PVO grants is based on estimates of shilling costs at current wages and prices. Inflation and contingencies are not factored into these estimates. As such, the level of GSDR shilling funding will be assessed by USAID, the Ministry of Finance and the Ministry of Interior annually to assure that funding levels are appropriate for grant funding.

Apart from the grants, the GSDR will provide \$710 thousand equivalent for Project support, training, and evaluation costs. This includes about \$540 thousand to cover MUST local costs, such as local staff salaries, housing and other operating expenses. About \$78,000 is allocated for Ministry of Interior procurement of equipment and supplies, and approximately \$95,000 equivalent is included for MOI operating expenses, (fuel, local travel, and staff salary supplements). Also, \$680 thousand is budgeted for inflation, at 20% compounded annually, and contingency, at 10%.

4.3 PVO/Local Group Contribution

PVOs and local groups are expected to make substantial contributions to PVOP-assisted activities in the field. While it is not possible to accurately estimate the size of those contributions, a target figure for local group contribution of 25% of total costs either cash or in-kind is set for CAGs to add to the emphasis on local initiative for these smaller grants.

Hence for CAGs, the PVO/local contribution is budgeted for an amount equal to the AID contribution and twice that of the GSDR. For OPGS, the PVO/local contribution is set at fifty seven percent of the AID contribution.

Tables 4.1 - 4.4 illustrate the PVOP budget in summary fashion. Annex L provides more detailed information on budgeting.

TABLE 4.1

SUMMARY COST ESTIMATE AND FINANCIAL PLAN
(US\$ thousand or Somali Shilling equivalent)

	AID (FX)	GSDR (LC)	PVO/Local Groups (FX or LC)	Total
1. <u>Technical Services</u>				
A. <u>Long-Term Personnel:</u>				
MUST Chief	916			916
MUST Local Hire	192			192
MUST Local Staff			165	165
GSDR Staff			39	39
B. <u>Short-Term Personnel:</u>				
MUST Workshop Consultants	136			136
MUST CAG Monitor	240			240
Total	1,484	204		1,688
2. <u>Commodities</u>				
Vehicles & spares	60		40	100
Office furniture & supplies	42		103	145
Microcomputers	24			24
Total	126		143	269

	AID (FX)	GSDR (LC)	PVO/Local Groups (FX or LC)	Total
3. <u>Training Studies, Monitor/Eval.</u>				
Int'l short-term training	60			
Workshop local costs			40	
Evaluation <u>1/</u>	<u>85</u>			
Total	145		40	
4. <u>Support Costs</u>				
PVO Manual				
Fuel and Maintenance			64	
Travel			24	
MUST Office Renta			120	
MUST Housing	54		120	
FSU	<u>93</u>			
Total	152		328	
5. <u>Sub-projects</u>				
OPGs	13,800	4,400	7,000	25,200
CAGs	<u>2,000</u>	<u>1,000</u>	<u>2,000</u>	<u>5,000</u>
Total:	15,800	5,400	9,000	30,200
6. <u>Inflation & Contingencies (on 1-4)</u>				
Inflation				
Contingenc				
Tota				
7. TOTAL:				

1/ Includes only overall PVOP evaluation costs

TABLE 4.2

COSTING OF PROJECT OUTPUTS/INPUTS
(US\$ thousand or equivalent)

<u>Project Inputs</u>	<u>Trained Somali Personnel</u>	<u>Improved PVO Operations</u>	<u>Local-level Development</u>	<u>Total</u>
<u>AID</u>				
Personnel Costs	479	638	769	1,886
Commodities & Support	116	116	90	322
Int'l Training	71			71
Grants			15,800	15,800
Evaluation	5	2	114	121
Total	671	756	16,773	18,200
<u>GSDR</u>				
Personnel Costs	145	184	329	658
Commodities & Support	121	229	324	674
Grants			5,400	5,400
Evaluation & Training	30	30	8	68
Total:	296	443	6,061	6,800
<u>GRAND TOTAL:</u>	<u>967</u>	<u>1,199</u>	<u>22,834</u>	<u>25,000</u>

TABLE 4.3

PROJECTION OF EXPENDITURES BY FISCAL YEAR
(US\$ thousand or equivalent)

	<u>FY-85</u>	<u>FY-86</u>	<u>FY-87</u>	<u>FY-88</u>	<u>FY-89</u>	<u>FY-90</u>	<u>FY-91</u>	<u>Total</u>
<u>AID</u>								
Grants - ARDN	900	2,750	2,000	2,000	700			8,350
HEALTH	2,000	3,300						5,300
SDA		700	700	500	250			2,150
Total:	<u>2,900</u>	<u>6,750</u>	<u>2,700</u>	<u>2,500</u>	<u>950</u>			<u>15,800</u>
Tech. Assistance		205	341	341	292	213	92	1,484
Commod. & Support	148	38	18	22	18	18	16	278
Int'l Training		20	20	10	10			60
Evaluation				34			51	85
Total:	<u>148</u>	<u>263</u>	<u>379</u>	<u>407</u>	<u>320</u>	<u>231</u>	<u>159</u>	<u>1,907</u>
Inflation	0	18	53	94	99	92	80	436
Contingencies	4	8	11	12	10	7	5	57
<u>GRAND TOTAL:</u>	<u>3,052</u>	<u>7,039</u>	<u>3,143</u>	<u>3,013</u>	<u>1,379</u>	<u>330</u>	<u>244</u>	<u>18,200</u>
<u>GSDR</u>								
Grants	1,800	1,790	1,080	580	150			5,400
Techn. Assistance		78	94	94	94	94	48	502
Min. Interior Costs		72	22	22	22	22	13	173
Workshops		10	10	10	10			40
Total:	<u>1,800</u>	<u>1,950</u>	<u>1,206</u>	<u>706</u>	<u>276</u>	<u>116</u>	<u>61</u>	<u>6,115</u>
Inflation		32	56	93	136	174	121	612
Contingencies		16	13	13	13	12	6	73
<u>GRAND TOTAL:</u>	<u>1,800</u>	<u>3,998</u>	<u>1,775</u>	<u>1,812</u>	<u>925</u>	<u>302</u>	<u>188</u>	<u>6,800</u>
<u>PVO/Local - Grants</u>	<u>2,000</u>	<u>2,620</u>	<u>2,010</u>	<u>2,010</u>	<u>360</u>			<u>9,000</u>

TABLE 4.4

METHODS OF IMPLEMENTATION AND FINANCING

Type of Assistance and Method of Implementation	Contracting Mode	Method of Payment	Amount (U.S. \$1,000)
<u>Technical Assistance</u>			
MUST Personnel	Direct AID	Direct Pay	1,886
Personnel Support	Direct AID	Direct Pay	185
Evaluation Teams	Direct AID, Institutional or Individual Contract	Direct Pay	<u>121</u>
Total:			2,192
<u>Commodities</u>			
AID Procurement (vehicles, computer)	Direct AID Contract & Purchase Order (under \$25,000)	Direct Pay	87
MUST Procurement - (office furniture & supplies)	Direct AID Contract	Direct Pay	<u>50</u>
Total:			137
<u>Training</u>			
Placed by S&T/IT	PIO/P Direct AID Contract	Direct Pay	71
<u>Grants to PVOs</u>			
OPGs	Letter of Credit to Federal Reserve Bank		13,800
CAGs	Letter of Credit to Federal Reserve Bank or Direct Pay		<u>2,000</u>
Total:			15,800
Grand Total:			18,200

5. IMPLEMENTATION PLAN

5.1 Implementation Responsibilities

Although final responsibility for implementation of the Project rests with the Ministry of Interior and USAID, all of the partners -- PVOs, local groups, private business sector, various GSDR agencies, and USAID -- will play important roles.

In the design of proposals for OPGs and CAGs, local groups and PVOs will take the lead. The GSDR (especially the Ministry of Interior) and USAID will already have played a part, though, by helping to define criteria for awarding grants. Also, line ministries will make technical contributions to the design of proposals.

The Proposal Review Group -- chaired by a Ministry of Interior senior official and also comprised of representatives from the Ministry of National Plan, USAID, PVO Advisory Board, and Somali private business sector -- will be responsible for reviewing grant proposals. To prepare for the PRG meeting, the USAID Project Officer will organize a Mission review of the proposals. The Officer will then vote according to Mission recommendations.

If the PRG recommends funding, it will forward the proposal to the Ministry of Interior. If the Ministry approves the proposal it will notify AID and request formal AID approval. AID will respond by a Project Implementation Letter, approving the project and allocating the funds against appropriate functional accounts.

Implementation of the OPGs and CAGs will primarily be the responsibility of PVOs and Somali local groups and communities. The Ministry of Interior, at the national, regional, and local levels, and the relevant line Ministries will also play a role in implementation, perhaps supplying counterparts to the PVOs, facilitating procurement, or providing in-kind contributions. The Ministries of Finance and Interior will be responsible for disbursing the GSDR financial contributions to the sub-projects. Implementation responsibilities of the various partners are summarized in Table 5.1.

All of the partners are involved in monitoring and evaluation of the Project and its grants. Their responsibilities are discussed in the Monitoring and Evaluation Plan (Section 6).

TABLE 5.1

FUNCTIONS	AID				PRG	PVOs		GSDR					PRIVATE SOMALIS		CONTRACT	
	Director	Project Officer	Technical Officers	Controller	REDSO AID/W	Advisory Board	Individual PVOs	Ministry Interior	Ministry Finance	Ministry For. Aff.	Technical Ministries	Ministry Plan	Community Groups	Business	MUST	Other Aid
<u>Proposal Dev't</u>																
- promotion/identif.	x	x			x		++						++			
- consultation		x	x			x		++			x	x			x	
- preparation													x			
- review		x	x	x		++		x			x	x		x		✓
<u>Proposal Approval/ Funding</u>																
- approval	x							x	x			x				
- sign agreements	x						x	x								
- disbursement		x	x	++				++	x							
<u>Support to MOI</u>																
		x						x							x	
<u>Support to PVOs</u>																
- workshops									x						++	
- seminars								x	x						++	
- grant implementation			x					++	x						x	
- registration	++			x	x		x	++		x	x		++		x	
<u>Monitoring/Evaln.</u>																
- sub-project reporting																
- sub-project monitoring	x		x	x										x	x	
- sub-project evaluation	x		x					++					x		x	
- project reporting	x														x	
- project monitoring	++		x	x											x	
- project evaluation	++				x			x							x	
- Annual Review	x							x			x				x	x
<u>Info./Backstopping</u>																
					x			x							x	

++ = lead unit

5.2 Operational Program Grants

All PVO/local group sub-projects will be funded through Operational Program Grants. OPGs provide PVOs with maximum independence in implementation and reduce the AID and GSDR management burden. The OPG mechanism also reduces AID and GSDR control over sub-project implementation, which heightens the importance of establishing a sound proposal review, monitoring and evaluation process.

Financial Arrangements

United States dollars will be disbursed to PVOs through Letters of Credit to the Federal Reserve Bank with expenditures based upon periodic implementation and financial reports. The PVOP anticipates that for some grants, such as CAGs to small PVOs not currently holding a Letter of Credit at the Federal Reserve Bank, direct payment will be an alternate method of payment. Provision is made for such payment and periodic advance, if necessary, in accordance with current AID and Mission Controller's policy.

GSDR funds for OPGs will be disbursed from the Ministry of Finance to the grantholder in accordance with standard Ministry of Finance, CIPL Unit procedures. The Ministry of Finance will clear each grant agreement for the GSDR.

GSDR funds for Community Action Grants will be deposited in a Ministry of Interior account in accordance with standard Ministry of Finance/GSDR procedures for disbursement. These funds will be disbursed to the grantholder directly from the MOI once the Ministry, USAID and the PVO have signed the grant agreement.

5.3 Procurement

5.3.1 Commodities

AID will procure a limited amount of commodities in the Project. AID will purchase three 4-wheel drive vehicles, and a microcomputer for the MUST, and a microcomputer for the Ministry of Interior's Rural Development Department. AID's Field Support Unit will procure furniture and appliances for the MUST's long-term personnel, and maintain the two vehicles.

PVOs with grants will handle their own procurement, subject to AID regulations governing, among other things, eligible commodities and source, origin requirements, (as described in AID Handbooks 1B and 13 chapters 4,6, and OMB Circular A-110). Consequently, they will be able to procure from Code 941 sources, with extended off-shelf procurement also allowed in Somalia and other sub-Saharan developing countries. Waivers of these regulations will only be considered on a grant-by-grant, commodity-by-commodity basis. PVOs will be expected to purchase U.S. made vehicles for project use. As part of USAID standardization plan, Mission has determined the project will purchase GMC and Jeep vehicles. Local currency procurement by PVOs and the Ministry of Interior is subject to GSDR regulations.

5.3.2 Technical Services

To assist the partners in management of the overall project, AID will contract for the services of a Management Unit for Support and Training (MUST). The Unit will be assigned to the Ministry of Interior, but be under direct contract to AID. The direct contracting mode has been established as Mission policy, since, in general, the GSDR does not possess the capabilities as yet to negotiate and administer a host country contract.

Only one contract will be used for these functions in order to lessen AID's recruitment efforts and management burden. Also, proposal design, and review, implementation, monitoring, reporting, and training have multiple linkages. A "one-stop" MUST will improve communications and simplify overall Project Implementation. Competition for the contract will be open to all U.S. based, AID registered PVOs, or consortia from among this group and private firms.

It is essential that this Management Unit have strong administrative and training capabilities as well as a thorough knowledge of the problems and potential of PVOs. Should a PVO receive the contract it will be ineligible for grant funding under the PVOP. The Ministry of the Interior and the PVO Advisory Board will participate with AID in the review of proposals for the MUST. Since the Management Unit plays a crucial role in Project implementation, it will be recruited as soon after the Project's obligation as possible. The contract will extend through the life of the Project. Upon arrival at Post the Contractor will be responsible for developing a life of project workplan. The plan will be approved by AID, the GSDR and the PVO Advisory Board. The Contractor will submit quarterly reports describing activity under the Plan. The Plan will be reviewed and updated annually by AID, the GSDR and the PVO Advisory Board.

Because of the specialized assistance needs and the innovative approach of the PVOP, USAID recommends that open competition be used in contracting for the MUST. To the extent practical AID would urge organizations wishing to bid on the contract to utilize small business firms or minority based PVOs in subcontracting.

5.3.3 Training

Funds are provided for appropriate short-term training programs for Ministry of Interior and Somali PVOs. The MUST will assist the Ministry and AID to identify suitable participants. AID will be responsible for arranging for training programs. By Action Memorandum dated May 14, 1981, Mission has waived the requirement that GSDR pay international travel costs associated with AID funded training programs.

5.4 Schedule of Major Events

Table 5.4 presents a summary schedule of major events. A more detailed Implementation Schedule is contained in Annex J. GSDR and USAID will convene the Proposal Review Group as soon as initial conditions precedent are met. USAID expects to fund at least two OPGs to be funded before the MUST is in place. These two involve the development of cooperatives in Erigavo with the Cooperative League of the USA (CLUSA) and the development of rural health activities in Luuq with AMREF. Additional discussions have been held with PCI, Partners for Productivity, and the African Wildlife Federation. For its part, USAID will attempt to move these concept papers and proposals through the PRG process as soon as possible. Activities for the first year are in months. After the first year, timing is in FY Quarters.

Table 5.4

<u>Activity</u>	<u>Timing</u>	<u>Responsible Partner</u>
ProAg Signed	6/85	GSDR, AID
RFP for MUST Drafted	7/85	AID
PIO/C's for Commodities Drafted	7/85	AID
Initial CP's Met	9/85	GSDR
RFP for MUST Issued	9/85	AID
PJO/C's for Commodities Issued	9/85	AID
Manual Produced	10/85	AID
Initial Workshop	10/85	AID
Initial Proposals and Concept Papers reviewed by PRG	10/85	AID/GSDR/PVO/P.S. <u>1</u> /
First OPGs signed	12/85	PRG
MUST contract signed, COP <u>1</u> / on Board	3/86	AID
MUST Workplan Developed and Approved	4/86	Contractor/AID/GSDR
MUST fully operational	6/86	Contractor
First CAGs signed	3rd Q FY86	(PRG/MUST), AID/GSDR/PVOs
First CAGs completed	4th Q FY87	PVOs
First OPGs completed	2nd Q FY88	PVOs
Midterm Evaluation	4th Q FY88	AID
Sub-project Activity Ends	3rd Q FY91	All Parties
Final Project Evaluation PACD	3rd Q FY91	AID

1/ P.S. - private sector representative; COP - Chief of Party

6. MONITORING AND EVALUATION PLAN

6.1 Purpose of PVOP Monitoring and Evaluation

The success of the PVO Development Partners Project will in large part depend on how well we learn from experience and how well we apply that learning. Project monitoring and evaluation activities are necessary to achieve a number of purposes:

- 1) To track the progress of individual activities that are funded by the Project.
- 2) To collect data on activity benefits and costs, by sub-project, PVO, sector, geography, etc.
- 3) To assess the impact of activities on participants and communities.
- 4) To record and share lessons learned by grant holders, donors, and others interested in Somalia's development.
- 5) To keep track of individual grant and overall Project progress toward objectives.
- 6) To assess and guide individual grant and overall Project management and administration.
- 7) To enhance the chances of sustaining long-term Somali development, in line with the objectives for which the Project is being created.

6.2 PVO Monitoring and Evaluation Functions

Monitoring and evaluation are to be integral parts of the development process undertaken by the PVOs. They will provide ongoing feedback and guidance as well as relative and absolute assessments of

accomplishments. The Development Partners Manual will encourage some degree of communality in the reporting formats and studies made to facilitate comparative assessment at the Project level. Each PVO will take responsibility for reporting.

6.2.1 PVO Monitoring

Each approved grant proposal will contain a plan that considers how the PVO will monitor:

- Procurement, delivery, and installation of resource inputs.
- Adherence to implementation plans.
- Compliance with required standards and procedures.
- Achievement of planned targets.
- Handling of constraints that are limiting progress.

The plan will indicate how this information will be collected and reported. For Community Action Grants, however, it is expected that monitoring plans will be much simpler than for OPGs.

6.2.2 PVO Evaluation

Each approved grant proposal will also contain an evaluation plan that answers:

- How many evaluations will be required?
- When should the evaluations be scheduled?
- What hypotheses should be tested at each evaluation?

-- What methods should be used to obtain the data required?

-- Who will evaluate?

-- How much will the evaluations cost, and who will fund?

PVO evaluations should address the following three major questions:

- 1) Has progress toward planned targets been achieved? How has this been measured? Have any unplanned results occurred?
- 2) Does the design have continuing relevance in the light of changes over time in Somali circumstances?
- 3) What internal elements of the design and/or what external factors caused success or failure?

In order for the evaluation to assess the sub-project's progress, it is important that the grant proposal clearly state objectives, with log frame or equivalent, along with verifiable indicators for expected sub-project impacts.

As for monitoring, it is expected that evaluation plans for CAGS will be simpler than for OPGs. The Development Partners Manual will provide guidance to PVOs on how to prepare evaluation plans for their proposals.

Baseline Data: For OPGs only, the PVO grantee will ensure that baseline data are collected, in line with its monitoring and evaluation plans, for each assisted activity. The context and PVO approach will be described for each activity. As a part of sub-project startup, appropriate surveys will be conducted so that before-after observations are possible as activities move forward. Socio-economic data should be disaggregated by sex, formal education, family size, economic activity, site, etc.

Case Studies: To facilitate evaluation for OPGs, the PVO grantee will identify selected cases for indepth study. These may be focused on individual sub-project participants, families, communities, firms, etc. as appropriate to the work assisted. Baseline studies will be done on these cases as well. These case studies should be included in the evaluations.

6.2.3 PVO Reporting

For OPGs, the PVO grantee will provide on a quarterly basis various reports to the Ministry of Interior, AID, and the MUST. The Financial Status Report (SF-269) should be filled out for each budget cost element and the Report of Federal Cash Transactions (SF-272) should include statements of receipts and expenditures from U.S. sources. The Quarterly Progress Report can be brief (3-5 pages) but should address the concerns of the PVO's monitoring plan, e.g. procurement of inputs, adherence to implementation plans, etc. as described above.

To facilitate GSDR and AID monitoring of the grantee's Somali Shilling finances, the PVO will maintain a separate local bank account into which advances are deposited and disbursements made. The PVO will establish and maintain an accounting system (which conforms to Ministry of Finance/CIPL guidelines) to record disbursement and maintain documentation for future audit. Quarterly, the PVO will submit a report (copies to AID, Ministry of Finance - CIPL Unit, and Ministry of Interior) showing line item, the approved budget, disbursements and balance available.

A Financial Status Report and Progress Report will also be required quarterly for CAGs.

Evaluations should be written for a wide audience, beyond the grantees and donor, so that lessons can be shared widely. Copies of evaluations should be initially sent to the Ministry of Interior and AID with recommendations for further distribution and use by the Project.

6.3 PVO Advisory Board Monitoring and Evaluation Functions

The PVO Advisory Board, in consultation with AID and Ministry of Interior, will recommend topics for training workshops special topics seminars, and conferences to review findings and lessons. It is recognized that the process of grant evaluation will place a heavy burden upon grant holders, and that training will be necessary. The PAB will also participate in each annual Project review.

6.4 AID Monitoring and Evaluation Functions

AID will have direct responsibility for overall Project monitoring and evaluation. It will track progress of activities funded under grants, maintain systematic information on individual grant activities' receipts and expenditures, monitor benefits and costs of activities, and assess the Project's impact on participants and communities.

USAID technical officers will be responsible for monitoring the progress of individual grants. They will review quarterly financial and progress reports submitted by grant holders. Their approval of the financial reports, along with the Controller's approval, will be required for payments to be made under the PVOs' Letter of Credit. To verify these reports, the technical officer for an OPG will visit sub-project sites in the field periodically.

In Mogadishu, the officer will maintain contact with PVO and related GSDR personnel to stay informed of sub-project developments. Although the OPG grant holder will be responsible for organizing evaluations of its sub-project, the USAID technical officer will be available to make recommendations for their planning and will review their results.

The USAID Project Manager for PVOP will not be asked to approve quarterly financial reports for OPGs, but the Manager will review them and all quarterly progress reports. With assistance from consultants periodically supplied by the MUST, the Project Manager will be responsible for monitoring all Community Action Grants. The Manager will review and approve all quarterly reports for CAGs, and will visit as many CAG sites in the field as possible. The number of these visits will be maximized by their being done in conjunction with visits to OPG sites. The Manager will make field trips at least once for each OPG. The CAG monitoring consultants (about four person-months per year) will visit at least half of the CAG sites each year and report their findings to the Project Manager.

The USAID Project Manager will also be responsible for monitoring the Project's overall progress. The Manager will keep abreast of GSDR compliance with Project Conditions Precedent and Covenants, functioning of the Proposal Review Group and PVO Advisory Board, and performance of the MUST. The Manager will accomplish this through frequent contact with officials from the Ministry of Interior and other ministries, with PVOs individually, the PAB, and MUST personnel.

The Project Manager will be assisted in monitoring (and implementation) by the USAID Project Committee for PVOP, which will consist of USAID's Program Officer, Controller, and chiefs of technical divisions. The Committee will meet periodically, as part of USAID's quarterly project implementation reviews, as well as at other times if necessary.

In addition, AID will participate in each annual Project review (coordinated by the AID Project Officer) with the PVO Advisory Board and Ministry of Interior. The private sector representative of the PRG will also participate. Reviewers will consider, inter alia, the adequacy of the proposal review process, appropriateness of review criteria, performance of the MUST, and achievements (and problems) of the sub-projects. This review will be an important forum for recommending

Project modifications. Throughout the Project, AID will cooperate with the PVO Advisory Board and Ministry of Interior to share lessons learned among grant holders, donors and others interested in Somalia's development.

Coordinated by the PVOP Project Officer, AID will mount evaluations of the overall Project in years three and six. During the 30-36th month of the Project a major process evaluation will be conducted to determine management problems and constraints that are limiting project effectiveness and efficiency. Special attention will be devoted to AID and Project administration issues. A few sub-projects may also be visited and evaluated for impact. Recommendations will help AID and other PVOP partners to modify the Project, or to redesign or continue it without alteration.

The Project is sufficiently innovative in Somalia to warrant this type of management assessment. The evaluation team will draw on professional management consultation, Somali expertise, and REDSO and AID/W assistance.

Toward the end of the Project, another major evaluation will be conducted by AID. Although it will address management and administrative issues, the principal focus will be on the study of Project and activity impact. Professional expertise will be contracted in the U.S. and Somalia. In addition, REDSO and AID/W may contribute personnel to the evaluation.

USAID/Somalia will maintain collegial dialogue with AFR/PD, FVA/PVC and other Missions on the Somalia experience with PVOs. Regular input and exchange of data on registration, PVO projects and PVO performance will be made with FVA/PVC and the Agency's Central Development Information Exchange (CDIE).

6.5 GSDR Monitoring and Evaluation Functions

The MUST in conjunction with the Ministry of Interior will compile a roster of Somali private consulting firms which can assist PVOs with research, monitoring and evaluation of their activities. This can also include assistance for initial baseline studies. PVOP considers that these firms can make a valuable contribution to PVO ability to collect and interpret valuable project information and encourages PVOs to budget for use of these firms in their OPG and CAG proposals.

In addition, the Ministry of Interior will undertake its own monitoring and evaluation of Project activities. PVOP will also provide funds to finance workshops to provide training to Ministry personnel on topics including monitoring, evaluation, and community development, and to attend international workshops on these same topics.

The Ministry of Interior will review PVOs' monitoring and evaluation reports as well as the Project's mid-term and final evaluations. The Ministry will draw on these reports in its regular interactions with USAID and the PVOs and for participating in the annual Project reviews.

The Ministry of Finance (CIPL Unit) will review the PVOs' local currency reports to assure that the grantee is complying with GSDR financial procedures and is spending GSDR funds wisely.

7. SUMMARIES OF PROJECT ANALYSES

7.1 Technical Analysis

The three separate components of the Project require different technical considerations. Each is summarized below.

7.1.1 OPG and Community Action Grants

This component, funded with \$15.8 million and an additional \$5.4 million in GSDR local currency contributions, is the largest single component of the PVOP. The component supports the activities of registered PVOs and Somali NGOs in expanding development activities to the local level.

That PVOs and NGOs have a role to play in this area is not a major issue. AID policy supports the efforts of PVOs, and recognizes the unique contribution they can bring to the development process. AID also recognizes that NGOs have an equally important role to play, as evidenced by Section 102 of the Foreign Assistance Act, and the AID policy paper: "Local Organizations in Development."

The extent to which this impact will be felt under the PVOP will in large part depend on (1) the PVOs ability to shift from refugee care and maintenance activities to development, and (2) their ability to tap local group initiative in identifying needs and bringing the needed resources to bear on the problem. USAID experience to date with PVOs indicates that this is possible.

A second consideration is how the Project will identify technical issues in PVO grant proposals, and assure that adequate technical analyses will take place at the sub-project level.

The proposal review process will provide a number of opportunities for technical issues to arise. OPG concept papers will be reviewed by the PRG which includes a member from AID, one from the GSDR Ministry of Interior, and one from the Ministry of National Plan. Full proposals will be reviewed by the MOI, and the USAID Project Review Committee. AID also will call on REDSO/EA personnel for approval of sub-project environmental analyses, and may call on other REDSO staff, as needed.

Community Action Grants will be less likely to raise serious technical issues. CAG will be reviewed by the PRG, AID and the Ministry of Interior, as well.

Problems which may arise are:

- (1) Delay in the time needed for PVOs to develop contacts with local groups.
- (2) Implementation problems at the local level.
- (3) Speed in expediting disbursement of funds for short duration CAGs.
- (4) Logistical problems associated with working in more distant regions.

7.1.2 Monitoring and Evaluation

PVOP is a new project in many respects, both for the GSDR and for the Mission. Monitoring and evaluation will play an important role in clarifying the lessons learned, and providing for changes in design, if needed. The Project expects a wide range of monitoring and evaluation functions to be carried out by all parties, and provides support to carry out these functions:

USAID - To meet its obligation, USAID will rely on technical offices to monitor and evaluate OPGs. The PVOP Project Officer will monitor overall project progress and participate in PVOP assessments and evaluations. Technical assistance will be provided to USAID to help in monitoring sub-projects. This assistance will be provided by the Management Unit for Support and Training (MUST) under a Direct AID contract which will bring someone out approximately twice a year for approximately two months each visit. The actual duration of each visit will be determined by the USAID Project Manager.

MOI - The Ministry of Interior, Department of Rural Development will actively participate in all evaluations and assessments. Through its Regional and District Offices, it will also carry an on-site monitoring function. PVOP will provide technical assistance, limited training, and commodities to support these efforts. Technical assistance will be provided by the Direct AID contractor described above, who will set up systems within the Department's Evaluation Service, and work with MOI staff in evaluating CAGs.

PVOs - PVOs will be required to report on Project progress, and exhibit detailed evaluation plans in all proposals. The Project also calls for PVO Advisory Board participation in annual PVOP reviews. In addition, the Project also envisions making funds available for PVOs to use private Somali consulting firms to gather data, assist in evaluations and undertake Project-related studies.

Problems which may require special attention are:

- (1) Coordination of USAID Project Manager and technical office efforts;
- (2) Lack of qualified staff at MOI;

- (3) delays in PVO reporting;
- (4) low participation of PVO Advisory Board;

7.1.3 Proposal Review Group

The Proposal Review Group, assisted by the MUST, will bear the bulk of the responsibility for OPG and CAG proposal review and approval. It is an especially important part of the PVOP in that it is expected to be an efficient method of proposal review, and one which involves all the "partners" in the Project. For this group to be effective three conditions must be met:

- (1) The GSDR and USAID must have confidence in the decisions reached by the PRG, and be willing to work to further strengthen and simplify the review process throughout the Life of Project;
- (2) The PVOs and the PVO Advisory Board must make the time and maintain an interest in contributing to the work of the PRG; and
- (3) The combination of training and PVO Manual, and the ongoing assistance of the MUST must make this review process a rational and efficient alternative, despite the creation of an additional review structure.

7.1.4 PVO Advisory Board

PVOs working in Somalia have commented on the need for a unified voice in presenting PVO concerns and interests to the Mission and to the GSDR. The PVO Advisory Board will fill this need and assume additional responsibilities as well. Among them are, (1) providing direction to the selection of training opportunities to be provided by PVOP, and (2) participating in the review of OPGs and Community Action Grants. As mentioned above, success of this component to some extent depends on the PVOs finding time to fully participate.

7.2 Administrative Analysis

The PVO Development Partners Project (PVOP) proposes to bring all parties in the development process together in a cooperative venture to extend the impact of PVOs in Somalia, increase GSDR confidence in the role PVOs and the private sector can play in development, and foster the Somali local private group initiative to solve local problems with local solutions.

The "partners" in this process are the GSDR, through the Ministry of the Interior, USAID, AID-registered PVOs and Somali Non-government Organizations (NGOs). The Project is designed to achieve the above-mentioned goals while taking into account the respective strengths and weaknesses of these partners. The major elements of this design are:

- formation of a PVO Advisory Board for consultation on policy and direction for training of PVOs in Somalia;
- support for relatively large (greater than \$50,000) OPGs, and small, quick disbursing Community Action Grants (less than \$50,000) for PVO implementation;
- creation of a Proposal Review Group which utilizes the expertise of all partners in one forum for review and approval of grants;
- training and material support for the MOI to fulfill its role as a lead partner in the PVOP.

7.2.1 Ministry of the Interior

In 1984, the Ministry of the Interior assumed responsibility for rural development and local government administration. Through its Department of Rural Development and Planning, the Ministry is responsible for "promotion of economic growth and the organization of rural development activities in the regions". The Department has also

historically been involved in assisting community self-help activities. As such, the MOI is the likely implementing partner under the grant. PVOP expects the Ministry to take an active role in each phase of the Project -- design, sub-project approval, implementation, and monitoring and evaluation.

While the Department of Rural Development has the organizational mandate to fulfill this role, a close look shows a disparity between its mandate and its capacity to carry out the required tasks. There is a paucity of well trained and qualified staff, salaries offer no incentive for productivity, and the annual budget for office support and administration does not cover the maintenance of equipment.

While PVOP cannot rectify all the deficiencies in the Ministry, it provides \$200 thousand in local currency funds and an additional \$20,000 USAID contribution to provide training and material support to the Département of Rural Development. The key to this will be training in monitoring and evaluation procedures provided by the MUST. This training, initially intensive (2-3 months), will be followed up at periodic intervals during the Project.

The MOI will also disburse and account for the local currency contribution for CAGs. The Ministry has past experience with the CIPL Unit, and has demonstrated some, if limited, capacity to manage and account for funds. A Project task will be to arrange a workshop with staff of the Ministry of Finance CIPL Unit to establish procedures for monitoring and disbursing these funds.

7.2.2 USAID

USAID/Somalia currently has 14 Mission-funded projects, and three more due to begin in FY85. Thirteen Mission direct hire staff have project management responsibilities, including officers normally filling

backstopping/staff functions in the Program and Project Development Office. With an expected 12-15 OPGs and at least 20 CAGs the Mission needs to find a way to manage its implementation and oversight responsibilities without further taxing its staff. Additional staff and PSCs are not an option in light of restrictions on Mission staffing patterns.

PVOP will address these needs in three practical ways. First, it will fund a Development Partners Manual which will provide information on proposal preparation, PVO registration and AID regulations, among other things. Further, the Project will provide training to PVOs and the MOI in areas identified by the MUST, in consultation with the PVO Advisory Board.

Second, PVOP establishes the Proposal Review Group supported by the MUST. This group will bear the responsibility for review of proposals. A key feature will be the role played by the MUST in assisting PVOs refine proposals, and responding to non-technical implementation questions.

Finally, USAID will divide the project management responsibilities between a PVOP Project Officer, located in the Project Office, with responsibilities for overall project implementation, and technical officers who will manage OPGs greater than \$50,000.

These measures should adequately lighten the otherwise "labor intensive" load usually associated with PVO co-financing Projects. Early Project evaluations should focus on this issue and be prepared to recommend changes, if necessary.

7.2.3 PVOs

There are currently 31 PVOs active in Somalia. Of these 15 are U.S. based PVOs and one is a Somali PVO. The majority of PVOs work in refugee-related relief or self-sufficiency activities, e.g., health, water, small-scale agriculture.

USAID currently has two bilateral projects (\$12 million) funding PVOs working in refugee areas. One of these, CDA Forestry (649-0122), funds 5 U.S. based PVOs, the other, Refugee Self-Reliance (649-0123), funds 4 PVOs working in agriculture and small enterprise training.

Assessments and evaluations of these projects indicate that the PVOs have a positive role to play in providing development opportunities at the local level. PVO staff have adapted well to difficult working conditions, and PVO headquarters have managed to build solid relations with the GSDR, and provide adequate support to field staff at project sites. Weaknesses have surfaced in timely placement of key personnel, external procurement, financial management and to some extent in proposal preparation and project reporting.

PVOP hopes to capitalize on the initiative of PVOs already in-country and learn from Mission and PVO experiences to make it easier for other PVOs to get started. The timely preparation of the Development Partners Manual, and the quality of training in the early stages of project implementation will go a long way towards achieving this. Discussions with PVOs indicate that a possible unforeseen benefit will arise from the addition of the quick disbursing Community Action Grants. These CAGs will allow PVOs to work on a small scale, in areas and sectors in which they already have a base. It is quite possible that these grants will be in high demand.

PVOP aims to help Somali PVOs (SPVO) build their capacity to contribute, as well. While there is presently only one such PVO, GSDR and AID staff feel strongly that this project will spur the formation of at least 2-3 other SPVOs. Should this be the case, the Project should consider gearing later project training efforts to develop the SPVOs' capacity to participate as a full partner. Nonetheless, most SPVO activity will be conducted in conjunction with a U.S. PVO. In this way the SPVO can gain insight into expectations of project implementation, and develop a working relationship with the Mission.

7.2.4 Non-Governmental Organizations (NGOs)

The Social Analysis identifies a number of Somali NGOs, e.g. cooperatives, religious groups, and water user groups. The analysis indicates that there is a history of NGO involvement in local development, and that real potential exists for their involvement with registered PVOs. It is unlikely however that PVOP would fund any of these groups directly. Yet, PVOP expects that these groups will pay a key role in the impetus for proposals, (especially CAGs), thru design, funding and implementation. Criteria for proposals include each of these features as aspects of "high priority" proposals.

7.2.5 The PVO Advisory Board (PAB)

The PVO Advisory Board was created during the design of the Project. It is open to all PVCs in Somalia, but, to date, predominately U.S. PVOs have participated. As established it fulfills a function long sought by both PVOs and Mission management. It will have a voice in proposal approval, design of training activities for PVOs, and monitoring and evaluation. More important, it will participate in a continuing dialogue with USAID and the GSDR on project implementation and policy related to PVO activities.

Response to date has been very positive. The PAB has contributed to the Project design and participated in discussions of PVOP with government authorities. PVOP provides some support to this group through the MUST to offset the risk that the day to day workload of PAB members will interfere with their active participation in board functions.

7.2.6 Proposal Review Group

Much is riding on the PRG's ability to streamline the proposal review process and involve all participants in the process. Key factors to success will be AID and the GSDR's confidence in the process, and the PVO's active participation. The PRG as well as other administrative structures of the PVOP should be the principal subject of initial project assessments.

7.3 Economic Analysis

7.3.1 Unique Nature of the Project

The PVO Development Partners Project (PVOP) is designed as an umbrella project to provide funding to PVOs either through OPGs or smaller Community Action Grants. Since the design of the various projects which will be funded is part of the implementation PVOP, it is not possible during the planning stage to identify specific project costs and benefits which are necessary for conducting a formal cost/benefit analysis. However, characteristics of both the design and PVO projects in general suggest that the economic internal rate of return to the Project will be high.

7.3.1.1 Design characteristics

- PVOP will diversify the use of funding among a portfolio of medium-sized and small sub-projects, thus diversifying the risk.
- PVOP will provide funding for projects over a four year period, meaning that lessons can be learned from projects funded early in the Project which will increase the chances of success for projects funded in the last years of the Project.
- The funds will be used for projects targeted directly at the grassroots level, meaning the poorest members of society in Somalia will be the direct beneficiaries.

7.3.1.2 Economic Characteristics of PVO Projects

- PVO projects employ technologies for project implementation which are appropriate to local communities, which employ local resources, and which are labor-intensive rather than capital-intensive.
- PVO projects are short in duration with limited start-up periods which allow benefits to be generated early in the project's life and the early generation of the full level of benefits.
- PVO projects have low operation and maintenance which make maximum use of local resources, saving scarce foreign exchange.
- PVO projects are small in scale making them easier to manage and easily replicated by local communities in the absence of outside funding.
- PVO projects allow the disadvantaged to become contributing members of the larger economy.

7.3.2 Requirements of Project Actors

Good economic and financial planning are essential for generating maximum benefits from projects funded by PVOP. Both PVOs and USAID can contribute to the process.

7.3.2.1 PVOs. PVOs would design sound, realistic projects with well-defined costs and benefits. They must also monitor projects diligently to ensure that projects progress according to the plan.

The requirements for the economic analysis of projects eligible for OPG funding are outlined in the Guidelines for the Economic Analysis of PVO Projects (in Annex I). These guidelines use many of the important concepts of a traditional cost-benefit analysis although their application is less rigorous in keeping with to the skill-levels and resources of PVO local personnel. The cost-effectiveness measures which are the output of the analysis provide USAID with a tool for comparing the economic viability of potential projects.

PVOs must monitor their costs and benefits carefully during project implementation. They should compare the actual capital costs, operating costs, and benefits for each year with the original project plan in order to prevent delays in achieving scheduled benefits. PVO's annual reviews, in which the Advisory Board will participate, will provide a forum for the periodic assessment of project progress from the economic perspective.

It is not cost-effective for applicants for Community Action Grants to perform the same economic analysis as applicants for OPGs. However, CAG applicants, as part of their proposal should submit a short report in lieu of an economic analysis showing the costs of their projects and describing the expected benefits. This report should be compared to the actual costs and benefits both halfway through project implementation and at the end of the projects to assess the project success.

7.3.2.2 USAID. The factors which most often prevent the successful implementation of projects are:

- capital cost overruns;
- delays in implementation;

- delays in generating benefits;
- failure to generate full benefits; and
- operating cost overruns

USAID can help prevent these problems by:

- monitoring of project implementation;
- training PVOs in project design, AID procurement procedures, and accounting techniques; and
- hiring Project management support to serve as a liaison between USAID and PVOs.

7.4 Social Analysis

The PVO Development Partners Project offers an encouraging sectoral and geographical diversity to local development activities in Somalia. It has the potential to reach a large number of communities and private local groups which might otherwise have been bypassed.

This analysis considers organizations (or institutions) which are typologized either as "indigenous" or "nascent". The former refers to social, cultural, political and economic institutions which have evolved in Somalia prior to, and subsequently concurrent with, colonial governments and modern nation states in the Horn of Africa. These institutions are characterized by their interdependency and overlap.

The economics of Somali pastoralism for instance, cannot be understood without reference to indigenous sociopolitical institutions which regulate access to water and forage resources between different social groups. These institutions are based on kinship ties and contractual alliances. Nor can religious institutions in Somalia be understood purely by reference to Islam; the charisma, political weight, and socioeconomic standing of sheikhs and their followers have been important in setting the context for how religious institutions evolve.

Nascent institutions meanwhile are the product of social, political, and economic forces which have resulted from Somali independence and the formation of a new nation state. These include: cooperatives, grazing associations, livestock associations, womens groups, village councils, self-help groups, etc.

A number of these institutions show potential for involvement in this Project. Small-scale agricultural cooperatives with presently limited capabilities have been identified in Bay, Bari, Bakool, and Sanaag regions, among others. Grazing associations being established in the Central Rangelands are providing an organizational apparatus to deal with range movement issues. Village self-help councils, local chapters of the Somali Democratic Womens Organization, and recently established purchasing groups also participate in local development, and could conceivably work with the PVOP.

To do this, the PVOP must: (a) capitalize on the "grass roots" strength of PVOs, (b) encourage the dispersal of their activities, (c) promote efforts to increase the PVO ability to communicate and work with Somali local groups, and (d) foster projects with immediate impact and strong logistical support.

The "Guidelines for Social Analysts" (in Annex I) offer a set of socioeconomic criteria for formulating project proposals which balances what ideally should be considered in addressing socioeconomic considerations with what is possible within the Somali context.

7.4.1 Conclusions

1. Many different SNGOs exist which are potentially capable and interested to participate in the PVOP;
2. Widespread participation and benefit spread will be greatest in the PVOP during the short-term if infrastructural projects with quick turnaround time are prioritized;

3. "Discretionary OPGs" which are narrowly targeted to a discrete beneficiary group could increase their viability if they incorporate a small scale infrastructure component to the project;
4. The use of urban based consulting groups to play a role in data collection, language teaching, and cultural sensitization for PVOs, should be supported by the project;
5. Local government should be kept continually aware of project activities so that their authority is not threatened;
6. In areas where development problems are manifold, multi-sectoral or integrated projects should be stressed;
7. While many cooperatives often appear relatively efficient vis a vis other SNGOs and certainly worthy of PVOP participation, they do not necessarily maintain broad local community support outside the cooperative;
8. PVOs must respect the legal boundaries established by GSDR regarding reference to indigenous institutions while at the same time, deal with relevant social, cultural, political, and economic problems responsibly.

Somali society traditionally is noted for its emphasis on consensual decision-making and broad based participatory democracy. If the PVOP supports projects that address broad based community needs at its outset, it will subsequently be in a more justifiable position to support projects which focus on more narrowly defined target groups and needs. SNGOs will enthusiastically participate in projects - either in cash or in kind - if project goals are pragmatic and potentially realizable. Since PVOs are renowned for supporting this type of development philosophy - small and appropriate - there is much reason for initial optimism in assessing the viability of the PVOP.

7.5 ENVIRONMENTAL ANALYSIS

An Initial Environmental Examination was submitted with the PID. A deferred determination was recommended and approved by the Africa Bureau Environmental Office.

Each OPG will be required to address the environmental implications of the proposal. Guidance for this is attached in Annex I. The Mission Environmental Officer will review each proposal and coordinate clearance of the environmental determination with the REDSO Regional Environmental Officer in Nairobi.

8. CONDITIONS AND COVENANTS

The following special conditions precedent will be met prior to the initial disbursement of funds:

A letter from the Ministry of Finance confirming that personnel and commodities financed by AID under the Grant shall be exempt from all GSDR taxes and duties, including taxes on fuel purchased by project funds.

A statement indicating that the GSP Committee has reviewed the annual local currency requirements for the Project and that such requirements will be included in the annual budget programming document.

The following conditions precedent will be met prior to disbursement of funds for Operational Program Grants and Community Action Grants:

1. The Ministry of Interior will appoint one of its senior officials to be Chairman of the Project's Proposal Review Group.
2. With respect to and prior to disbursement for each OPG and CAG, a PVO submitted proposal for such OPG or CAG will have been approved by the Grantee and will conform with the eligibility and criteria requirements for funding of subgrants under this Grant.

The following covenants will be included in the Grant Agreement:

1. The GSDR will encourage maximum participation of the Somali private sector in the Project, including review of proposals of OPGs and CAGs, implementation of sub-projects at the local level, and monitoring and evaluation of sub-projects.
2. The GSDR will issue uniform procedures for registering and conferring legal status on Somali PVOs.

ANNEX A
FEB 20 1985

ACTION COPY STATE 050362/01

ACTION: AIDER INFO: AMB DCM ECON
COUNTRY:

VZCZCMG0830
ZBARUEHMG

DE RUEHC #0362/01 0510751

ZNR UUUUU ZZH

FM 200027Z FEB 85

FM SECSTATE WASHDC WAITING FOR TABLE

TO AMEMBASSY MOGADISHU PRIORITY 8391-92 PRIORITY

BT

UNCLAS SECTION 01 OF 02 STATE 050362

LOC: 191 156
20 FEB 85 0752
CN: 02932
CHRG: AID
DIST: AID

action necessary:

185 2/27

8400 EXPECTED MCN

CORRECTED COPY (TEXT - PARA 2, LINE 8)

AIDAC

EO 12356: N/A

TAGS:

SUBJECT: ECPR RESULTS: PVO DEVELOPMENT PARTNERS PROJECT
PID (649-0138)

THE SUBJECT PID WAS REVIEWED AT AN ECPR CHAIRED BY
DAA BIRNBAUM ON DEC. 20 TOGETHER WITH THE KENYA PVO
CO-FINANCING PID (DUE TO SIMILARITY OF ISSUES BETWEEN
THE TWO PROJECTS - ALTHOUGH SEPARATE ISSUES REVIEWS WERE
HELD LEADING TO THE JOINT EXECUTIVE SESSION). THERE
WERE SEVERAL POST-ECPR SESSIONS HELD, AS WELL, RESULTING
IN THE DELAY IN TRANSMISSION OF THIS GUIDANCE. THE
PROJECT WAS APPROVED FOR FINAL DESIGN AND AUTHORIZATION
IN THE FIELD. SUMMARY OF CONCERNS RAISED AND GUIDANCE
RECOMMENDATIONS FOLLOW:

OBLIGATION MECHANISM: THE USAID PROPOSES TO SIGN A
GRANT AGREEMENT WITH THE MINISTRY OF FOREIGN AFFAIRS TO
OBLIGATE FUNDS UNDER THE PROJECT AND FACILITATE ENTRY OF
THE PVOS IN SOMALIA AND COORDINATION WITH OTHER
MINISTRIES. THE USAID ALSO ENVISIONS SIGNING TRIPARTITE

AGREEMENTS WITH THE GSDR, PVOS AND AID UTILIZING THE OPC
VEHICLE. BOTH OF THESE VEHICLES ARE ACCEPTABLE.

GC/APR FURTHER ADVISES THAT IF FUNDS ARE TO BE OBLIGATED
THROUGH AN AGREEMENT WITH THE GSDR, 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 SOMALIA CASE
THE PROPOSED SELECTION COMMITTEE MECHANISM FOR REVIEW OF
APPLICATIONS AND SELECTION OF GRANTEES PER APPROVED

UNCLASSIFIED

STATE 00362/01

CRITERIA WILL ONLY SATISFY 1311 CONCERNS IF THE HOST COUNTRY CAN CONTROL THE TECHNICAL COMMITTEE, E.G. HAVE MAJORITY OF THE VOTES, OR APPOINT THE CHAIRMAN IF THE CHAIRMAN CAN MAKE COMMITTEE DECISIONS.

IN CONCLUSION, 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. PIECEMEAL OBLIGATIONS TO INDIVIDUAL PVOS ARE NOT AN OPTION.

3. REVIEW AND APPROVAL PROCFS, CRITERIA AND PROCEDURES: A GENERAL CONCERN WAS EXPRESSED OVER THE LACK OF MORE DETAILED GRANT AND SUB-PROJECT SELECTION CRITERIA AND STEPS TO BE FOLLOWED IN PROJECT PROMOTION, REVIEW AND APPROVAL. THESE WILL NEED TO BE CAREFULLY DELINEATED FOR THE PP DURING FINAL DESIGN. THE NOTION OF THE PROPOSED HANDBOOK DESCRIBING THE PROGRAM AND SELECTION PROCESS AND THE MECHANISM OF THE PROJECT REVIEW COMMITTEE WERE ENDORSED, BUT AGAIN, PROCEDURES AND STRUCTURE SHOULD BE DEVELOPED IN DETAIL FOR THE PP.

WITH RESPECT TO SECTION 611 (A) GC/AFR ADVISES THAT WHILE THE CHOICE OF OBLIGATION MECHANISM DETERMINES AT WHAT POINT (AUTHORIZATION OF 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.

4. ENVIRONMENTAL REVIEW: WHERE, AS HERE, DETAILS OF SUB-ACTIVITIES ARE NOT KNOWN OR HAVE NOT BEEN ANALYZED AT THE TIME OF PID (OR EVEN PP) APPROVAL, THE ENVIRONMENTAL THRESHOLD DECISION MUST BE DEFERRED UNTIL EACH SUB-ACTIVITY IS DEVELOPED AND THEN NORMAL ENVIRONMENTAL REVIEW PROCEDURES, INCLUDING REVIEW OF THE IEE BY THE BUREAU ENVIRONMENTAL OFFICER, MUST BE FULLY COMPLIED WITH. IN THIS CASE, HOWEVER, THE BUREAU ENVIRONMENTAL OFFICER WILL DELEGATE AUTHORITY TO REGIONAL ENVIRONMENTAL OFFICER JOHN GAUDET WITH RLA CLEARANCE TO APPROVE THE THRESHOLD DECISION FOR EACH SUB-PROJECT.

BT
#0362

NNNN

UNCLASSIFIED

STATE 00362/01

UNCLASSIFIED

STATE 050362/02

Action: Aid info: AMB DCM ECON

VZCZCZC0831
PP RUHHMG
DE RUHHMG #0362/02 0510751
ZNR UUUUU ZZH
P 200027Z FEB 85

LOC: 191 186
20 FEB 85 0753
CNI: 02933
CHRG: AID
DIST: AID

FM SECSTATE WASHDC WAITING FOR TABLE
TO AMEMBASSY MOGADISHU PRIORITY 0391-02 PRIORITY 8400 EXPECTED MCN
BT

UNCLAS SECTION 02 OF 02 STATE 050362

5. SUB-PROJECT PROMOTION, SELECTION AND COMPETITION: IT IS ASSUMED THAT ALL OF THE PROPOSALS WILL BE ACTIVITIES INITIATED AND DEVELOPED BY THE PVO, RATHER THAN BY AID (HB 3 CHAP 4 E 5 E (3)(A) OPG STANDARD), AND THUS WILL NOT BE SUBJECT TO NORMAL AID REQUIREMENTS FOR COMPETITION OR WAIVER OF COMPETITION. IN THE EVENT THAT AID HAS AN ACTIVITY THAT IT WANTS ACCOMPLISHED, OF COURSE, THIS MUST BE COMPETED, OR A GRANT TO A SINGLE GRANTEE JUSTIFIED UNDER HB 13, CHAP. 1E. THE PP SHOULD CONSIDER HOW AVAILABILITY OF THE GRANT PROGRAM GENERALLY WILL BE PUBLICIZED, BOTH IN THE HOST COUNTRY AND IN THE US TO ENSURE WIDEST AND FAIREST ACCESS TO PARTICIPATION.

6. MANAGEMENT: THE REVIEW NOTED THAT THE PROJECT WILL RESULT IN A SUBSTANTIAL ADDITION TO THE NUMBER OF MISSION FUNDED ACTIVITIES IN COUNTRY OVER TIME POSING AN INCREASED ADMINISTRATIVE BURDEN TO USAID STAFF DESPITE THE PROPOSED PSC ASSISTANT AND REQUIREMENTS TYPE CONTRACT FOR SHORT TERM SUPPORTING INPUTS. DURING FINAL DESIGN THIS ASPECT SHOULD BE ANALYZED AND AN EFFECTIVE, PRACTICAL STRUCTURE DEVELOPED FOR ADMINISTRATION OF PROJECT RESOURCES, BOTH FOR SUB-GRANTS AND OTHER ACTIVITIES (MONITORING, INSTITUTION BUILDING ETC.)

7. CONTRACT SUPPORT REQUIREMENTS: ROLES, FUNCTIONS AND HOW THE PSC ASSISTANT TO THE PROJECT MANAGER AND THE REQUIREMENTS CONTRACTOR WILL BE RECRUITED AND CONTRACTED SHOULD BE PLANNED AND DESCRIBED IN DETAIL IN THE PP. REQUIREMENTS FOR COMPETITION SHOULD BE OBSERVED. CARE SHOULD BE TAKEN TO RETAIN THE NORMAL AID MANAGEMENT FUNCTIONS WHICH MAY NOT BE CONTRACTED OUT. AREAS WHERE CONTRACT ASSISTANCE WOULD BE USEFUL AND APPROPRIATE WOULD INCLUDE ASSISTANCE TO PVOS IN PROPOSAL PREPARATION (WITH CARE THAT THE CONTRACTOR DOES NOT PURPORT TO OFFICIALLY INTERPRET AID'S RULES AND REGULATIONS ON BEHALF OF AID), AND INFORMATION GATHERING FOR MONITORING PURPOSES ON WHICH AID EMPLOYEES CAN BASE JUDGMENTS IN THE IMPLEMENTATION PROCESS.

8. PROJECT FOCUS: THE PP SHOULD DEMONSTRATE HOW THE PROJECT FITS WITHIN USAID STRATEGY IN SOMALIA.

9. EVALUATION: THE NEED FOR A SOUND EVALUATION PLAN WAS RAISED WHICH WOULD FOCUS ON THE PROCESS OF SUB-PROJECT DEVELOPMENT AND IMPLEMENTATION WITH SPECIFIC INSTITUTIONAL AND PROCESS PERFORMANCE BENCHMARKS.

UNCLASSIFIED

STATE 050362/02

UNCLASSIFIED

STATE 030362/02

PARTICIPATING PVO REPORTING REQUIREMENTS AND FORMATS SHOULD ALSO BE CAREFULLY DETAILED. THESE SHOULD BE DEVELOPED DURING FINAL DESIGN. SHULTZ

BT
#0362

NNNN

UNCLASSIFIED

STATE 050362/02

FILE	DATE	INITIALS
DIR		
DD		
IP US	✓	
PROJ		✓
ENR		
FOIA		
U N	✓	
MUT	✓	
121		

ANNEX B - LOGICAL FRAMEWORK

GPOI	Indicators	Sources	Assumptions
<p><u>Goal</u></p> <ul style="list-style-type: none"> -Sustain economic & social development of Somalia. -Create base for increased productivity at grassroots level. 	<ul style="list-style-type: none"> -Increased wealth; growth in real value in local communities. -Increased productivity at local, sub-project level. -Perceived increase in self-reliance and quality of life. 	<ul style="list-style-type: none"> -Case studies - Impact Evaluation. -Field interviews/observation, on-going by PVO, periodically reported. -Outside academic analyses, wedded to AID objected. 	<ul style="list-style-type: none"> -Political stability. -GSDR policies on social justice & gainful employment implemented. -Socialist & capitalist agendas compatible.
<p><u>Purposes</u></p> <ul style="list-style-type: none"> -Expand PVO programs in GSDR and AID priority development sectors. -Develop Somali-based PVO/NGO and local capacities to participate in development process. 	<ul style="list-style-type: none"> -GSDR confidence in PVO/NGO as development partners. -Cadre of Somali development professionals. -PVOs/NGOs capable of designing, effectively managing & attracting funding base. -Effective collaboration between AID/PVOs/GSDR/ local groups. 	<ul style="list-style-type: none"> -AID/PVO/GSDR evaluations. -AID's on-going analysis of PVO/NGO projects and reporting. -AID, GSDR, & PVO field visits. 	<ul style="list-style-type: none"> -GSDR willing to consider private development alternatives & local initiative -Somali communities can develop confidence to overcome development problems thru self-help. -Local government tolerance if not support, for local private initiative.
<p><u>Outputs</u></p> <ul style="list-style-type: none"> -US & Somali PVOs assisting communities and local groups to plan, implement & manage local development projects. -PVOs better prepared to identify & work with Somali communities & local groups. -MOI personnel trained in monitoring and evaluation. -PVOs, GSDR & USAID working together to improve & expand local development efforts. 	<ul style="list-style-type: none"> -10C communities & NGOs participating in & learning from local development projects. -100 communities identified needs, managed inputs effected change. -20 PVOs & 3-5 SPVOs participate in the project. -10 training workshops held for PVOs and MOI. -PRG reviewing proposals & making recommendations for funding. -PVO Advisory Board providing guidance on PVOP progress & PVO issues. 	<ul style="list-style-type: none"> -PVO/NGO reports. -PVO/NGO conferences, workshops, training sessions in Somalia. -Annual Project reviews. -Site visits. -Bimonthly PAB/USAID Mgt. meetings. -Ongoing interaction, meetings with MOI and PVOs 	<ul style="list-style-type: none"> -Local Somalis can work collectively, cooperatively. -PVO & Somali NGOs are willing to pursue development objectives. -PVOs can work together to define and solve common problems.
<p><u>Inputs</u></p> <ul style="list-style-type: none"> -Somali communities provide leadership, energy, commitment. -PVOs provide project design training, funding & assistance to Somali NGOs & Communities. -Somali NGOs promote collaboration, assist project development, provide inputs. -AID provides management, funding & contract support. -PVOs help manage Project thru Advisory Board. -GSDR provides management & funding support. 	<ul style="list-style-type: none"> -5-10 OPG proposals reviewed by PRG annually. -2-3 OPGs and 5-10 CAGs funded thru PVOs/NGOs annually. -GSDR and AID personnel & budget allocations. -PAB meetings. 	<ul style="list-style-type: none"> -Quarterly reports by PVO/NGO to AID. -Site visits by PVOs, AID, NGOs, GSDR. -GSDR budgets, accounts. -USAID observations. 	<ul style="list-style-type: none"> -Somali community needs can be met by self-help -PVO and Somali NGOs take initiative to assist local level, design sub-projects, draft proposals. -AID funding of Project is timely.

5C(1) - COUNTRY CHECKLIST

Listed below are statutory criteria applicable generally to FAA funds, and criteria applicable to individual fund sources: Development Assistance and Economic Support Fund.

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY

1. FAA Sec. 481; FY 1985 Continuing Resolution Sec. 528. Has it been determined or certified to the Congress by the President that the government of the recipient country has failed to take adequate measures or steps to prevent narcotic and psychotropic drugs or other controlled substances (as listed in the schedules in section 202 of the Comprehensive Drug Abuse and Prevention Control Act of 1971) which are cultivated, produced or processed illicitly, in whole or in part, in such country or transported through such country, from being sold illegally within the jurisdiction of such country to United States Government personnel or their dependents or from entering the United States unlawfully? 1. No

2. FAA Sec. 620(c). If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) the debt is not denied or contested by such government? 2. No

3. FAA Sec. 620(e)(1). if assistance is to a government, has it (including government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities? 3. No
4. FAA Sec. 620(a), 620(F), 620(D); FY 1985 Continuing Resolution Sec. 512 and 513. Is recipient country a Communist country? Will assistance be provided to Angola, Cambodia, Cuba, Laos, Syria, Vietnam, Libya, or South Yemen? Will assistance be provided to Afghanistan or Mozambique without a waiver? 4. No
5. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, the damage or destruction by mob action of U.S. property? 5. No
6. FAA Sec. 620(i). Has the country failed to enter into an agreement with OPIC? 6. No
7. FAA Sec. 620(b); Fishermen's Protective Act of 1967, as amended, Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing activities in international waters? 7. No
- (b) if so, has any deduction required by the Fishermen's Protective Act been made?

8. FAA Sec. 620(q); FY 1985
Continuing Resolution Sec.
518. (a) Has the government
of the recipient country been
in default for more than six
months on interest or
principal of any AID loan to
the country? (b) Has the
country been in default for
more than one year on interest
or principal on any U.S. loan
under a program for which the
appropriation bill (or
continuing resolution)
appropriates funds?

a. No

b. No

9. FAA SEC: 620(s). If
contemplated assistance is
development loan or from
Economic Support Fund, has the
Administrator taken into
account the amount of foreign
exchange or other resources
which the country has spent on
military equipment?
(Reference may be made to the
annual "Taking Into
Consideration" memo: "Yes,
taken into account by the
Administrator at time of
approval of Agency OYB." This
approval by the Administrator
of the Operational Year Budget
can be the basis for an
affirmative answer during the
fiscal year unless significant
changes in circumstances
occur.)

9. N/A

10. FAA Sec. 620(t). Has the
country severed diplomatic
relations with the United
States? If so, have they
been resumed and have new
bilateral assistance
agreements been negotiated
and entered into since such
resumption?

10. No

11. FAA Sec. 620(u) What is the payment status of the country's U.N. obligations? If the country is in arrears were such arrearages taken into account by the AID Administrator in determining the current AID Operational Year Budget? (Reference may be made to the Taking into Consideration memo.) 11. Current
12. FAA Sec. 620A; FY 1985 Continuing Resolution Sec. 521. Has the country aided or abetted, by granting sanctuary from prosecution to, any individual group which has committed an act of international terrorism? Has the country aided or abetted, by granting sanctuary from prosecution to, any individual or group which has committed a war crime? 12. No
13. FAA Sec. 666. Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA? 13. No
14. FAA Sec. 669, 670. Has the country, after August 3, 1977, delivered or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.) 14. No

15. ISDCA of 1981 Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Assembly of the U.N. of Sept. 25 and 28, 1981, and failed to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the Taking into Consideration memo.)

15. Taken into account by the administration on Jan. 6, 1984 at the time of approval of FY OYB.

16. FY 1985 Continuing Resolution. If assistance is from the population functional account, does the country (or organization) include as part of its population planning program involuntary abortion?

16. Assistance is not from the population functional account.

17. FY 1985 Continuing Resolution Sec. 530. Has the recipient country been determined by the President to have engaged in a consistent pattern of opposition to the foreign policy of the United States?

17. No

FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria

B.1 No

FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy?

2. Economic Support fund
Country Criteria

B.2. No

FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the country made such significant improvements in its human rights record that furnishing such assistance is in the national interest?

5C(2) PROJECT CHECKLIST

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A. includes criteria applicable to all projects. Part B. applies to projects funded from specific sources only:

- 1.1. applies to all projects funded with Development Assistance loans, and
- 1.3. applies to projects funded from ISF.

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

GENERAL CRITERIA FOR PROJECT

1. 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. FY 86 Congressional Presentat

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?

2. 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? 3. N/A
4. FAA Sec. 611(b); FY 1985 Continuing Resolution Sec. 501. If for water or water-related land resource construction, has project met the standards and criteria as set forth in the Principles and Standards for Planning Water and Related Land Resources, dated October 25, 1973, or the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See AID Handbook 3 for new guidelines.) 4. N/A
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? 5. 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. 6. No

7. FAA Sec. 601(a). Information and conclusions whether projects 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.
8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).
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.
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?
7. Project will provide (a)-(e), and have no impact on (f).
8. U.S. technical assistance and commodities will be supplied to this project.
9. The Cooperating Country is contributing over 25% of total project costs in local currency.
10. No

11. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? 11 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? 12 No
13. FAA 118(c) and (d). Does the project comply with the environmental procedures set forth in AID Regulation 16. Does the project or program taken into consideration the problem of the destruction of tropical forests? 13 Yes
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)? 14 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?

15 No

FUNDING CRITERIA FOR PROJECT

1 Development Assistance
Project Criteria

a. FAA Sec. 102(b), 111,
113, 281(a). 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

1a. Project will promote
(a)-(d) and have no
impact on (e)

the participation of women in the national economies of developing countries and the improvement of women's status, (e) utilize and encourage regional cooperation by developing countries?

- b. FAA Sec. 103, 103A, 104, 105, 106. Does the project fit the criteria for the type of funds (functional account) being used?
b. 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 businesses, and small incomes of the poor)?
c. Yes
- 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")?
d. Yes, though an RLDC
- e. FAA Sec. 110(b). Will grant capital assistance be disbursed for project for more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country
e. No

"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 AID 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."

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

f. Yes

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 governmental processes essential to self-government.

g. This project promotes the capacities and institutional development of Somalia communities by focusing PVO inputs on their needs.

2. Development Assistance Project
Criteria (Loans Only)

a. FAA Sec. 122(b). Information an conclusion on capacity of the country to repay the loan, at a reasonable rate of interest.

a. N/A

b. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan?

b. N/A

3. Economic Support Fund Project
Criteria

a. FAA Sec. 531(a). Will this assistance promote economic and political stability? To the extent possible, does it reflect the policy directions of FAA Section 102?

a. N/A

b. FAA Sec. 531(c). Will assistance under this chapter be used for military, or paramilitary activities?

b. N/A

c. FAA Sec. 534. Will ESF funds be used to finance the construction of, or the operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified that such use of funds is indispensable to nonproliferation objectives?

c. N/A

d. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

d. N/A

5c(3) - STANDARD ITEM CHECKLIST

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

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

A. Procurement

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

2. FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him?? 2. 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? 3. Yes

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

4. N/A

5. FAA Sec. 604(g). Will construction or engineering services be procured from firms of countries which are direct aid recipients and which are 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?

5. No

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 such vessels are available at fair and reasonable rates?

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

7. Technical assistance will be supplied by PVO's and private firms both on a grant and contract basis.

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

8. 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?

9. Yes

CONSTRUCTION

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

1. U.S. firms will be eligible in addition to Code 941 countries.

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?

2. Yes

FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the CP)?

3. Yes

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?

1. N/A

2. FAA Sec. 301(j). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights?

2. N/A

3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries?

3. Yes

4. Will arrangements preclude use of financing:

4a. Yes

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 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?

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

- d. FAA Sec. 662. For CIA activities? d. 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? e. Yes

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

- g. FY 1985 Continuing Resolution, Sec. 505.
To pay U.N. assessments, arrearages or dues? g. 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)? h. 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? i. 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? j. Yes
- k. FY 1985 Continuing Resolution, Sec. 516.
To be used for publicity or propaganda purposes within U.S. not authorized by Congress? k. Yes



ANNEX "D"

29 AUG 1983

Ministry of Foreign Affairs

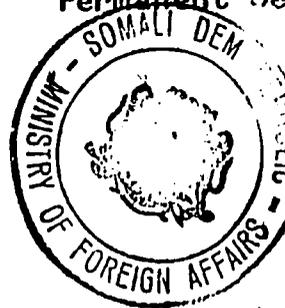
BLA/82/ 2043/85

Dear Mr. Cohen,

The Government of the Somali Democratic Republic requests financial assistance of approximately US \$ 18.2 million to establish a project for private and voluntary Organisation to work in development sector of Somalia. The project will involve PVOs working with Somali communities, so that development can be effectively carried out at the local level and so that local groups can improve their capacities to carry out development on their own.

The Somali Government's contribution will be approximately US \$ 6.8 million dollars, depending on their availability from CIPL funds.

(Ahmed Mohamed Aden)
Permanent Secretary



Mr. Louis A. Cohen,
Mission Director,
USAID
Mogadishu - Somalia.

ANNEX E.1

TECHNICAL ANALYSIS OF THE PVO DEVELOPMENT PARTNERS PROJECT

(649-0138)

OPG and Community Action Grants

This component, funded with \$15.8 million and an additional \$5.4 million GSDR local currency contribution, is the largest single component of the PVOP. The component supports the activities of registered PVOs and Somali NGOs in expanding development activities to the local level.

That PVOs and NGOs have a role to play in this area is not a major issue. AID policy supports the efforts of PVOs, and recognizes the unique contribution they can bring to the development process. AID also recognizes that NGOs have an equally important role to play, as evidenced by Section 102 of the Foreign Assistance Act, and the AID policy paper: "Local Organizations in Development."

The extent to which this impact will be felt under the PVOP will in large part depend on (1) the PVO's ability to shift from refugee care and maintenance activities to development, and (2) their ability to tap local group initiative in identifying needs and bringing the needed resources to bear on the problem. USAID experience to date with PVOs indicates that this is possible.

A second consideration is how the Project will identify technical issues in PVO grant proposals, and assure that adequate technical analyses will take place at the sub-project level.

The proposal review process will provide a number of opportunities for technical issues to arise. OPG concept papers will be reviewed by the PRG which includes a member from AID and one from the GSDR Ministry of Interior, and one from the Ministry of National Plan. Full proposals will be reviewed by the MOI, and the USAID Project Review Committee. AID also will call on REDSO/EA personnel for approval of sub-project environmental analyses, and may call on other REDSO staff, as needed.

Community Action Grants will be less likely to raise serious technical issues. CAG will be reviewed by the PRG, AID and the Ministry of Interior, as well.

Problems which may arise are:

- 1) Delay in the time needed for PVOs to develop contacts with local groups.
- (2) Implementation problems at the local level.
- (3) Speed in expediting disbursement of funds for short duration CAGs.
- (4) Logistical problems associated with working in more distant regions.

Monitoring and Evaluation

PVOP is a new project in many respects, both for the GSDR and for the Mission. Monitoring and evaluation will play an important role in clarifying the lessons learned, and providing for changes in design, if needed. The Project expects a wide range of monitoring and evaluation functions to be carried out by all parties, and provides support to carry out these functions:

USAID - To meet its obligation, USAID will rely on technical offices to monitor and evaluate OPGs. The PVOP Project Officer will monitor overall project progress and participate in PVOP assessments and evaluations. Technical assistance will be provided to USAID to help in monitoring sub-projects. This assistance will be provided by the Management Unit for Support and Training (MUST) under a Direct AID contract which will bring someone out approximately twice a year for approximately two months each visit. The actual duration of each visit will be determined by the USAID Project Manager.

MOI - The Ministry of Interior, Department of Rural Development will actively participate in all evaluations and assessments. Through its Regional and District Offices, it will also carry an on-site monitoring function. PVOP will provide technical assistance, limited training, and commodities to support these efforts. Technical assistance will be provided by the Direct AID contractor described above, who will set up systems within the Department's Evaluation Service, and work with MOI staff in evaluating CAGs.

PVOs - PVOs will be required to report on Project progress, and exhibit detailed evaluation plans in all proposals. The Project also calls for PVO Advisory Board participation in annual PVOP reviews. In addition, the Project also envisions making funds available for PVOs to use private Somali consulting firms to gather data, assist in evaluations and undertake Project-related studies.

Problems which may require special attention are:

- (1) Coordination of USAID Project Officer and technical office efforts;
- (2) Lack of qualified staff at MOI;

- (3) Delays in PVO reporting;
- (4) Low participation of PVO Advisory Board;

Proposal Review Group

The Proposal Review Group, assisted by the PVO manager, will bear the bulk of the responsibility for OPG and CAG proposal review and approval. It is an especially important part of the PVOP in that it is expected to be an efficient method of proposal review, and one which involves all the "partners" in the Project. For this group to be effective three conditions must be met:

- (1) The GSDR and USAID must have confidence in the decisions reached by the PRG, and be willing to work to further strengthen and simplify the review process throughout the Life of Project;
- (2) The PVOs and the PVO Advisory Board must make the time and maintain an interest in contributing to the work of the PRG; and
- (3) The combination of training and PVO Manual, and the ongoing assistance of the MUST must make this review process a rational and efficient alternative, despite the creation of an additional review structure.

PVO Advisory Board

PVOs working in Somalia have commented on the need for a unified voice in presenting PVO concerns and interests to the Mission and to the GSDR. The PVO Advisory Board will fill this need and assume additional responsibilities as well. Among them are, (1) providing direction to the selection of training opportunities to be provided by PVOP, and (2) participating in the review of OPGs and Community Action Grants. As mentioned above, success of this component to some extent depends on the PVOs' finding time to fully participate.

ANNEX E.2

ADMINISTRATIVE ANALYSIS OF THE PVO DEVELOPMENT PARTNERS
PROJECT (649-0138)

Introduction

The PVO Development Partners Project (PVOP) proposes to encourage the efforts of AID registered Private Voluntary Organizations (PVOs), Somali PVOs and Non-Government Organizations (NGOs) to undertake development activities in Somalia. An estimated \$18.2 million USAID contribution, and an additional \$6.8 million in GSDR local currency, and \$9.0 million in PVO and local group funds will be obligated to implement the projects.

The PVOP will utilize a novel administrative structure to facilitate achievement of project objectives, one which takes into account the Somali setting, USAID experience with PVOs on two bilateral refugee projects which have large PVO components, and lessons learned from similar USAID-funded PVO projects.

The principal "partners" in the project are USAID/Somalia, the GSDR Ministry of Interior, the PVOs, and Somali local groups. In addition, a PVO Advisory Board, and a Project Review Group will be established by the project from among the partners.

This analysis will:

- 1) Describe the administrative and management structure of the partners;
- 2) Analyze the partners' capacity to undertake project implementation;
- 3) Identify risks and benefits inherent in the implementation plan; and
- 4) Make recommendations which will assist USAID, the GSDR and the PVOs in effective implementation.

Ministry of the Interior

The PVOP calls for significant input from the Ministry of the Interior in critical project functions of proposal review, monitoring and evaluation and, as Grantee, approval of all sub-projects. Specific functions include (a) chairing the Proposal Review Group, (b) dispersing local currency funds for Community Action Grants (CAGs) (c) monitoring and evaluating project progress, and (d) facilitating the implementation of OPGs and CAGs.

Organization and Staffing

In June 1984 the Ministry of the Interior, (MOI), assumed the responsibilities of what was formerly the Ministry of Local Government and Rural Development (MLGRD). Through its Department of Rural

Development and Planning, the MOI is responsible for the "promotion of economic growth and the organization of rural development activities in the regions." The MOI is headed by a Minister and an adjunct Party representative of ministerial rank.

The Department of Rural Development and Planning is the department most concerned with development functions of local government institutions in Somalia. The Department, headed by a Director, is composed of four services; i.e., Planning and Project Formulation, Monitoring and Evaluation, Administration and Liaison, and Training and Research. Its functions are:

- o Identify economic needs and priorities at the regional level;
- o Backstop the implementation of rural development projects plans and assure the necessary financing;
- o Monitor self-help projects and keep records on project plans and performance.

Clearly the Ministry's mandate makes it the likely choice as GSDR implementing partner for the PVOP. Some consideration was given to the Ministry of National Plan (MONP) to fill this role due to the expected variety in sub-project activity, and the MONP oversight and coordination role in Somali development activities. But, the MONP has made it clear that they do not see their role as one of an implementing agency, and the MOI has coordinated activities of different technical ministries on prior rural development projects.

Staffing of the Department is inadequate both in numbers and quality. Other than the Director, the Department has just eight professional staff, only five of whom are college graduates. For example, the Planning and Formulation Service is manned by one professional, yet it is charged with reviewing all of the projects which flow in from the districts and regions. Other services within the Department operate under similar constraints. Nor are funds or fuel usually available to carry out work in the field. Lack of staff, office facilities, and operating funds creates a major discrepancy between the Ministry's mandate and its performance.

Staffing at the regional and district level is equally problematic. Fewer than 200 professional staffers are charged with supervising more than 5,000 technical, financial and clerical workers in the country's 19 regions.

Management Capability

Constrained by inadequate and untrained staff, poor facilities and insufficient operating funds the management capability of the Department of Rural Development and Planning is questionable.

It is not within the scope of the PVOP to overcome the myriad of problems which the MOI faces. The presence of these problems is, in fact, one of the justifications for developing local private initiatives to solve local development problems. However, the project does provide inputs to assist the MOI in fulfilling its role as an active partner in the project.

A \$1.4 million GSDR local currency contribution will provide training for Ministry personnel in monitoring and evaluation, and assist the MOI in meeting fuel and operating expenses of project implementation. A detailed breakout of these costs is found in Annex k.

Suggested areas of training for the Planning and Project Formulation, and Monitoring and Evaluation sections are; (a) AID Grant implementation regulations, (b) data analysis (c) budget preparation, and (d) evaluation techniques

Appropriate MOI staff will also be included in training functions provided for the PVO community under the PVO Advisory Board component of the Project, and will be considered for US or third-country training, if courses can be identified in rural development management and evaluation. A \$20,000 FX contribution is programmed for third country and U.S. training.

SURERD

The Somali Unit for Research and Development (SURERD) is a quasi-ministerial agency, which receives additional funding from OXFAM (UK). It is a hybrid, of sorts, linked to the Ministry, but seeking the financial strength and independence of a private non-profit firm.

The Director, Dr. Hussein Adan, is a dynamic, charismatic individual with the apparent capability to put together an evaluation program. SURERD has already sponsored a number of Seminars on Rural Development and published the Rural Development Strategy for Somalia 1981-1990. However, SURERD's depth in staffing is questionable, and Dr. Hussein is out of Somalia quite often.

Certainly, to expect the Monitoring and Evaluation Service to play a meaningful role in project implementation would require a significant commitment to the Service. SURERD might be able to assist in monitoring and evaluation or conducting baseline studies on project related subjects.

Technical Ministries

PVOs will be expected to seek out the collaboration of the relevant technical ministry(ies) in developing proposals. Though GSDR ministries are far too underbudgeted and understaffed to provide extensive support to the projects, collaboration will ensure linkage between the PVOs' objectives and those of the appropriate technical ministry. The technical ministries will also provide a needed coordinating function between the PVO and regional or district representatives of the

Ministries. It is advisable to have a representative of the technical ministry attend the review of a proposed OPG with the PVO to answer questions regarding design or implementation.

A major consideration is whether or not the PVO should actually sign the sub-agreement with the technical ministry. Our initial recommendation would be to avoid signing formal agreements with the technical ministries, so as to minimize the potential implementation problems arising from a project with links to more than one ministry. Further, signing a sub-agreement with the technical ministry potentially shifts the working relationship away from the targeted beneficiaries, (i.e. local private groups) and, in turn, the direction of project inputs.

There is a risk however in not signing the agreement with the technical ministry. It is easy to speak of "collaboration" with ministries, but unrealistic to assume that such collaboration comes free of charge. In a similar project in the Phillipines resistance of regional and district government representatives was cited as one of the major problems of sub-project implementation. To a great extent, the involvement of the MOI should alleviate this problem. Nevertheless PVOs should consider, and USAID expect to receive, proposals which provide limited support to local public sector entities when appropriate; e.g. to provide a durable link between a private initiative and public sector support after the departure of the PVO. In some cases, the building of such a link will be an important part of project sustainability.

Figure 1

Relationship of Ministries to PVO Partners Project

- | | | |
|------------------------------------|---|---|
| <u>Ministry of Foreign Affairs</u> | - | USAID |
| - | | Signs Grant Agreement |
| - | | Designates MOI as Authorized Implementation Partner |
| <u>Ministry of Finance</u> | - | Signs Grant Agreement |
| | - | Authorizes GSDR Somali Shilling contribution for grant and sub-grants |
| <u>Ministry of Interior</u> | | |
| - | | Chairs Project Review Group, and Small Grants Committee |
| - | | Signs sub-Grants (OPG's and Small Grants) |
| - | | Facilitates PVOs Relations with Technical Ministries and Local Government officials |
| - | | GSDR Monitoring and Evaluation of Small Grants and OPGs |

Technical Ministries

- Collaboration with PVOs in Proposal Preparation
- Liaison with Field Offices to facilitate implementation

B. USAID Somalia

1. Background

USAID/Somalia currently has 28 direct hire professional staff, 4 PSCs, and 10 local professional staff. Of these 13 direct hire, 2 PSCs and 4 local professionals are in offices with Project management responsibilities. All offices in the Mission, with the exception of the Management, Controller, Deputy Director and Director's offices have at least some project management responsibilities, including those with primarily staff responsibilities, such as the Projects and Program Offices.

There are 14 Mission funded and 5 centrally funded projects in the Mission portfolio. Three more Mission funded projects are expected to begin in FY-85. Annual funding level for these projects is approximately \$25 million, with another \$15 million in food assistance, making it one of the largest and most active Mission in Africa. Added to this is the complexity of this large country, its isolation, and lack of infrastructure and basic services, which make every task a little more difficult than one might expect.

The Mission currently has two refugee projects which fund a number of PVO Sub-grants. There is one project officer, 2 PSC project assistants, and 1 local hire staff member to manage the projects. The project officer has additional responsibilities as a Division Chief. Both projects are subject for evaluation in mid-1985. The Mission already believes that the management plan has not been adequate to meet the demands of reviewing, monitoring, and evaluating the 8 funded PVO sub-grants, along with other project activities.

PVO Projects are, as one evaluation put it, "labor intensive". Phillipines Co-financing, I had 3 direct hire, 2 PSCs and secretarial staff involved in project management. Evaluations of similar Mission-run projects have also noted the heavy demand on staff time.

2. Management Strategy

To manage this burden the PVOP Project moves the review process out of the Mission, provides training and support to the PVO community and contracts for assistance in monitoring and evaluation of sub-grants. Within the Mission it divides project management responsibilities between existing staff and technical offices.

a. Proposal Review

The bulk of the proposal review process will shift to the Proposal Review Group supported by the Management Unit for Support and Training. USAID will have a voting member on the PRG. The Mission will also review all concept papers and proposals in final form. An AID Project Review Committee consisting of the Project Manager, PROG, CON, and relevant technical officers will review all OPGs. To facilitate a rapid turnaround time for CAGs, the extent of the Mission review of CAGs will be decided by the Project Manager. If a proposal is straightforward and uncomplicated, e.g., purchase of a pump for a dormant well, the Project Manager will forward the proposal to the Mission Director for approval, with clearance from Controller and Project Development Officer. If the project manager believes a CAG proposal requires technical review, e.g. construction of a surface with catchment, he/she will pass it to the appropriate technical office for review.

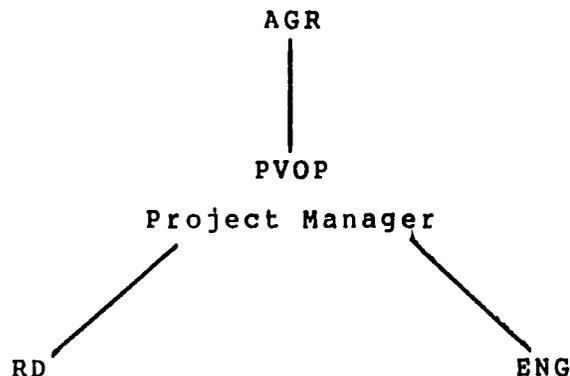
b. Training

It is expected that project-funded training provided to the PVO community and the timely publication of the PVO Manual will reduce the time that AID staff spends explaining standard procedures to implementing partners. Certainly, there will be need for discussions between PVOs, AID and the GSDR, but early explanation of the "rules of the game" should eliminate the most obvious questions.

c. Monitoring and Evaluation

Internally, USAID will divide the workload between one Project Manager, and Sub-Grant Managers in the technical offices. This method, recommended by an evaluation of the Indonesia PVO Co-Financing project, divides the workload and keeps projects working with the technical office capable of providing appropriate support.

The figure below illustrates the relationship:



Responsibilities

The Project Manager will:

- . Represent USAID on Proposal Review Group
- . Act as liaison with MOI on overall PVOP Project Implementation
- . Manage Contract for MUST (See III below)
- . Schedule and coordinate all project evaluations; annual reviews
- . Provide support to technical officers in sub-project implementation
- . Handle USAID registration of Somali PVOs
- . Monitor Community Action Grant component with technical assistance

Technical Officers

- . Review relevant sections of all OPG proposals
- . Act as USAID Project Manager for OPGs in sector of expertise, in consultation with Project Manager
- . Monitor OPGs and participate in evaluations of sub-grants
- . Receive OPG operational and financial reports
- . Sign on disbursement documentation for all OPG's for which she/he is designated manager.
- . Provide technical backstopping for PVO OPG holders.

Presently, USAID has the benefit of an extra officer in the staffing pattern in the Project Office. This individual, a former IDI, has approximately one year remaining in his tour. In the initial stages of the project this person will assume project management responsibilities. This is reasonable in light of his having worked on the project design and not having other direct project management responsibilities.

An issue to be resolved is who will assume these responsibilities upon his departure. Optimally, the project would be picked up by a direct hire officer with a minimum of other responsibilities and a focus on rural development or PVOs. The current freeze on USAID staffing makes this unlikely.

The Rural Development/Refugee Projects Division has no direct hire officer with rural development responsibilities. The Chief of Division could manage the project, but has supervisory responsibilities for all RD/RA staff, and is the project manager for a Refugee Settlement project currently being designed, and two ongoing refugee self-reliance projects,

The Project Office is the USAID PVO liaison office. With the departure of the extra officer, project management responsibilities could remain with this office, but the burden to an otherwise administrative/backstop office will be heavy.

Regardless of what steps are taken to move much of the management burden out of the Mission, all indications are that the workload on the project manager will be time-consuming, especially in the first 18 - 24 months. Establishing the Proposal Review Group, arranging for the arrival and start-up of the MUST, working with the PVO Advisory Board, reviewing early OPG and Small Grant proposals, and simply fine-tuning the whole process will require time and attention.

A local assistant should be recruited to assist in project management. Preferably someone with financial management background, and experience with either an AID financed PVO, or USAID Somalia.

Controller

The Controller's office will likely feel the impact of the additional OPGs and CAGs. The controller has been consulted in the development of review criteria for small grants, and has provided guidance in ways of simplifying the financial management burden to PVO small grant holders.

C. Private Voluntary Organizations

There are currently 31 International PVOs working in Somalia, of these 15 are U.S. registered PVOs. There is one Somali PVO, Haqabtir. Haqabtir, recently founded, is not yet registered with USAID. The majority of U.S. registered PVOs are currently working in the four refugee regions. 8 are working on US/GSDR bilateral refugee projects. USAID does not currently fund PVO activities outside the refugee assistance projects, however, U.S. PVOs are working in development with different funding sources. Examples are Africare, CARE, and World Concern.

PVO involvement by Program Area

- health
- water supply and sanitation
- income generation/small enterprise development
- agriculture; irrigated and non-irrigated
- agroforestry and fuelwood production
- natural resource management

Administration

U.S. based PVOs have succeeded in establishing solid institutional links within offices of the GSDR. Though many still work under the legal permission provided by their tripartite agreements either with USAID or UNHCR and a GSDR ministry, a few have established firm legal footing by registering a country agreement with the Ministry of Foreign Affairs. These agencies include World Concern, Interchurch Response, CARE, Save the Children and Oxfam (UK) Others have since begun the process. Registration with the Ministry of Foreign Affairs will be a necessary condition for a PVO to meet prior to review of a sub-grant proposal under this project.

Most PVOs have central offices in Mogadishu. A few, who work in the Northwest and Awal Regions have established central offices in Hargeisa, and employ a permanent representative in Mogadishu. Those PVOs with a Country Agreement, and a long range commitment to Somalia have developed administrative and logistical support arrangements for their field staff. Examples of those agencies are Save the Children, World Concern, and CARE.

Staff Support

Somalia poses trying logistical and support problems to all agencies with field operations. Transport, communications, housing and provision of needed supplies are all problematic. In general, PVOs have managed to develop full staff support systems despite the obstacles. For housing, PVOs have either constructed staff field quarters, or rent and refurbish existing buildings. PVO staff have shown a high degree of tolerance of local living conditions. In-country communication is generally conducted through the UNHCR radio network which reaches the regions where refugee activities are underway. USAID is in the process of installing radio communication with its Hargeisa office. For those in non-refugee areas, the PVOs have created an informal network to carry mail and supplies to field staff.

Staff Recruitment

For the most part PVOs have managed to recruit qualified and experienced personnel to work in Somalia. On a few projects, especially those with large technical components, they have encountered difficulties recruiting suitable candidates in a timely fashion. In some instances there have been unfortunate lapses between the departure of an incumbent and the arrival of a replacement. Major concerns of PVO field directors are poor communications with the home office in the recruitment of candidates, and the sketchy often erroneous briefing that replacement personnel receive in the U.S.

Financial Management

Experience with the Refugee Self-Reliance and CDA Forestry projects has underscored the need to provide PVO field offices with thorough training in financial management. Since 1983, three PVOs working under these projects have had substantial local funds embezzled by local staff. Ministry of Finance audits of U.S. based PVO projects have brought to light problems in financial management, which could have been avoided had elementary management techniques been applied. PVOs are currently taking action to correct the deficiencies.

Association working in Somalia.

If AVAS continues to grow the PVO Development Partners Project should find ways to link its PVO support to this group in a way that is mutually rewarding. Establishing a parallel association, would potentially undercut the effectiveness of AVAS, and lock out of the PVOP the input of a large number of active voluntary agencies in Somalia. A dialogue with AVAS leadership has been opened in order to define what type of working relationship could be established.

D. Local Private Voluntary and Non-Government Organizations

PVOs

There are presently three registered Somali Private Voluntary Organizations; Somali Red Crescent Society, Family Health Care Association and Haqabtir. Of these three Haqabtir is most likely to be considered for USAID support under this project. Haqabtir was founded in 1984, by individuals who had previously worked with the International Labor Organization on a refugee agriculture/income generation project in the Jalalaqsi refugee camps. Unlike the other two organizations Haqabtir is solely a development organization. It was established by two private citizens who managed to recruit a Board of Trustees, design a charter, and essentially create a formal process for registration of a Somali PVO.

Haqabtir is newly founded, and not registered with AID. Yet, the fact that it was successful in registering with the government is an indication that it may be replicable by others wishing to do the same.

While there are no other local PVOs active in development at this time, it is thought by both PVO staff and the USAID, that the potential exists for more groups like Haqabtir. The 6-year involvement of international and U.S. based PVOs in Somalia has provided significant training to a large number of well-educated, talented Somalis.

Examples include Interchurch Response, and Save the Children who have Somali Nationals as Deputy Directors of their country programs. The Experiment in International Living has held training seminars for PVO staff and has intensely trained six professionals in organizational management, communication and training of trainers.

In the first two years of the project it is most likely that support to local PVOs would be in collaboration with AID registered-PVOs. During this period, Somali PVOs could establish themselves and begin the process of registering with USAID. Once registered, these PVOs could seek direct funding by USAID. This should begin with small grant funding.

NGOs

The Social Analysis identifies a number of NGOs throughout Somalia and their significance to the country's development process. Among them are:

- water user groups
- livestock cooperatives
- religious communities/cooperatives
- village self-help committees

These groups, often based on long-established traditional grouping, are capable of mobilizing the resources and manpower needed to undertake self-help efforts on a local level. A few PVOs, Africare for example, have already worked with such groups with encouraging signs of success. The PVO Development Partners Project seeks to support the initiative of these local groups and assist in their growth as a development resource.

However, the Mission should not be overly optimistic about the growth of a large number of these groups, or their ability to tap into the project as a funding mechanism. None as far as we can tell could meet the requirements for registration with USAID. Thus, for the near future probably the length of this project - the U.S. based PVOs will remain the key link with these groups.

E. Proposal Review Process

In designing the Proposal Review Process three major objectives were set:

- Create a review process which involved dialogue among all partners.
- Promote the involvement of the Somali private sector in development.
- Ensure rapid and effective review of grant proposals.

To do this the project refines the project proposal mechanism utilized in USAID's two refugee projects, and creates a Proposal Review Group outside of the Mission to bear the primary burden of proposal processing and review. The PVOP also provides training to PVOs in proposal preparation in order to avoid unnecessary delays in proposal review.

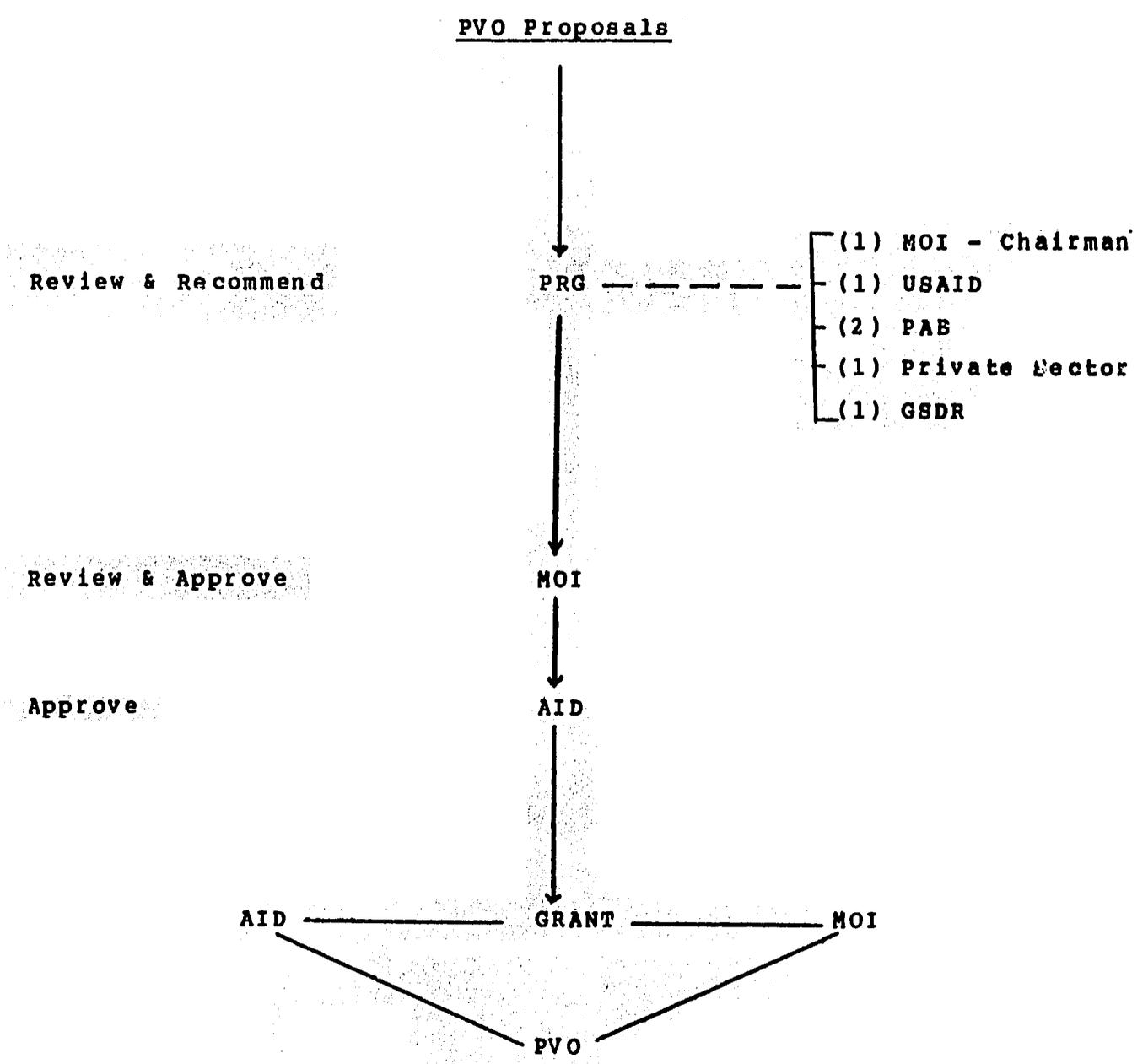
The Proposal Review Group

The essential component of this new review structure is the Proposal Review Group (PRG), supported by a secretariat under contract with USAID. Figure 2 illustrates the proposed mechanism and identifies the members of this group.

Under the Mission's current system of proposal review, the PVO deals with the Mission and the GSDR separately, brokering between the two. Quite often a proposal is bogged down in conflicting instructions and long lapses of time between the PVO's contact with each funding source. An analysis of the Mission's two refugee projects shows an average of 13 months for review and approval of a PVO grant. An average of 2-3 months of this is spent at the outset negotiating with the two implementing partners. More time is lost between the USAID review and GSDR concurrence on project approval. Separate reviews, and no agreement on criteria for review are likely major contributing factors to this time loss.

The review should benefit from the presence of representatives of all parties in the review process, and the advance agreement on criteria for review. Though there is always the risk that adding an additional review structure will add time, this should be offset by the fact that the PVOs present proposals to and receive feedback from only one source.

PROJECT REVIEW STRUCTURE



Private Sector Involvement

The PRG will have one Somali business person as a voting member. This in itself is a radical departure from former practice. It is expected that involvement of the business community will add a positive dimension to the review, and potentially lead to additional resources being channeled into local development. Certainly such interest is found in other countries. Foundations and Boards of Directors to private groups are composed of concerned individuals who have the resources and the interest to be involved in community development. The Social Analysis, Annex E.4, argues that such involvement is likely in Somalia as well.

The risk of involving the private sector is not very high. There are few additional costs, and the PRG would still function were enthusiasm not generated in the private sector. But there are questions whether such interest can be generated and sustained. Why will they join? Will this input be perceived as valuable by all parties? These questions remain to be answered.

To select this person USAID and the Ministry of Interior have agreed to draw up lists of potential candidates and select from those candidates mutually acceptable to both parties. As the selection procedure becomes clearer it may be useful to consider involving the Chamber of Commerce in either preparing the list or making the selection from a list approved by USAID and the Ministry of Interior.

Frequency of Review

The need to respond promptly to requests for Community Action Grant funding, and to give timely review of both concept papers and proposals for OPGs are primary considerations in establishing a review process. While it is unlikely that a large number of OPGs would be proposed less than semi-annually, CAG proposals may be more frequent, and will need a turnaround time of sooner than six months.

The PVOP anticipates quarterly review of proposals. This should limit the delay in CAG turnaround time without pushing the review process to accommodate each proposal. This will also work towards competition between proposals by establishing a schedule in which all standing proposals are reviewed. Doubtless the effectiveness of this schedule will depend on the number of proposals and the frequency of presentation. The process will be subject to early assessment, and be one of the foci of the first project evaluation.

The Secretariat

The PVOP Management Unit for Support and Training (MUST) will provide a secretariat to work closely with the PRG during the review process. The secretariat will log incoming proposals, set a timetable for review and response, draft issues papers and maintain communication between all parties. A complete SOW is found in Annex J.

The secretariat will also provide initial guidance to PVOs submitting proposals. This role, albeit informal, will save time in the review. This can only be justified if the services it provides will add to the speed and efficiency of proposal review.

In the first 18 months of the project this secretariat will be the key factor in the timely review of proposals. The PRG will likely take some time to work out its role, and the role of the PRG members. The quality of advice the secretariat provides the PVOs, and the secretariat's ability to communicate with PRG members will be the glue that holds this process together.

Major Actions and Timeframe for OPG and CAG Review

1. OPGs

A. Concept Paper

	<u>Steps</u>	<u>Action</u>	<u>Maximum Time For Action</u>
1.	PVOs participate in Training; discuss proposal with AID/GSDR MUST.	PVO	N/A
2.	Distribution of concept paper to AID, MOI & PRG group members	MUST	2 weeks
3.	internal USAID/PRC review	AID	1 week
4.	PRG formal review of concept paper	PRG/MUST	2 weeks
5.	PRG recommendations submitted to PVO for response	PRG/MUST	1 week
6.	PVO prepares formal proposal	PVO	<u>N/A</u> 6 weeks

B Proposals

	<u>Steps</u>	<u>Action</u>	<u>Maximum Time For Action</u>
1.	Distribution of proposal to all parties	MUST	1 Week
2.	Internal USAID/PRC review	AID	2 Weeks
3.	PRG proposal review	PRG/MUST	2 Weeks
4.	PRG recommendations to PVO for response	PRG/MUST	1 Week
5.	PVO responds to PRG recommendations	PVO	3 Weeks
6.	PRG notifies PVO, AID and MOI of approval	PRG/MUST	1 Week
7.	Project Implementation Letter signed by AID, MOI approving project	AID/MOI	2 Weeks
8.	Grant Agreement drafted by MUST, approved by AID/MOI	AID	2 Weeks
9.	Grant Agreement signed	AID/MOI/PVO	<u>2 Weeks</u>
			16 Weeks

ii. Community Action Grants

	<u>Steps</u>	<u>Action</u>	<u>Maximum Time</u>
1.	PVOs participate in training discuss proposal with MUST GSDR & AID	PVO	N/A
2.	Distribution of proposal to AID, MOI and PRG	MUST	1 Week
3.	Internal AID-PRC review	AID	1 Week
4.	PRG review of proposal	PRG/MUST	1 Week
5.	PRG recommendations forwarded to PVO	PRG/MUST	1 Week

<u>Steps</u>	<u>Action</u>	<u>Maximum Time</u>
5a. If further work is needed, PVO will respond to recommendations and forward to MUST/PRG. MUST will consult with all parties to obtain approval		
6. Project Implementation Letter signed by USAID/MOI approving project		2 Weeks
7. Grant drafted by MUST Approved by AID/MOI		1 Week
8. Grant signed by PVO/AID/MOI		1 Week
		8 Weeks

ANNEX E.3

ECONOMIC ANALYSIS FOR THE PVO DEVELOPMENT PARTNERS PROJECT

I. INTRODUCTION

A. Nature of the Problem

Under the PVO Development Partners Project (PVOP) USAID proposes funding PVO programs in Somalia over a four year period. Fifteen million, eight hundred thousand dollars (\$15.8 million) will be made available for this purpose of which \$13.8 million will be allocated to operational program grants (OPGs), \$2.0 million will be allocated to smaller, Community Action Grants (CAGs) to local organizations working through PVOs, and the remaining \$2.4 million will be for use in training, and project monitoring and management.

This innovative approach differs markedly from the conventional projects funded by USAID. First, instead of identifying a specific need in the Somali economy and designing a plan for meeting that need during the project planning stage, the PVOP allows a series of needs to be identified throughout the implementation of the project. Furthermore, the project designs for meeting these needs become an important part of the implementation process. Finally, rather than having a centralized economic activity, the economic activities of this project will be dispersed among various organizations with separate goals and objectives. Thus, from the financial and economic point of view, the design of the PVOP calls for a deviation from the forms of analysis traditionally used to judge the viability of USAID projects.

B. Economic Advantages of the PVOP

Distinct economic advantages are identifiable in the approach encompassed in the PVOP design, and also from the discrete nature of PVO projects themselves. These advantages suggest that the project is likely to be successful from the economic perspective.

1. Advantages of the approach: A funding project, such as PVOP, contrasts with a project based on a specific economic activity in the following ways. First, while the traditional project requires that all funds be invested in one major activity, the PVOP diversifies the use of investment funds rather as a private investor diversifies his portfolio of investment activities. Thus, the risk of failure to use investment funds profitably is spread out. In other words, if one sub-project fails to return the expected benefits, other sub-projects which have been successful, will nevertheless return benefits.

Second, and a corollary of the first point, is the time frame of the project. Funds will be allocated in each of the four years of the project life meaning that the start of implementation of sub-projects and CAGs will be staggered over time. This allows time for learning from possible mistakes made in early funding activities, both on the part of

USAID and PVOs, which can be used to advantage when funding activities in later years. Thus, the chances of a successful outcome in later projects will be increased. For this reason, the majority of the funds for OPGs and CAGs may be reserved for the later years of the project.

Third, the typical USAID project reaches the ultimate beneficiaries, the poorest of the poor, indirectly; for example, by strengthening government institutions so that they may deal with Somali citizens more effectively or by improving government policies so that there are fewer obstacles to a free market system. These projects are necessary and will, over time, yield benefits to all participants as the results of a smooth running economy trickle-down to the lowest economic levels. However, in the short-term, the condition of the poorest remains unchanged. On the other hand, the PVOP will deal directly and immediately with the needs of the most disadvantaged groups of Somalis. PVOs specialize in projects at the grassroots level and deal effectively with the needs of the poorest. From an economic point of view, these direct benefits will be of greater value since they occur sooner than benefits which are derived from the trickle down effect. Thus, this project will be a good complement to other projects in the AID portfolio which address problems at the government level.

2. Economic Characteristics of PVO Projects: PVO projects, in general, tend to employ technologies which are appropriate to the skill levels of poorer communities and which employ a proportionally high level of local resources. In other words, local participants are taught to make better use of resources already available to them. For example, in an agricultural project where farmers are taught to use better farming techniques and improved inputs, the costs are relatively low: an expatriate technician, fertilizer and improved seeds. However, the benefits may be quite large. For example, yields may double. This project makes a change on the margin, in economic terms. Such marginal changes, which are common in PVO projects, yield the largest benefits relative to the expenditures used to realize them. Implicit in the types of projects are several characteristics which are desirable from an economic standpoint. These characteristics tend to contribute to the calculation of a high internal rate of return (IRR) when a cost/benefit analysis is conducted on project costs and benefits.

a. Capital Costs: Capital costs are incurred during the initial stage of project implementation. They are those expenditures which are necessary for the production of benefits to begin and include items such as land, buildings, equipment and labor. They can be as complicated as employing the materials, manpower, and equipment for building a dam or as simple as renting a building and buying books and other supplies necessary for the start up of a training program. Capital costs for PVO projects tend to be at the simple end of this spectrum; for example, rather than purchasing bulldozers and highly skilled expatriate labor to build and maintain a road (a capital-intensive approach), a PVO may use local labor and hand tools (a labor-intensive approach).

There are several advantages to this approach. First, the investment costs during the start-up period of a project before the flow of benefits begins will be relatively low cost -- a factor which contributes to a high IRR. Second, less elaborate equipment and infrastructure means lower maintenance costs throughout the life of a project. Furthermore, sophisticated tools and equipment used in Somalia must usually be purchased abroad. Importing these supplies introduces the possibility of delays in bringing them to the project site which are costly in terms of delaying the realization of project outputs. Finally an elaborate, capital-intensive project often means that project participants carrying on the project activities after outside funding ends may have a need for scarce foreign exchange which may not be available for replacement of equipment purchasing spare parts.

b. Timing of Project Benefits: PVO projects tend to have short investment periods. For example, a nutrition project may require as little as six months between the time that funding begins and benefits begin to flow. This shorter investment period has two advantages. First, from the point of view of the time value of money, greater weight is placed on benefits received in the early years of a project life than in later years, when calculating the IRR for a project. A short start-up period contributes to a high IRR. Second, from the point of view of project participants, early beneficiaries demonstrate quickly that they have something to gain from the project activity which may help to strengthen their incentive for effective participation.

c. Operating Costs: The operating costs usually found in PVO projects, which tend to be relatively low in relation to project benefits, are also advantageous from an economic perspective. This means that net benefits in later years of a project's life are large, a factor which contributes to a high IRR. PVO projects tend to draw on the local population for the operation and maintenance of projects due to the basic level of skills required. Furthermore, PVO projects often have low expatriate requirements because of the use of technologies in project implementation which are appropriate to the resources of local communities. Finally, PVO organizations usually have low administrative costs and overhead expenditures.

d. Scale: The scale of PVO projects tends to be small in terms of total funding, which often ranges from \$.25 million to \$2 million, and in terms of geographic scope. Such small scale activities allow more control over the day-to-day operation of project activities. Moreover, the small scale and low costs are proportionate both to the financial resources available to participant communities and their skill levels. This factor helps to ensure the activities will be sustainable and replicable by communities members in the absence of outside funding. This is important because a successful project, in terms of an economic IRR, should have a flow of benefits which continues after funding stops.

e. Target Groups: PVO projects tend to have benefits which are intangible from the perspective of a traditional economic analysis but which, if they could be quantified, would increase the value of benefits leading to a high IRR. As mentioned earlier, many such projects are aimed at the grassroots level and involve people who may be missed by larger, more ambitious projects. The participation of this element of the Somali population is beneficial to the country's economy in the long term. Local involvement in the economic activities provided by PVO projects may often lead to linkages over time with the broader national economy for groups that may previously have been economically isolated. For example, the process of learning how to start and manage a small business, which is often taught in small enterprise development projects, may provide local participants with a knowledge of marketing and procurement of inputs which, for the first time, link them with both suppliers of inputs and consumers and teach them the skills to deal effectively with both groups. Furthermore, participants in PVO projects often are the forgotten poor who have been bypassed by the workings of the broader economy. PVO projects may tend to correct the imbalance in economic opportunities in Somalia.

C. Particular Advantages of Community Action Grants (CAGs)

An innovative component of the design of the PVOP is the CAG component under which funding will be provided to PVOs and local groups working through PVOs. Of particular advantage is the portion of this funding which will be provided to local communities and groups. One of the major potential obstacles to project success is the willing participation of beneficiaries in an activity imposed on them by sources outside the community. In the case of CAGs, since the idea for funding will be initiated by the community, this problem may be avoided. It is also likely that when communities identify their own small projects, the potential for economic success will be greater than otherwise. Their plans will draw on the knowledge of the resources including manpower, available to the community, increasing the likelihood of their efficient use. The likelihood is that resources used will be appropriate to the community i.e. labor-intensive rather than capital-intensive. Moreover, one objective essential for economic viability is that projects be sustained after outside funding is removed. Since the size, scale and design of grant activities will, in these cases, be set by the communities, the continuation of the activity becomes more probable. The small scale of the projects also implies a quick turnaround time between investment and generation of benefits which is desirable both economically and for project replication in other areas throughout Somalia.

D. Methodology: In the normal course of events the PVOP would be subjected to a rigorous economic cost-benefit analysis. That is to say that the investment costs, the operating and maintenance costs, and project benefits would be identified and analyzed to see if the project's outputs level is large enough to justify the expenditure of resources required to provide it. Due to the unique nature of this project, this type of analysis can not be undertaken since the identification of

project costs and benefits are an explicit part of project implementation. Furthermore, even if the costs of each specific OPG and CAG were known, traditional costs benefits analysis would not be the appropriate form of analysis since, in many cases, benefits of PVO projects are hard to quantify. Frequently observed benefits of PVO projects such as well-nourished children, trained businessmen, or reduced birth rates, when quantified for cost-benefit analysis, often lead to spurious and oversimplified conclusions. In these instances, the appropriate vehicle is cost-effectiveness analysis which concentrates on the efficient use of project inputs.

The economic analysis of the PVOP will actually be an ongoing activity during the project implementation. To ensure a high economic rate of return to the project will require a selection and monitoring process which allows USAID to choose among PVO projects in order to pick those which have the best chance of favorable outcomes and will encourage PVOs with ongoing OPGs to apply economic criteria to improve performance. Therefore, it is critical, in lieu of an economic analysis, that the processes of project selection and project monitoring be well established in advance of project implementation and that both USAID and PVOs staffs be made familiar with these procedures. The focus of this economic analysis will be the ways in which good selection of projects and effective monitoring of project results can be guaranteed.

II. ECONOMIC ANALYSIS OF THE PROJECT

A. Criteria for selection and monitoring of OPGS

1. Selection Criteria: From the point of view of good economics, the selection process for OPGS to be funded under the PVOP would be based on cost-benefit analyses of all perspective projects. Funding would be granted those projects which have the highest internal rates of return i.e. projects which make the greatest contribution to the local economy. However, this preferred method is not a feasible option in the case of PVOs. The primary reason is that few PVOs have either the personnel or the resources available for producing a rigorous cost-benefit analysis. If this type of analysis were required, the economic selection process would be biased in favor of those few large organizations who are capable of producing it to the detriment of smaller organizations. Also, as mentioned previously, cost-benefit analysis is not the appropriate measure of the worth of many PVO projects which have benefits which are not quantifiable.

However, to ensure the economic feasibility of projects which are selected, some alternate form of measuring their desirability must be created. The economic criteria for selecting projects should be based on those factors which would be found in a traditional cost benefit analysis's. Therefore, a point of departure for the design of selection criteria is the economic characteristics of a project which contribute to a high rate of return as were enumerated in the introduction.

Table 1 summarizes these characteristics. The Proposal Review Group and USAID's Project Review Committee should consider these characteristics as a guideline when judging the economic viability of potential projects.

In addition PVOs should be required to undertake some form of economic analysis even if it is less rigorous than the traditional cost-benefit analysis. The process of thinking about project costs and benefits will both help PVOs to judge that the technologies and processes which they propose to use are reasonable and give them a better sense of the size of costs necessary to ensure the desired benefits as well as giving USAID criteria for project selection. The Guidelines for the Economic Analysis of PVO Projects outline the procedures which PVOs should follow when preparing economic analyses (Annex H, Attachment #2).

In addition, PVOs should fill out the "planned" columns of Form 1 as part of the economic analysis for project planning. This will help reviewers judge whether the economic characteristics outlined in Table 1 are present in the project design and will be useful for monitoring project progress as discussed in the next section.

Table 1: Economic Characteristics of Project
with a High Internal Rate of Return

1. The project has low capital costs relative to the total project funding.
2. The project employs technologies which are labor-intensive rather than capital-intensive.
3. The project makes use of equipment and technologies which are appropriate to the skill levels of project participants.
4. The start-up period (the period of time before project benefits begin to flow) is short, i.e. 1-2 years. Benefit flows begin early in the project.
5. The project minimizes the use of imported equipment and expatriate personnel, particularly in regard to operating costs which project participants will have to cover after funding is withdrawn.
6. Where benefits are measurable, operating costs are low relative to project benefits.
7. The implementation plan is realistic and takes account of all possible (and likely) delays.
8. Where possible, the project improves the performance of economic activities already in existence rather than introducing new activities.
9. The project participants are members of the poorest communities in Somalia.
10. The project responds to a need which is well recognized by the participants' community.
11. The technology employed in the project is the one which produces the desired benefits at the lowest costs.

Form 1: Criteria for the Selection and Monitoring of PVO Projects

Item	Year ____		Year ____		Year ____	
	<u>Planned</u>	<u>Actual(a)</u>	<u>Planned</u>	<u>Actual(a)</u>	<u>Planned</u>	<u>Actual(a)</u>
1. Total budget	_____	_____	_____	_____	_____	_____
2. Capital costs(b)	_____	_____	_____	_____	_____	_____
3. Capital costs as percent of total budget (Line 3 = Line 2 : Line 1)	_____	_____	_____	_____	_____	_____
4. Operating costs(c)	_____	_____	_____	_____	_____	_____
5. Measure of benefits (d)	_____	_____	_____	_____	_____	_____
6. Per unit operating costs (Line 6 = Line 4 : Line 5)	_____	_____	_____	_____	_____	_____
7. Per unit total costs (Line 7 = Line 1 : Line 5)	_____	_____	_____	_____	_____	_____

- (a) All actual costs should be adjusted for annual inflation.
- (b) Capital costs should not be depreciated but should appear in the year that the actual expenditure occurs. (See Guidelines for the Economic Analysis of PVO Projects, Annex I, for listing of capital cost items)
- (c) Operating costs should include related administrative expenses for both the local and home offices of the PVO. (cf supra for method of doing this)
- (d) Benefits can be measured in terms of money or in terms of units of output (See Guidelines for the Economic Analysis of PVO Projects for listing of possible measures).

2. Monitoring of AID-funded projects: Monitoring of AID-funded OPG projects is very important to ensure successful implementation. Past experience has allowed economists to identify those factors which most frequently keep projects from achieving the IRR projected during project planning. They are:

- Capital cost overruns;
- Delays in the production of benefits;
- Delays in reaching full production of benefits;
- Failure to ever reach full production; and
- Operating cost overruns

a. Capital Cost Overruns: Capital cost overruns include things like paying \$10,000 a year more to hire an irrigation engineer than was originally planned. (Overruns do not include higher costs due to inflation since these costs should be anticipated and planned for before project implementation begins.) Since capital expenditures are made in the earliest years of a project when money, as valued in a cost benefit analysis has its greatest value, this type of delay would decrease the IRR to the project.

b. Delays in Production of Benefits: As an example of this type of problem assume that five health clinics, which were expected to be operational during the first year of project implementation, are not open until the end of the second year due to an inability to procure buildings and staff. In cost-benefit analyses, early benefits are desirable to begin offsetting some of the costs incurred during the investment period. In this example, where the benefits are well nourished children, the failure to begin producing benefits until the end of the second year rather than in the first year as originally planned, would decrease the value of the rate of return to the project.

c. Delays in Reaching Full Production of Benefits: A training program planned to have 30 participants in its first 6 week program; instead only 15 participants enroll in the first program. In this case, if the original program budget for the program was \$150 per participant, the cost increases for the first year to \$300 per participant. Even if later programs include more students than were originally planned, the delay has cost money since books, supplies and teachers were underutilized during the first program.

d. Failure to Reach Full Production: At the end of a rural roads project, only 15 kilometers of road were built instead of the 45 kilometers which were planned. This decrease in benefits is reflected in a greatly increased cost per kilometer. In a cost-benefit analysis, a once positive IRR may slip into the negative range with this type of decrease in benefits.

e. Operating Cost Overruns: More labor is required to maintain irrigation ditches than was originally planned. In addition, more fertilizer is necessary to achieve the yields of irrigated rice anticipated in the project paper of a small integrated rural development project. The net benefits of the later years of project (output minus operating costs) are thus reduced. In turn, the IRR to the project is reduced.

3. Realistic Planning: These five problems usually appear in projects which had ambitious and overly optimistic economic plans. PVOs should be aware of these factors when designing projects. Although, in Somalia, where everything that can go wrong is sure to happen, there is, nevertheless, a need for awareness of the impact of delays and of failures to reach anticipated levels of outputs on project success.

The information in Form 1 can be used by project monitors to assess the incidence of any of the five problems listed above. This information draws on baseline data taken from the project plan. This data can be compared to benchmarks which can be collected annually during the project's life. Provisions should be made by PVOs for the collection of this data before the project is begun to allow monitors to easily assess the project's progress.

4. Conclusion: In the absence of traditional cost-benefit or cost effectiveness analysis, it is necessary to establish well-defined criteria for the selection and monitoring of potential PVO projects. Both PVOs and USAID must understand the importance of using these criteria and the necessity for careful and realistic financial planning.

B. Criteria for Selection and Monitoring of Community Action Grants

1. Selection Criteria: The selection criteria for CAGs, by necessity, will be less rigorous than those required for OPGs. Neither USAID nor the PVO will be making efficient use of their scarce resources, in particular manpower, if the same requirements were made for CAGs as for OPGs. However, certain minimum requirements for financial accountability should nevertheless be established and required.

PVOs applying for CAGs to USAID should be required to submit a short economic analysis, no more than 2 pages in length. It should contain a budget showing the use of the funds in each year of the project's life and a brief description of the expected benefits of the project including their timing. Local groups should demonstrate to the PVOs that they know how the funding is to be used by enumerating the specific inputs they will purchase with the funds. They should also be required to specify the benefits which they expect to realize through these expenditure. This process may be done orally by the small group to the PVO. The PVO should briefly discuss this as part of the economic analysis for their proposal.

2. Monitoring Criteria: In both cases, monitoring of grants will consist of a brief report at the end of the project which compares actual expenditures and benefits with the anticipated expenditures and benefits.

C. Advisory Board and Administration

The administration of the PVOP will be an important part of ensuring the viability of USAID-funded projects.

1. Advisory Board: The Advisory Board should meet annually to review the progress of OPGs and small grants from an economic perspective. As a part of its annual review meeting, each PVO should present the selection and monitoring information required in Form 1 showing planned capital costs, operating costs and benefits compared to the actual costs and benefits during the previous year. Any delay in either implementing the start-up period of the project or realizing benefits should be explained at this time. Furthermore, the PVO should explain what effect these delays will have on realizing benefits in future years of the project. Cost overruns for both capital and operating costs should also be explained. In addition, potential cost overruns in future years of the project should be discussed. USAID and Advisory Group then should make recommendations as to what actions should be taken to deal with these problems.

2. Administration:

a. Training: A critical part of the administration of the PVOP will be to provide training in all aspects of project design and implementation including proposal writing and project design; USAID procurement procedures; basic accounting; and monitoring and evaluation. Training should be given to the person from each PVO receiving a OPG who is responsible for project management and administration. The costs of training will be offset by the benefits of having an efficiently run and managed project which is able to do what it is intended to do.

b. Monitoring and Evaluation: The project should take steps to ensure that monitoring and evaluation responsibilities are covered. One possibility is to recruit a full-time PSC to assume some monitoring and management duties. The preferred option is to recruit a direct AID contract with a firm or PVO to assume project responsibilities such as day-to-day trouble-shooting concerning procurement and other administrative problems which arise as PVOs attempt to deal with USAID regulations; periodic on-site visits to projects; and coordination of formal evaluations of project progress. The primary benefit of having such a liaison would be the avoidance of delays in implementation of projects, and the shift of management burden from USAID and the MOI. This is discussed in further detail in the Administrative Analysis, Annex E.2.

D. Conclusion

Although a formal economic and financial analysis of the PVOs can not be conducted because of the unique design of the project, the economic advantages of the approach suggest that USAID will be making good use of its funding. To ensure a successful outcome for the project, PVOs must do careful and thorough economic planning when designing projects. This is especially true for large grants. USAID must provide support and training for the PVOs so that they understand what is expected of an evaluation of their activities and prevent costly and unnecessary delays.

ANNEX E.4

PVOP SOCIAL ANALYSIS

1. Overview

This analysis will attempt to assess the viability of Somali Non-governmental Organizations (NGOs) as key players in the proposed PVO Development Partners Project (PVOP). Emphasis will be placed upon identifying institutions at the grassroots level which: 1) would qualify as NGOs; and (2) analyzing their suitability for the kinds of PVOP activities anticipated given participatory interest and objective need. The analysis also examines overall Project viability. It makes recommendations accordingly as to how the project can increase its chances of being successful.

The analysis is complicated by the fact that the PVOP will consist of numerous sub-projects. Each sub-project will likely represent a different sector of development activity which will be implemented by one of many potential NGOs working together with a PVO. So too, there will most likely be dispersal of sub-projects throughout Somalia. This will greatly extend the project's contextual boundaries, since the project will encompass enormous variation in local social, economic, cultural, and political factors which will impact on individual sub-projects.

In response to this inherent variation, specification of salient factors relevant to particular sub-project contexts will be emphasized. While generalization is often unavoidable, it predominates mainly in Section 2 where the spectrum of "indigenous" or so-called "traditional" institutions and their related activities are discussed. These institutions vary in scale and organizational complexity. The basic features of their structure and functioning are presented.

Section 3 discusses the evolution of "nascent" institutions. These may, in some instances, be offshoots of indigenous institutions. In other instances, they are the product of recent political and socioeconomic processes. The structure and function of nascent institutions are described, and hypotheses regarding causes for their initial development and current trends are conjectured. The modus vivendi and overlap between indigenous and nascent institutions is also analyzed.

For both institutional categories, reference is made to the dynamics which have been exhibited by different groups in each category over time. Attention will be given as to how the equilibrium between indigenous and nascent institutions is changing, and why it is important for PVOS and USAID to address this topic.

Section 4 assesses the viability of the "Development Partners" concept together with PVOs implementation capabilities. It also discusses likely project beneficiaries given different sub-project development scenarios. Throughout this section concern will be taken to identify the kinds of bottlenecks which could arise at both the project and sub-project levels.

Section 5 presents priorities for small and large scale development projects in Somalia by sector. Tradeoffs between emphasizing infrastructural projects with short and long-term time frames versus "discretionary" short and long-term projects are discussed. The latter include the following sectors: small enterprise development, training, appropriate technology. NGOs' capabilities to implement infrastructural and discretionary projects within particular development sectors are identified. NGOs' absorptive capacities for new productive activities and administrative responsibilities are considered on the basis of institutional constraints and particular organization's development agendas. Recommendations are given for emphasizing project sectors and design/implementation methods which could enhance PVOP viability.

Section 6 presents conclusions and recommendations.

2. Indigenous Institutions in Contemporary Society and Historically

"Indigenous institutions" refers to social, economic, cultural and political modes of collective action and organization which have evolved over centuries in Somalia. These modes are normatively, cognitively, and practically experienced. They have been, and still are to a large extent influential in Somali social life. The rapid growth of the major urban centers and the emergence of a modern political apparatus intent on superceding indigenous sociopolitical institutions has been a significant development since national independence and the October 21, 1969 Revolution. Yet indigenous institutions continue to remain important forces, particularly in rural Somali society.

Since the rationale for the indigenous system has been geared to regulate sociopolitical affairs between groups - i.e. maintain guarantees for individuals' security through a corporate insurance and defense program - the GSDR has argued that the indigenous system promotes divisiveness instead of cooperation. The extent to which the government takes "the clan issue" very seriously as a contemporary problem is evidenced by the fact that the National University sponsored two scientific conferences on "Tribalism and the State" in June and July of 1983.

Given the sensitivity of the subject, all reference to specific indigenous social groups by name is to be avoided in respect of host government sociopolitical objectives. The generic categories are, however, discussed empirically so that sense can be made of this social analysis and the relevant sociopolitical underpinnings of Somali society affecting all NGOs to differing degrees clarified.

2.1. Relevant Indigenous Institutions

The substantive basis for the institutional typology presented is drawn from the following sources: Lewis (1961), Lewis (1980), Thomas (1982), Cassanelli (1982), Haakonsen (1983), Hoben, et al. (1983), Brown (1984), University of Wyoming (1984). The typology includes institutions characterized on the basis of: social criteria (golo, gabiil, jilib), territorial criteria (degaan related, tuulo, buulo), production, Islamic brotherhoods (tariiqoyin), utopian villages (jamacooyinka). In many instances, the boundaries between institutions are not mutually exclusive, with much overlap exhibited. This kind of overlap also is apparent between indigenous and so-called "nascent" institutions.

2.2. Social Institutions

Somali indigenous social organizations have traditionally functioned as "regulatory institutions" in social, economic, and political spheres. The ordering principle underlying indigenous social organizations throughout Somalia is genealogically grounded. Emphasis is placed on patrilineal descent groups composed of all people who ultimately trace their origin to the same common male ancestor. In the literature this has been referred to in terms of clan. Clan families, composed of constituent clans, sub-clans, primary and minimal lineages, and extended families down to nuclear families, are the divisions referred to as comprising the Somali nation as a whole. These divisions have functioned as a means to define an individual's structural position vis a vis other individuals. While individuals can often recall 30 generations deep into their clan ancestry, administration of a community's day to day affairs generally functions around the diya group which reckons common ancestry at no more than six generation deep.

The emphasis on clan and genealogical reckoning as a social and political organizing principle has varied throughout Somalia. A lack of centralized authority structures coupled with conceptualized egalitarian models has been emphasized as predominating in most of Somalia. Greater emphasis on hierarchical organizations for well defined territories is evidenced in Bay and Lower Shebelli Region as compared elsewhere.

In primarily nomadic pastoral areas, decisions have been made by councils of elders (odeyaasha or agillada) through assembly (shir) of all adult men relevant to particular clan level groupings. The size of such groupings has depended on the context or problem at hand. Each structural level has been associated with a particular authority figure. Authority figures often inherited their status from their fathers. Many leaders of Somali "nascent" institutions have been recruited from the ranks of former "legitimate" leaders of indigenous institutions.

Different groups in Somalia have evolved varying titles for leaders (more appropriately "peoples representatives") at different indigenous structural levels. For instance, the descending order of titles ugaas, agil, beldajiye refer to three structural levels which following the revolution have been eliminated from "official vocabulary" and replaced with the all-purpose nabadoon (peace seeker).

There are differing opinions as to how much authority indigenous leaders actually have. In the literature, emphasis is placed on the egalitarian nature of Somali society in the non-inter-riverine areas. Yet there is no doubt that the ugaases, graads, suldaans, etc. (i.e. the nabadoons) continue to maintain considerable decision making authority in local communities, even considering the overriding consensual nature of the Somali decision making process. These leaders are often times perceived by their communities as more than titular, depending of course on their powers of persuasion and oratory skill in key political contexts. Their authority is not derived from fiat but rather, from the leadership qualities they have previously demonstrated, and continually affirm in representing the interest of their people both externally and internally.

At the lowest level of nuclear and extended families, goys usually refers to the former and reer the latter. These are the most important institutions in the management of day to day affairs at the lowest level. These function, however, under the wing of the more inclusive kinship groupings.

2.3. Land and Resource Tenure Institutions

Indigenous land use in Somalia focuses around the degaan as the basic territorial unit in pastoral areas. Private land ownership in southern areas, and opportunistic enclosing of land in dryland areas for grazing and agricultural purposes, are other key land use types. The latter is largely an increasingly important phenomenon and will be dealt with under nascent institutions.

No sense of rangeland tenure institutions can be conveyed without reference again to clan organization. This is particularly true for the pastoral sector generally. The outline presented recently by Hoben (1985) is useful for these purposes.

Patrilineal ties between kinsmen through descent enable individual family management units to reallocate resources in times of either need or plenty. Right of access to pastureland is a function of the right-holders membership in a "political community" capable of defending members rights against members of other political communities. These rights have been guaranteed by membership in: 1) contractually linked non-hierarchical corporate descent groups throughout most of Somalia (xeer or diya); 2) stratified, somewhat hierarchical, more territorially defined corporate groups in the inter-riverine areas; 3) indigenous religious utopian communities (jamacooyinka) scattered throughout the country.

While clans or sub-clan segments have never maintained absolute use rights to particular territories to the exclusion of others, such groups have maintained primary use rights vis a vis others to particular areas. The association of such groups to particular territories may be called the degaan system (Brown, 1984).

The actual size of groups maintaining comparable degrees of social cohesiveness varies tremendously. A range of 300-3,000 men corresponding to lineage clusters may be incorporated into diya paying groups. These groups may often be primary resource users in a single degaan, or a set of adjacent degaans. This does not mean that individuals from other diya paying groups cannot use the degaan, or conversely, that all diya paying groups are localized. It implies rather, that there will be a statistical probability, fluctuating by degaan and season, that a high proportion of resource users in the degaan will correspond with a particular set of lineages or sub-clan. Each lineage in turn may be isomorphic with one or more diya paying groups.

In degaans, groups maintain primary access rights to water resources based on previous digging and maintenance of shallow wells, and deep wells, and more recently, cement lined reservoirs. While legally the private ownership of hand dug wells has been abolished, unofficial tenure rights to water resources (along with maintenance responsibilities) is still upheld throughout much of the pastoral sector.

2.4. Indigenous Water Committees and Communal Agricultural Groups

The Water Committee is an important type of institution in the oases of Bari Region as well as the village communities of Bay Region and more recently the Lower Juba. In Bari, these communities have been responsible for undertaking the necessary infrastructural development of springs, wells, and canal works in date palm and vegetable producing oasis communities. As oases are organized on a lineage basis, these committees reflect the internal coherence of an extended agnatic family, along with inevitable cleavages resulting from the heritability of different quantity and quality land and arboricultural resources. The Water Committee has been responsible in regulating the community's provision and distribution of water, which reflected size of land holdings, cultivation regime, and corresponding daily or weekly water needs.

In the Bay Region water committees are drawn from the village populace. The village itself is an amalgamation of various clan and lineage members cohering as a territorial unit crosscut by agnatic cleavages. This is opposed to the more prevalent agnatically organized hamlet/degaan level units in the nomadic pastoral sector which are organized according to agnatic principles of organization which still predominate. Groups called sudon, go'ob, and gamas are responsible for communally organized activities in general. Waro (reservoir) construction and maintenance is in the hands of a managing committee which oversees the work of regular war users, the yogor and fatir. This practice complements the communal agricultural work groups (barbar) which plan group activities on a schedule based on planting seasons. (Putman, 1982)

Fines in the Bay Region are levied against those who violate a war's regulations. Wars are dug in permanent hamlets (bulooyin or buulo sing.) usually. Management is in the hands of a buulo subcommittee of 5-20 people led by a sagaale who serves as a water manager. The sagaale decides how much water will be allocated to buulo residents, guests (marti), or stranger pastoralists (socato), along with rules and fees.

In the Lower Juba Region, members of an extended family and group of families cooperate in constructing wars on a self-help basis. Procedures are less "codified" than in the Bay Region.

One could argue that lineages which have dug wells and maintained them, constitute another type of water committee. The maintenance of lineage wells in northern Somalia in particular has decreased because of the widespread proliferation of cement-lined reservoirs called berkads. Over 2,500 have been estimated in Togdheer District as of 1982 alone (Thomas, 1982). Berkads here have superseded traditional wells in importance, so that the maintenance of traditional wells has suffered (Yusuf, 1983). In the Central Rangelands where berkads are far less widespread than in the north, Water Development Agency (WDA) wells have in many areas supplanted lineage wells in importance.

The need for lineage based "water committees" to maintain strict vigil over corporate resources is continually decreasing as a function of increasing water availability. Thus, the government's efforts to obviate clans' or lineages' effective reason for being may in a very limited sense, be succeeding as the number of borehole wells and widespread small scale water developments increases. The continued importance of clan based "water committees" in provisioning and regulating water use remains important, however, in areas where other water sources are either unavailable, or only minimally so. Reports of interclan conflict at water points in northern and central Somalia occasionally surface.

Mention should also be made of the cooperative nature of the actual watering enterprise of 60 camels or several hundred sheep and goats. This requires considerable nuclear or extended family cooperation.

2.5. Religious Institutions

Religious institutions have played an important roles in Somalia. Some are purely cultural and are derived from Koranic teaching. Others are Somali interpretations of how Islamic communities should be instituted, and reflect considerable local variation based on sect and personality of leadership.

The most interesting of the purely religious institutions is the Wagaf. This allows a local community to maintain usufruct rights to its water developments for both religious and public purposes. Ahmed Yusuf's (1983) example of Ali-Aden village in Hargeisa District is instructive. There the sheiks mobilized local labor and animal gifts for construction of wells and berkads. The labor was allocated initially in lieu of cash payments for services at marriage or other religious functions.

This insured community development and economies of scale for defraying construction costs for wells and berkads in areas where land settling due to unstable soils is a major problem. Individual kinship related groups could therefore avoid the risk of well/berkad construction in areas where maintenance is problematic. It simultaneously ensured the Sheikh's legitimacy.

In many places, the establishment of a religious community as an alternative to clan based modes of organization has emerged. This has occurred periodically throughout Somalia, particularly in Southern Somalia in the 19th century as an offshoot of the proliferation of Islamic Brotherhoods. These brotherhoods or tarigooyin were generally formed under one of three banners - Qadiiye, Qadiriiye, or Axmediye.

Under the guidance of a charismatic sheikh, some tariga communities transformed themselves from religious communities into utopian communities or jamacooyin. These communities serve primarily as social institutions for allocating land, and initially, the minimum material means of subsistence to its members who often have been dispossessed herders. The important factor evident in these communities has been the transcendental nature of the brotherhoods and religious communities in which clan based identifications have largely been superceded.

A contemporary example of a religious brotherhood community which remains particularly insulated is Sheikh Rooble of Koraar, Baidoa District, (Putman, 1982). Strict division of sexes according to Koranic edict is maintained, save between close relatives. The Sheikh owns all camels and cattle and disburses their product through the 2,000 member community.

The Jamac villages of Bulo Burti District - Mukhtar, Shiin, and Mubarak - represent a contrasting point on the continuum of religious communities from Sheikh Rooble to Sheikh Banaane (see below). Founded as a religious community 70 years ago by a wadaad who was sent by a major Salixiye Sheikh living in the Belet Weyne vicinity, the community has gained considerable local legitimacy with nomadic pastoralists who use the villages as trading centers, founts of religious consultation and knowledge, and access points for water from the Shebelli River. While an agricultural cooperative links the poorer agriculturalists of Shiin and Mukhtar, people still maintain private plots alongside the cooperative's, while maintaining individually owned cattle herds and sheep/goat flocks.

3. Nascent Institutions in Contemporary Society

Cooperatives, purchasing groups, livestock trader associations, women's groups, grazing associations, water committees, village councils, urban consulting groups, and government encouraged self-help groups, are the primary types of nascent institutions being considered here. While certain indigenous cooperatives and water committees already exist, the institutions discussed in this section have recently evolved as a function of political and economic circumstances. These institutions represent various modifications of indigenous organizational forms, though the boundaries between the former and latter are not always clear.

3.1. Cooperatives

The government has clearly favored the expansion of the cooperative movement as the key grassroots level institutions to service rural people, in many instances initiating their formation itself. Yet only 2% of the adult population belong to cooperatives, the majority of which are agricultural (Ministry of Planning, 1981).

There are many different kinds of cooperatives which have legal status. Some are informal cooperatives. Most have been formed under the National Cooperatives Movement banner. Many of the latter have been formed by an elite nucleus of educated or well-travelled business people who are aware of the opportunities for receiving government support in the form of long-term land leases and productive inputs.

Cooperatives often involve many absentee participants with strong political connections at a regional or national level who direct decision making. Many legal cooperatives are thus only minimally functioning, and are in reality, nothing more than a name on paper. The "top-down" approach to cooperative formation has reportedly discouraged broad based rural participation. This is because indigenous institutions have been perceived as being more representative of local interests than cooperatives.

Not all cooperatives, however, conform to this stereotype. Some cooperatives are religiously inspired with a minimum of educated membership. These tend to have very active members, are growing in numbers through internal processes, and are dynamic. The best examples include Sheikh Banaane Cooperatives of Bay and Lower Shebelli Regions and the Xer or Timawayne cooperatives of Bari and Nugaal.

Sheikh Banaane, formed in 1959, is hierarchical with ultimate decision-making authority vested in the Sheikh himself, who is perceived to be divinely inspired. The Banaane Cooperative appears not to function autocratically. Different committees are responsible for different cooperative activities of the 6,500 odd members. Biannual planning and evaluation of the first half's successes and failures is practiced. Emphasis is placed on development of all facets of agricultural production. All subsistence needs are met, with equal distributions to cooperative members made on a monthly basis. The cooperative is avowedly socialist in a distributional sense. Profits from marketing of vegetables, fruit, oil, and livestock production are reinvested into the cooperative for rental and purchase of requisite agricultural equipment and water inputs.

The Xer or Timawayne Cooperatives of Bari and Sool Regions offer contrast. Reportedly the cooperatives are widespread. They are insulated, small scale agricultural and livestock producers under the leadership of a sheikh. They combine livestock production and agriculture with Koranic instruction, the latter being the reason for the cooperative's being. Their potential for expanding productive output is

much smaller than Sheikh Banaane given serious land, water, and soil fertility constraints. They are however, organizations through which community development may be realized in areas that are all too easily abandoned.

It should be noted that not all religious communities necessarily offer egalitarian and socially progressive development models to its constituency. Ceel Bardaale is not an official cooperative yet reportedly has cooperative inclinations. It is often glorified as a kind of Shangrila where everyone is happy under "the father" Sheikh's guidance. (See Sogreah, 1981). This image may veil certain inequalities which appear under closer inspection. The Sheikh maintains four two story cementhouses, (one for each wife) with separate electrical systems. The community meanwhile lives simply. Personal armed body guards reportedly surround the Sheikh in public. The banning of gat, the principal commodity previously produced by Ceel Bardaale, has caused enormous economic problems and finally, clan relations in the area also apparently bear on the community's development agenda. This is in contradistinction to the tariga ideology where internal and external clan relations are theoretically effaced.

Small scale agricultural producing cooperatives such as those found in the Dayaha, Mirishi, and Xareed Valleys of Sanaag Region are essentially family enterprises cum-cooperatives. Their absorptive capacity is limited given lack of technical background, and their productive horizons are limited by agronomic, hydrological, and infrastructural factors. They are primarily extensions of indigenous organizations and at this point, are not at all threatening to the local social structure since they are part of the local structure.

Fishing cooperatives are both indigenous and governmentally established for drought refugees in the Dabadheer of 1975. In the north they are particularly important in the coastal villages of Sanaag and Bari Regions. Where based on a long fishing tradition they function relatively well. Fishing cooperatives elsewhere amongst resettled nomadic pastoralists have proven disappointing (cf. Haakonsen, 1982).

The Frankincense Cooperatives, which predominate in Bari and Sanaag Regions have, like many other cooperatives, been superimposed, over traditional socioeconomic groupings. The Frankincense cooperatives must legally market their gum through the state monopoly board. Collectors continue however to operate largely as they have traditionally - primarily as individual families now under a cooperative guise. One hundred twenty-five So.Sh./kilo is paid by the Frankincense Agency to collectors per kilo while parallel market prices are 400 So.Sh./kilo. This market is reportedly very vibrant.

Charcoal and fuelwood cooperatives are particularly important in western Hiraan, Bay, Lower Shebelli, and Middle Shebelli Regions. Similar to the Frankincense Agency which maintains a monopoly on gum marketing, the monopoly wholesaling Cad-Ceel Charcoal Cooperative operates from its national office in Mogadishu throughout the countryside. Camps of hired laborers who actually produce the charcoal are supervised by cooperative members. While doing most of the productive labor in wood collecting and charcoal production, these producers are minimally recompensed. The distinction must be made therefore between cooperatives which control most charcoal and fuelwood harvesting and marketing, from the "masses" of actual producers who constitute the cooperative work force, yet who do not take part in key production decision making and realization of profits.

The scope of activities, scale, goals, and development potential of each cooperative sector vary significantly. For example, livestock fattening or fodder producing cooperatives geared for export are particularly prevalent in the north. These cooperatives are commercially oriented and operate on a "trickle down" theory of development. That is, local communities are seen as benefitting through increased commercial activity which brings resources into an area. It is argued that increased local labor is also provided.

Land for livestock cooperatives is procured, often times, through political connection. The actual boundaries of such cooperatives are said, in some areas, to be expanding to the detriment of indigenous pastoral producers. The latter operate under traditional management techniques and assumptions of how livestock production is to be organized and why. The cooperatives meanwhile take advantage of the opportunity to reclaim some of the best available grazing lands by securing a certain number of local pastoralists on their membership roster. This reportedly facilitates the acquisition of long-term lease arrangements. The issue of local equity and increasing economic stratification in the pastoral sector is therefore complicated by the evolution of cooperatives.

The charcoal cooperative, meanwhile, represents the interests of absentee members who have nothing to do with the harvesting or production of fuelwood and charcoal. The National Range Agency influences production through control of licensing and prices (Smale et al., 1984). Licenses in turn are awarded to cooperatives which, in this instance, appear to minimally represent local interests.

3.2. Livestock Traders Associations

Traders Associations are prevalent in Kismayo, Mogadishu, and the Hargeisa-Berbera-Burao triangle area. They, like grazing cooperatives, are simultaneously cooperatives and businesses. They include the wealthiest, most dynamic entrepreneurs. These associations amass

livestock together as a group, though they sell livestock as individuals. Their power is evidenced by previous successes in negotiating livestock export prices with the GSDR (Holtzman, 1982).

Forage cutting and transport from range site and farm to port is a major association activity, with considerable employment of poorer pastoralists and farmers in this process. Wranglers are also employed on a widespread basis to maintain an "Association Herd".

3.3. Grazing Associations

Grazing Associations are being established in Bulo Burti, Ceel Dheer, and Hobbio Districts as part of the Central Rangelands Development Project (CRDP). Associations are the organizational units through which systematic programs of rangeland management binding local pastoralists and government interests are being launched (Brown, 1984).

Associations are represented by elected committees to oversee the management of grazing activities in their respective reserve areas. Associations decide together with CRDP staff which areas of rangeland will be rested in their reserve area during particular years, and for what length of time. Range guards are appointed by committees to enact management plans. Associations also decide where water point improvements will be implemented, and more recently, where project veterinary work is to be undertaken.

Associations are nascent institutions in that they build on indigenous organizational structures. It appears as if associations generally comprise several of what Lewis (1961) refers to as diya paying groups (contractual groups) which are nominally attached to a degaan. Since discussion of these groups is illegal, definitive comment on the precise indigenous structures upon which associations are built remains conjectural.

3.4. Purchasing Groups

Non-official cooperatives, better termed "pre-cooperatives" or "purchasing groups", are becoming increasingly prevalent in Bari Region, where the French Integrated Date Palm project is successfully animating many local communities into provisioning their own agricultural credit needs. The advantages of economy of scale arrangements for groups in terms of purchasing power labor force, and marketing are stressed under the project.

3.5. Women's Groups

While the GSDR has taken major progressive steps to provide women equal legal rights to inheritance, divorce, and political status, indigenous cultural constraints against full equality remain strong. Organized women's groups which do exist are primarily a function of the Somali Women's Democratic Organization (SWDO) and the Family Life Program.

The SWDO is an umbrella organization associated with the Somali Revolutionary Socialist Party geared to promulgating party philosophy while encouraging women's self-reliance projects. Members at the lowest participatory levels of the women's groups are local people who maintain parallel connections to indigenous groups as well, while the effective autonomy of local SWDO chapters from national headquarters requires investigation, it appears that a dual agenda of political and small enterprise development activities is the norm. The maintenance of dual agendas is a common phenomenon for most groups which fall under the nascent institutional category. In contemporary Somalia, it is impossible for any group to operate entirely independently of the national or local political apparatus. Local groups of the SWDO are best termed "quasi-governmental".

Typical activities that SWDO groups are engaging in are tye dying cooperatives (Mogadishu), poultry projects (Afgoi), and a soon-to-commence community reforestation project in several communities in Waqooyi Galbeed Region undertaken by refugee and non-refugee women. However, in many areas women are taking an increasingly important role in domestic production and income generating activities independent of SWDO. This is particularly true throughout the north where male outmigration to the Persian Gulf States and Somali urban centers is high. It is even more the case in refugee camps. In Jalalaqsi, for instance, women's cooperative activities organized by the International Labor Organization (ILO) and now supported by the Somali PVO Haqabtir, include a small soap factory, poultry projects, solar dried vegetable industry, and irrigated agriculture.

3.6. Village Councils

Village Councils have been established throughout all major and minor villages (tuulos and buulos) in Somalia since the October Revolution. They have been superimposed upon indigenous political structures in an attempt to supercede clan based political allegiances.

According to Claxton (1983), a district may include 5 to 40 village councils representing up to 240 satellite villages. Councils have seven members. Council members are nominated by the Party and subsequently elected by village residents. Members are traditional elders (odayaasha). The most influential traditional elders were renamed nabadoons after the revolution, and many nabadoons participate in village councils.

Nabadoons are often placed in extremely tenuous negotiating positions between people they or their fathers traditionally have represented and the present revolutionary government. As with political interests anywhere in the world, conflicting agendas often occur. Often for nabadoons, kinship linkages and inherent responsibilities to local communities complicate their superimposed responsibilities to local government.

On the local development level, small projects may be generated upon urging of village councils to the relevant responsible official in the Ministry of Local Government. Arrangements between local government and government-induced self-help groups are common. Districts, regions, and self-help groups often pool resources to realize feeder road construction, irrigation work rehabilitation, municipal construction, etc. Sometimes the financial responsibilities of the district will far exceed those of the self-help groups who provide labor, though the situation can be reversed where groups have financial resources and the district or region provides necessary technical expertise (cf. Claxton, 1984).

3.7. Self-Help Groups

Self-help groups (iska wax u gabso) have been given considerable ideological support by the government. Schemes involving government induced self-help groups are avowedly socialistic in nature. A clear link between the Socialist Party and Self-Help groups is evident (cf. Ministry of Local Government and Rural Development, 1981).

A fuller investigation into their prevalence and efficacy in rural areas is warranted. A cursory look and discussions with local people do not indicate widespread legitimacy for self-help groups in rural areas. Clearly, however, the notion of "self-help" (iska wax u gabso) and government are now inextricably linked. In urban areas meanwhile, self-help groups are easily visible doing street cleaning work throughout the year, and are apparently readily mobilized.

4. The Socioeconomic Viability of The PVOP

4.1. Macro-level Socioeconomic Factors Influencing Micro-level Development

Many macro-level socioeconomic factors in Somalia are helping create a dynamic environment of opportunity and social change. In this, the pace of rural-urban migration is hastening, and the nature of traditional economic production strategies is in many areas being significantly modified.

Factors responsible for this include: (1) expansion of hard currency income earning opportunities for males in the Persian Gulf States in the '70s and early '80s; (2) explosive demand for Somali livestock in the Persian Gulf States; (3) repatriation of remittance money from abroad into urban housing construction and transport; (4) provision of government services in large urban centers; (5) increased inputs through government agencies of water and veterinary inoculations in parts of the country; (6) GSDR attempt to supplant divisive clan based groupings with institutions which transcend ethnic allegiances; (7) increase in foreign aid development projects and food aid.

In former times there were fewer alternatives available for households so that subsistence oriented strategies predominated. Indigenous social groups helped insure household viability.

Today the situation is in great flux. The pastoral nomadic and agropastoral production sectors are no longer isolated. Household strategies are often geared to maximize reproduction of domestic units so that footholds in both the rural and urban sectors can be maintained. With newborns, teenagers and adults can migrate to the cities or abroad if they choose.

The state meanwhile has attempted to provide a minimum of water and veterinary care so that more livestock will live, more livestock will be exported, and more foreign exchange will be remitted. This is accompanied with a shift by households from subsistence to multi-sectoral strategies. These strategies have evolved in response to income earning opportunities elsewhere, the growth of large urban centers, and the neglect of small urban centers and their surrounding districts. Together, a context has been created where in rural life is unstable and increasingly disfavored by its youth.

It would be excessive to suggest that the PVOP could have profound impact on stemming the tide of rural outmigration over the coming six years. Yet it is true that if appropriate inputs into dozens of local communities could be implemented through the PVOP, rural life in Somalia would be more sustainable and productive over the long-term.

4.2. NGO Participation

Any project which offers local Somali organizations the opportunity to participate fully in a development process which they help define takes a major step toward increasing its own viability. Project viability is in turn a function of rural viability. The more hospitable the rural environment, the more likely people will be receptive to innovative ideas for change.

The bulk of rural development experience in Somalia to date has focussed on "top-down" approaches in which local participation in project design has been less than optimal. There are, meanwhile, many NGOs which will be highly motivated to participate in the PVOP so long as their input is maximized as to: (1) the kinds of projects undertaken; (2) the quality and quantity of their participation in the project; (3) implementation scheduling and logistics.

NGOs most capable of participating in the PVOP were the project to begin today fall into the following broad categories:

- (1) Groups who have already invested financial resources in private development;
- (2) Groups which have formed as a result of other development project activities in the country;
- (3) Groups having little previous contact with GSDR projects or services which nevertheless perceive and vocalize development needs and solutions;
- (4) Groups which are fairly independent, self-sufficient, forward looking, and small.

The first category would include many livestock, grazing, or forage cooperatives, livestock trader associations, and some religious cooperatives. The second category consists of grazing associations, water committees, purchasing groups, etc. The third category consists of indigenous clan groupings represented by a group of elders in an area or more practically from the GSDR's standpoint, respective village councils. It also may consist of religious communities or small, fairly insulated, religious cooperatives. The fourth category includes small enterprises, local women's groups who may be part of the party affiliated SWDO, and some village councils.

Clearly the needs and available resources of these local groups vary. For the project to be viable, a flexible approach to dealing with differing needs and available resources should be developed. This in fact is how the PVOP, through the PID and Project Paper stages, has been developing all along.

The viability of OPGs will depend on many factors. Criteria for assessing viability have been presented in "Criteria and Guidelines for Proposal Preparation in the PVO Development Partners Project".

4.3. PVOs-NGOs-GSDR Partnership

Clearly from the project title this is as much a PVO project as it is an NGO project. PVOs will best support development activities in regions and sectors where they are most familiar. Somalia has proven itself to be a country which takes development organizations considerable time to adjust to. Those organizations with in-country experience are therefore at a considerable advantage. Nevertheless, development activities in the refugee sector where most PVOs have experience are quite different from those in the country at large.

Bottlenecks with either OPGs or CAGs will arise if PVOs short circuit key actors in the local development process. In a society where lobbying and the powers of persuasion are of utmost importance, it is important that PVOs in particular accept that a far more significant portion of their time will be spent in negotiating than may be true in other countries. Negotiating in Somalia is not only important, it should be an integral part of any PVO work plan. Many key decisions at all levels in Somalia are made while one party is grasping the others chin or elbow. PVOs being the "grass roots" organizations they pride themselves on being should thrive on such contact.

The primary NGO spearheading a sub-project will depend on the project sector. It is conceivable that two or more NGOs will participate in a project, particularly if multi-sectoral or integrated projects are instituted. Whatever the arrangement, it is clear that village committees will play a major role in mediating activities between relevant NGOs.

It would be mistaken and inappropriate to assume that the PVO can operate with local groups independently of local government input. It is crucial that local government officials are kept continually abreast of project activities, particularly at a project's outset. It is likely that over time, as confidence in a PVO/NGO collaboration builds on local government's part, the latter will meld naturally into the background. This has been the experience of PVOs in the northern and central regions, where government intervention in project activities has been minimal. Conversely, PVOs have done a good job of keeping local government officials informed.

At the same time, many, if not most, local or district level government officials are not "native sons". It is important therefore that they not be given the opportunity to leverage projects in favor of sectors or small interest groups which are tangential to the priority development needs and primary targeted beneficiaries in a project area.

It is important that the PVOP not be overly restrictive in its definition of NGO eligibility for sub-project funding. Some groups maintain fuzzy boundaries between NGO and GSDR status - SWDO local chapters and village councils being the best examples. In many areas, these may be the only coherent groups that the PVOP can work with, besides, of course, indigenous groups.

5. Sectoral Development Needs and Recommendations

Development needs in Somalia vary greatly between sector and region. Ironically, it could be easily argued that, the refugee sector on a per capita basis is far better off than the pastoral sector by virtue of relative donor assistance. This is despite the lack of any long-term land tenure guarantees to the former.

The variation in development needs is even more striking on a regional basis - compare major donor and PVO funding for the Bay, Lower Shabelli or Lower Juba Regions against Bakool, Bari, or Mudug. The variation in needs and equity, as a function of current and proposed project funding, is surely even more conspicuous at the district level.

5.1. Priority Sectoral Development Needs

Areas where needs are clearest and priorities can be identified include: 1) rehabilitation of existing water supplies; 2) provision of low yield water supplies where most needed; 3) rehabilitation and conservation of village vegetation; 4) provision of primary health care capacity at the grassroots levels; 5) improved rural roads; 6) provision of income generation training for rural people and rural/urban immigrants to cities.

Projects in these sectors are needed to provide rural areas with the basic amenities which will help stem the tide of rural outmigration. They are not merely quality of life improvements, since improved roads and water supplies are directly related to improvements in local production capacity and facilitated access to primary markets for both commodity sale and purchase.

5.2. Why Small Scale Participatory Development Through Small Grant Funding Makes Great Sense

The Somali nomadic pastoral and agropastoral production systems are to be admired for their adaptive resilience and productive output in an enormously fickle physical environment. Yet there are objective problems which both local Somalis as well as expatriates can identify with the systems. Problems vary somewhat regionally; they also vary within districts so that generalization, while necessary for planning purposes, can be superficial at times. For instance, while we will argue that water is generally a widespread problem, water availability is actually not nearly the limiting factor to livestock production in Lower Juba, however, that it is in many parts of the Central and Northern Rangelands. (Brown, 1984:107 based on RMR 1979, 1981, 1984).

Rural communities throughout Somalia have a core of perceived needs. These are reflected in our list of priorities. The best way to deal with these needs are on a small scale basis, with material and technical support provided to NGOs through PVOs under a small grant framework for discrete projects. This approach allows many groups to benefit throughout Somalia. There is logic to this approach, in that rural Somalis perceive both the GSDR and the donor agencies as being less than capable of delivering interventions in a timely or successful manner.

It is suggested that CAG proposals focus on potential projects which: 1) have been identified by community consensus as being a priority; 2) have a capable NGO to mobilize community participation in all aspects of the project; 3) fall within technical expertise of the PVO together with small grant funding guidelines; 4) have high probability for rapid implementation; 5) have potential to spread benefits among a variety of beneficiary categories.

Examples of communities and/or project sectors of this sort include:

1) Bud-Bud, Ceel Dheer District where the lack of a reasonable connecting road has isolated Bud-Bud to the point where not even the Central Rangelands Project (CRDP) staff will visit it. The community is prepared under direction of the village committee to repair 30 km of road to Galcad, if picks, shovels, prybars and technical expertise are provided.

2) Well rehabilitation, Bulo Burti District. The CRDP has budget line items for well rehabilitation for two wells in all of Bulo Burti District. The District Range Officer from the National Range Agency (NRA) has identified another 34 wells needing rehabilitation.

Grazing associations have already been formed throughout much of the district - Maxaas, Mogakuree, Halgen, Aborey - NGOs exist and are prepared to participate in any rehabilitation project. The CRDP extension and Soil and Water Conservation Units are well suited to provide a wealth of advice and limited support to outside agencies coming into the CRDP area.

3) Road construction/water development, Bari and Sanaag Regions. The American Friends Service Committee (AFSC) has outlined road development projects as well as water development project for the Ministry of Local Government. Individual communities are identified with descriptions of material needs and logistical problems.

(4) Cufweyne, Bossasso district, natural spring/pipe rehabilitation. A holding tank and set of pipes have been installed from a spring 10 km Northwest of Cufweyne to the village, first by the Italian Colonial government and subsequently by the Somali government (WDA). Of the three pipes, one is now functioning, albeit poorly. Spare pipe to repair the functioning pipe are available. With the three pipes installed properly, it is estimated that as much as 20 ha. of irrigated farm land could be put into production in an area where agriculture is already an important secondary activity to livestock keeping.

5.3. Larger Scale Integrated Approaches

Larger scale integrated approaches are needed for many single communities or sets of contiguous communities where a discrete sectoral approach to development would be superficial and minimally productive. This is particularly true for isolated communities, communities where sand dune infestation is critical, and communities where development constraints are inextricably intertwined. For these cases, creative, multi-faceted, flexible, and, above all, consistent and dependable approaches are required. Consistency and dependability are in fact, two of the most crucial ingredients in the small scale approach as well.

5.4. Time Frames, NGO Absorptive Capacities, and Their Implications

Time frame considerations bear enormous relevance on the unfolding of the PVOP. There are a myriad of small projects which warrant funding on the basis of need or equity; either production potential can be expected to increase through certain inputs or quality of life can be improved. These projects may be either short or long-term, though it is likely that most will be short-term. In fact, it is realistic to assume that most CAG projects will be geared for short-term implementation and immediate impact.

Conversely, OPGS will be long-term with ever-increasing NGO absorptive capacity hopefully increasing over time. Time should be taken to ease properly into a project. The greater the number of development sectors implicated, the greater the number of implementation venues. The best strategy in all such projects is to initially address the most pressing, least ambiguous small-scale problems a community faces.

Community support in Somalia can only be won over with practical deeds; there have been too many broken promises. Credibility is a function of effort and tangible achievement. Realization of small achievements will buy the necessary time to determine if priorities initially identified are in fact the priorities, and how maximum local participation can most effectively be mustered.

5.6. PVO Communication Needs

The PVOP is geared to maximize local group participation. Problems may arise if contact between PVO and NGOs are minimal. In that situation, uncertainties over equity issues may arise. Confusion will diminish as a function of how contact with NGOs and knowledge of local conditions grows. The best PVO/NGO proposals will reflect a significant local understanding which can only develop if communication between PVOs and NGOs is optimal. It is recommended therefore that steps be taken to improve PVO communication capacity.

For PVOs with OPGs every effort should be made for at least one expatriate team member to learn functional Somali language from the outset. Too many scholarly works have already been written on the particular centrality of language in Somali culture and society to ignore the implications which knowledge of Somali language bears on doing development work in the country, (cf. Lewis and Andrjewski 1965; Samatar, 1982). Clearly, so long as language remains a barrier for expatriates working in Somalia, certain doors will remain closed. This is where Somali PVOs like Haqabtir have a great advantage over non-Somali PVOs, which could partially offset other gaps in their technical portfolio.

An innovative possibility for bridging the communication/culture gap is for urban based consulting groups to play an active role as both liaisons and baseline data collectors throughout the project stages. Larger OPGs may warrant an ongoing research presence which such groups could provide.

If PVOs could be given the inducement by the PVOP, and if the arrangement could be properly structured, use of NGO consulting groups could prove cost-effective and an excellent means of spreading benefits to under-employed, relatively inexperienced, yet potentially capable groups from the urban sector. It could also be the most pragmatic means for PVOs to address the varied data requirements for OPG proposals. If supervised properly by a social scientist on a short-term basis, the subtle issues of ethnicity which expatriate social scientists have particular difficulty dealing with may also be more effectively addressed. This approach should also be considered as a means to avoid "forcing" consulting firms into a PVO role which they are neither philosophically nor practically suited for.

6. Conclusions

Conclusions drawn from the foregoing Social Analysis include the following:

1. Many different NGOs exist which are potentially capable and interested to participate in the PVOP;
2. Widespread participation and benefit spread will be greatest in the PVOP during the short-term if infrastructural projects with quick turnaround time are prioritized;
3. The project will generate greatest benefits to rural Somalis if CAG funding is increased by a factor of two or preferably three;
4. "Discretionary OPGs" which are narrowly targeted to a discrete beneficiary group could increase their viability if they incorporate a small scale infrastructural component to the project;
5. A funding mechanism should be created to allow urban based consulting groups to play a role in data collection, language teaching, and cultural sensitization for PVOPs.
6. Local government should be kept continually aware of project activities so that their cooperation can be ensured;
7. In areas where development problems are manifold, multi-sectoral or integrated projects should be stressed;
8. While many cooperatives often appear relatively efficient vis a vis other NGOs and certainly worthy of PVOP participation, they do not necessarily maintain broad local community support outside the cooperative;
9. PVOPs must respect the legal boundaries established by GSDR regarding reference to indigenous institutions while at the same time, deal with relevant social, cultural, political, and economic problems responsibly.

Somali society traditionally is noted for its emphasis on consensual decision-making and broad based participatory democracy. If the PVOP supports projects that address broad based community needs at its outset, it will subsequently be in a more justifiable position to support projects which focus on more narrowly defined target groups and needs. NGOs will enthusiastically participate in projects - either in cash or in kind - if project goals are pragmatic and potentially realizable. Since PVOPs are renowned for supporting this type of development philosophy - small and appropriate - there is much reason for initial optimism in assessing the viability of the PVOP.

ANNEX F

Eligibility Requirements for Registration
as Non-U.S. Private and Voluntary Organization

Host country PVOs and third country or international PVOs can apply for funds under the PVO Development Partners Project providing that they are registered with AID. Third country or international PVO's must register with AID/Washington prior to receiving funds. Host country (i.e. Somali), PVOs can register with USAID/Somalia.

Any organization seeking registration should become familiar with the following Conditions of Eligibility. These conditions apply to host country, third country and international PVOs, whether applying with USAID-Somalia, or AID Washington.

F.1 Conditions of Eligibility 1/

Each applicant should submit evidence demonstrating that:

- (a) It is a legal body organized under laws of the country in which it operates;
- (b) It is a private, non-government organization;
- (c) It is a voluntary organization, i.e., receives voluntary contribution of money, staff time or in-kind support from the general public;
- (d) It operates on a not-for-profit basis and has tax exemption under the laws of its country, (if such laws exist and are appropriate);
- (e) It is engaged in or expects to be involved in voluntary charitable and development activities of a non-religious nature (i.e. that its sole function and/or activities do not exclusively promote and/or encourage religious efforts and practices);

- (f) It prepares an annual financial statement, and this statement indicates the organization's ability to perform its normal operation and function without AID funding. (When possible the financial statement should be prepared by an independent accountant/auditor who certifies that the statements are accurate and fair representation of the organization's financial status);
- (g) It exercises financial planning through the preparation of an annual budget;
- (h) It is managed by an active and responsible governing body (Board of Directors) whose members are principally composed of citizens of the country where the organization is legally formed.

F.2 Registration Documentation to be Furnished in Support of Certification of Eligibility:

- a. Articles of incorporation, by-laws, constitution, or other relevant documents which describe the purpose of the organization, its methods of management, and scope of program.
- b. Copy of statement of tax exemption, if available.
- c. For Somali PVOs, proof of registration with the Government of Somalia.
- d. Latest financial statement prepared by an independent (chartered) accountant/auditor who can certify, in accordance with generally accepted accounting principles, that the organization is financially viable. [For international and third country organizations, these statements must be in English.]
- e. Current budget, detailing sources of income, administrative (personnel and related overhead) expenses, and program costs.
- f. Annual report of program activities (within last year) or document of similar import.
- g. Names and addresses of members of Board of Directors; average number of times Board meets in a year, and minutes of Board Meetings.

F.3 Summary of Documentation*

The applications should be submitted with the following specific documents:

1. Letter of Request for Registration with AID
2. Registration with Somalia Government
3. Articles of Incorporation
4. Constitution and By laws
5. Financial Statement
6. Annual Report, Narrative
7. Current Budget
8. Certificate of Tax Exempt Status/GSDR
9. List of Board of Trustees/Directors
10. Salary statement of top management officers.

F.4 Maintenance of Registration Status

Annual submissions are required of registered PVOs to maintain their registered status. Documentation demonstrating that the PVO continues to meet the Conditions of Registration is required within 180 days after the close of the PVO's fiscal year. PVOs must ensure that their annual submissions are complete and timely. Organizations which do not annually comply with the registration requirements will be removed from the registry. Once removed, PVOs may not reapply for a period of three months.

* In the absence of these specific documents, the approving officer can use his/her discretion in accepting substitutes which provide the same or equivalent information.

ANNEX G

CRITERIA FOR SELECTION OF PROPOSALS

PVO project proposals will be reviewed periodically. Initially, the Proposal Review Group will meet quarterly to review OPC concept papers and proposals, as well as Community Action Grant proposals which have been submitted.

To be considered for funding, proposals will first need to meet a set of minimum criteria for review. These criteria are not specific to the substance of any given proposal but involve such things as registration, clarity and completeness, and evidence of minimum non-AID funding. Beyond this proposals will be reviewed according to a set of (explicit) criteria, which will provide reviewers with a basis for assessing priority, and direct PVOs in preparation of proposals. These criteria will not be weighted. In the event that two or more proposals are competing for a limited amount of funds, these criteria will be used to compare the relative strength of the proposals and determine which one(s) receive funding.

Minimum Requirements for Fundings

PVO is registered either with AID/W, or in the case of a local PVO, with USAID-Somalia.

PVO is registered with GSDR Ministry of Foreign Affairs.

PVO agrees to follow standard USAID and GSDR procedures and practices in project implementation.

PVO exhibits ability to contribute at least 25% of total costs from non-USG sources.

PVO has demonstrated experience in design, implementation and evaluation of rural development/small enterprise projects.

PVO exhibits capability to manage the Grant.

Proposal does not contain any component which is either illegal or in direct contradiction with USAID or GSDR regulations or policy, e.g., importation of firearms, promotion of religious activities.

A proposal must:

Be complete in presentation; i.e., all required sections are included.

Include detailed evaluation and monitoring plan, including necessary budget allocations;

Clearly identify direct and indirect beneficiaries (numbers, kind, extent of impact);

Identify type and source of non-USAID contribution;

Demonstrate technical feasibility;

Demonstrate knowledge and familiarity with Somalia, and the project area;

Exhibit demonstrated experience working independently with local groups;

Conform with guidelines for social and economic feasibility as presented in PP;

Demonstrate a PVO and local group contribution. For Community Action Grants a minimum 25% cash or in-kind contribution from local groups will be expected. There is no minimum for OPGs. However, a higher percentage of PVO and local group contribution will increase the chances of approval of an OPG proposal;

Include an Environmental Analysis which conforms with guidelines in PP;

PVO must be working in Somalia at the time of financing (CAGS only)

Preferred Characteristics of Priority Proposals

A high priority proposal should preferably:

1. Be consistent with the major areas of GSDR/USAID programming. For USAID, priority areas are those indicated by the functional accounts providing PVOP funding.
2. Contain well prepared analyses. Attention will be paid to the quality of economic and social analyses.
3. Demonstrate favorable past performance with AID.
4. Demonstrate favorable past performance with USAID Somalia.
5. Promote equity, and the role of women in development, (e.g. distribute resources to and promote capabilities of relatively disadvantaged groups).
6. Demonstrate that USAID support will phase out over the life of the project, and that the project is sustainable or replicable at PACD.

7. Have potential for developing capability of existing private local groups to actively and independently continue development activities.
8. Have local group participation in all phases of proposed activities, beginning with design of activities.
9. Demonstrate potential for timely implementation of project activities.
10. Show impetus for project coming from local group(s).
11. Have a short implementation period (6-12 mos), with clear immediate impact on target group (CAGS only)
12. Demonstrate that the activity is not in a region(s) or sector(s) already oversubscribed by the Project.
13. Have cash for work components kept to a maximum. Food for Work is not acceptable.

The PRG, AID, the GSDR and the PVO Advisory Board will review these criteria in annual assessments and project evaluations.

ANNEX H

Outlines for PVO Proposals

The PVOP encourages diversity in the sectoral and geographical focus of PVO proposals. Thus, it is expected that proposals will vary considerably in the focus of their presentation, and to the relative degree of input to different sections of the proposal. For example, an OPG proposal for small business development would not need the same environmental analysis as an agriculture proposal, but the social analysis would be equally important.

This section is intended to provide guidelines to PVOs on what is expected in the presentation of a proposal. It is by no means intended to limit the effort or analysis that goes into a proposal. Rather, it will set down the minimum requirements and briefly describe what is expected by each.

Proposals for Community Action Grants will address the same questions as those for OPGs, but with a lesser degree of analysis. While an OPG proposal is expected to be a substantial document, both in length and in detail, a CAG proposal is not expected to run more than 10 pages.

A. OPG Proposal Outline for PVOP (649-0138)

Summary Data

Country:

Activity Title:

Total AID Contribution:

Total GSDR/CIPL Contribution:

Total PVO Contribution: Cash _____, in-kind _____

Total Local Group Contribution: Cash _____, in-kind _____

Activity Location

PVO Name:

PVO Home Office Headquarters (Address, Telex, Cable)

PVO Somalia Office Location and Phone

Date Registered with GSDR: _____

Contact Person:

Date of Submission to PRG:

A. Activity Purpose

1. Briefly state the goal or purpose of the activity.
2. What problem or problems will be addressed during the activity's life? Describe the geographical area involved in this proposal and why it was selected.
3. Does this proposal address problems or improvement sought by some or all of the residents of the involved area? Does the activity fall within the social and cultural context of the target group or is it an attempt to make desirable changes in attitudes or behavior? Are there persons or groups who may be adversely affected or have opposition to the activity?

B. Background

1. Explain how your organization became involved in the activity. Will you be working with a private local group; e.g. self-help, cooperative, other NGO? What part did this group play in the development of the idea for the activity? Its design?
2. State what has been done by your organization or others to address the problem(s) described in paragraph A. What has been done by the target group to address this problem. If nothing has been done, simply state so.
3. Comment on your organization's capacity to undertake this activity. If you have implemented similar activities in this or other countries, please identify them briefly stating dates, sources of funding, magnitude of funding and location.

Include as an appendix any evaluations or assessments of similar activities you have conducted either here or elsewhere
4. Is this activity compatible with GSDR development priorities? USAID CDSS? If not, what unique beneficial aspect of the activity warrants special consideration for approval.

C. What Will This Activity Accomplish?

1. Describe the changes you expect to have taken place at the end of the activity to improve the status of beneficiaries. For example, state what changes in income, employment, production, education or health status would be expected at the end of the activity. How will you measure these changes?
2. Do you anticipate that any activities will continue after the end of the grant? Will the activity attempt to generate a source of funds and commitment for sustainability? How? If not, what other funding sources are foreseen?

3. List the specific types of information you will gather at the outset of and during the project which will serve as indicators to measure progress, or lack thereof, during and at the end of the activity. How will this information be gathered and by whom?

D. What Technology Will Be Used To Bring About Accomplishments?

1. Describe the technical component of your project.
2. Why was this technology chosen? Is it a natural extension of existing activities by the target group? If it's a new technology, what assumptions are being made that it will be accepted?
3. Will training be necessary? Have resources been budgeted to achieve training success? What indicators will be used to assess the success of the introduction of new technology or methods of production?
4. If there is a construction component detailed plans must be included and submitted to USAID for review. Will material and equipment needs be met locally, or imported?

E. Implementation Plan

A proposal's implementation plan will be expected to clearly describe, in conjunction with the Logical Framework (Section N), the overall plan of operation for the proposed project. Together they will explain what the project's tasks and strategy are and how they fit together to bring about expected project outputs.

1. Describe the approach or strategy you have chosen, and the tasks you will undertake to accomplish the purpose in Section A.
2. If you have identified local groups which are to be involved, specify to what extent and what tasks they will fulfill.
3. What is the timeframe for these activities? A narrative form and/or a chart may be used. e.g.:

a) 1st quarter: Grant signed, funds transferred.
Team leader arrives, office set up, contract made with local groups.
2nd quarter: Extensionist arrives, procurement initiated, etc.

b) Activity/Month Jan Feb March April
- Arrival of Team Leader
- Vehicles procured
- Workshops held

F. Social Analysis

A thorough Social Analysis is required of all OPG proposals. Specific guidance on the preparation of a Social Analysis is found in Attachment 3 of this section, among the more important issues to be dealt with are:

1. Beneficiaries - Direct and indirect beneficiaries should be identified, and disaggregated by sex, numbers, and socio-economic strata.

If the exact beneficiaries will not be selected until after the project begins, the status of the target group should be described.

2. Organizational Criteria - What are the communities or groups relevant to the project? What is the community reaction to "self-help" projects, and what initiative has the target group exhibited to date? If an NGO is involved, what is the status of its relationship with local government.
3. Economic System - General patterns of economic system of NGOs in activity area; allocation of resources, work organization, income distribution, consumption patterns.

Does project positively or negatively effect socio-economic stratification?

4. Participation - Where will participation be greatest and why?
5. Training - Number of participants to receive training. Who will receive training and why? Explain informal vs. formal training needs by sector and target group.

G. Economic Analysis

Each project proposal will be required to have an Economic Analysis. This analysis will include all relevant sections of the "Guidelines for Economic Analysis offered in Attachment 4. The guidelines provide simplified versions of standard cost-benefit and cost-efficiency analyses for projects producing monetary benefits, and those with harder to quantify benefits. Multi-sectoral projects will require analyses for each component. For projects or components with hard to quantify benefits the analysis will include a comparison of alternate implementation options.

H. Environmental Analysis

An environmental analysis will be required of all OPG proposals which are not otherwise exempt or excluded from this requirement by having demonstrated that the activity does not have an effect on the natural or physical environment. Typical PVO activities which are generally exempt from such an analysis are:

- Education, technical assistance or training, unless they directly effect the environment (e.g. construction).
- Programs involving nutrition, health care or population and family planning.
- Analyses, studies and academic or research workshops and meetings.

If the proposing PVO determines that its activity should be exempt or excluded from preparing an environmental analysis, it must include a statement to this effect in the proposal.

Activities which will normally require an environmental analysis are:

- River basin development
- Irrigation or water management projects, including dams and impoundments
- Agricultural land leveling
- Drainage projects
- Large scale agricultural mechanization
- New lands development
- Road building or improvement projects
- Use of pesticides

If the PVO, AID, the GSDR or the Proposal Review Group determines that an environmental analysis is necessary, it will be included in the proposal, and approved by the USAID Mission Director and the Regional Environmental Officer (REDSO/EA) prior to commitment of AID resources. Guidance for the preparation of an Environmental Assessment can be found in the references in Attachment 2 to this outline. In short, an Environmental Analysis should include: (a) summary of conclusions, and issues, (b) statement of purpose of analysis, (c) alternatives included in proposed actions, and (d) a succinct description of the environment to be affected or created by the alternatives under discussion.

For agricultural projects, this analysis should address specifically: rainfall and moisture availability index, conductivity and salt balance, leaching requirement and local crop salt tolerance, irrigation efficiency, anti-erosion and cropping patterns.

If pesticides are required, the analysis should demonstrate that they are approved for use in Somalia by USAID/Somalia. The analysis should also identify who will be applying the pesticides. Will training be necessary? Who will conduct this training? What type of storage facilities will be used?

I. Assumptions:

Is the successful completion of this activity dependent on other activities or other support?

Does it depend on support and participation of intended beneficiaries, continued market demand for a given product or support from the Somali government? Describe what must take place or continue in order to accomplish the purpose of the project.

J. Evaluation and Monitoring Plan

Describe your monitoring and evaluation plans:

1. Frequency and type of reports (see PP Section 6 for guidelines)
2. Number of case studies. Frequency and method of follow up.
3. How often will evaluations take place?
4. Who will evaluate?
5. Have funds been identified for evaluations?

K. Financial Narrative

1. If you plan to make sub-grants or contracts with other organizations, identify them by organization and amounts in this section. How will you fund the sub-grants/contracts? If you plan to advance funds, how many days advance will you need to give?

2. Sub-Grants and Contracts

All sub-grants and contracts are required to be approved in advance by the Grant Officer either on a case-by-case basis or during the negotiation of the Financial Plan. All sub-grants and contracts should be identified in the grantee's proposal

3. If you plan to buy any goods or services which would require a waiver, identify these requirements in this section. Study the Standard Provisions and if necessary consult with the Management Unit for Support and Training for clarification. (N.B. PVOs will be expected to purchase American manufactural vehicles)
4. How much of the AID funds will be used to buy goods and services? How much will be spent in-country? What financial controls will the PVO employ to ensure good financial management?

5. Consultants

A proposal should clearly identify and explain the need for external consultants to assist in project implementation. It should also be clear in the "Implementation Plan" when such consultancies are expected to take place.

L. Budget

One summary budget and at least 3 detailed budgets will be included in all OPG proposals.

1. A detailed budget of expenditures of AID resources by cost element.
2. A detailed budget of expenditures of GSDR/CIPL funds by cost element.
3. A detailed list by year or other convenient time period of expenditure of AID, GSDR, PVO, local group, and other resources. Non-AID resources should be identified in separate columns both as to the source of the resources as well as whether or not these resources are cash or in-kind.

Summary budget illustrating total levels of funding of AID, GSDR, PVO, Local Group and other sources by cost element.

An estimated value should be shown for in-kind resources, such as donated materials and services from individuals, organizations and governments. The detailed budgets should identify unit cost where applicable, such as per diem rates, salary levels, cost per square foot for construction, and should have an accompanying list, where appropriate, detailing such items as equipment, supplies, materials and services to be acquired under this activity.

Summary budgets should contain no more than six major budget line items (a-f) to correspond to the six columns on AID's Financial Status Report SF-169, which will be used for project financial reporting during the life of the Grant.

N. Logical Framework

All OPG proposals will have a standard Logical Framework as an attachment to the Project Proposal (Attachment X). This form helps to clearly identify the objectives, indicators, inputs, outputs, and assumptions of the activity. It should make the project plan of action clear to the reader. It is as equally valuable as a planning tool for the PVO as it is a means of assessing the proposal.

B. Community Action Grant Proposal Outline for PVOP (649-0138)

Summary Data

Country:

Activity Title:

Total AID Contribution:

Total GSDR/CIPL Contribution:

Total PVO Contribution: Cash _____, in-kind _____

Total Local Group Contribution: Cash _____, in-kind _____

Activity Location:

PVO Name:

PVO Home Office Headquarters (Address, Telex, Cable)

PVO Somalia Office Location and Phone

Date Registered with GSDR: _____

Contact Person:

Date of Submission to PRG:

A. Activity Purpose

1. Briefly state the goal or purpose of the activity.
2. What problem or problems will be addressed during the activity's life? Describe the geographical area involved in this proposal and why it was selected.
3. Does this proposal address problems or improvements sought by some or all of the residents of the involved area? Does the activity fall within the social and cultural context of the target group or is it an attempt to make desirable changes in attitudes or behavior? Are there persons or groups who may be adversely affected or have opposition to the activity?

B. Background

1. Explain how your organization became involved in the activity. Will you be working with a private local group; e.g. self-help, cooperative, other NGO? What part did this group play in the development of the idea for the activity? Its design?
2. State what has been done by your organization or others to address the problem(s) described in paragraph A. What has been done by the target group to address this problem. If nothing has been done, simply state so.
3. Comment on your organization's ability to manage this activity. Briefly discuss availability of key staff, local availability of needed materials and equipment, logistical arrangements. Refer to ongoing activities you are undertaking in Somalia.
4. Is this activity compatible with GSDR and USAID development priorities?

C. Who Will Benefit

1. If the specific direct and indirect beneficiaries have been identified, describe their numbers, kinds, economic and/or other status.

If the exact intended direct and indirect beneficiaries will not be selected until after the activity begins, describe the status of the target group and state the criteria you will use in choosing beneficiaries.

2. What will this activity cost per direct beneficiary and how will they and others benefit?

D. What Will This Activity Accomplish?

1. Describe the changes you expect to have taken place at the end of the activity to improve the status of beneficiaries. For example state what changes in income, employment, production, education or health status would be expected at the end of the activity.
2. Do you anticipate that any activities will continue after the end of the grant? If so, would these require additional outside funding or would the grant have generated a source of funds and a sense of commitment for continuation?
3. List the specific types of information you will gather at the outset of and during the project which will serve as indicators to measure progress, or lack thereof, during and at the end of the activity. How will this information be gathered and by whom?

E. What Technology Will Be Used To Achieve Your Objectives?

1. Describe the technical component of your project.
2. Why was this technology chosen? Is it a natural extension of existing activities by the target group? If it's a new technology, what assumptions are being made that it will be accepted?
3. Will training be necessary? Have resources been budgeted to achieve training success? What indicators will be used to assess the success of the introduction of new technology or methods of production?
4. If there is a construction component, will material and equipment needs be met locally, or imported.

F. Implementation Plan

1. Describe the tasks you will undertake to accomplish the activity purpose. If more than one group is involved, assign responsibility for task completion.
2. When do you expect tasks to be completed? Use chart or narrative form.

G. Assumptions

Is the successful completion of this activity dependent on other activities or other support?

Does it depend on support and participation of intended beneficiaries, continued market demand for a given product or support from the Somali government? Describe what must take place or continue in order to accomplish the purpose of the project.

" Describe your evaluation plans

1. Frequency and type of reports (see FP Section 6)
2. How often will evaluations take place?
3. Who will evaluate the activity?
4. Have funds been identified to cover costs of evaluation?

I. Financial Narrative

1. If you plan to make sub-grants or contracts with other organizations, identify them by organization and amounts in this section. How will you fund the sub-grants/contracts? If you plan to advance funds, how many days advance will you need to give?

2. Sub-Grants and Contracts

All sub-grants and contracts are required to be approved in advance by the Grant Officer either on a case-by-case basis or during the negotiation of the Financial Plan. All sub-grants and contracts should be identified in the grantee's proposal.

3. If you plan to buy any goods or services which would require a waiver, identify these requirements in this section. Study the Standard Provisions and if necessary consult with the Management Unit for Support and Training for clarification.
4. How much of the AID funds will be used to buy goods and services? How much will be spent in-country? What financial controls will the PVO employ to ensure good financial management.

J. Budget

List in detail by year or other convenient time period the expenditures of AID resources. The non-AID resources should be identified in separate columns both as to the source of the resources as well as whether or not these resources are in cash or in-kind.

An estimated value should be shown for in-kind resources, such as donated materials and services from individuals, organizations and governments. The budget should identify unit cost where applicable, such as per diem rates, salary levels, cost per square foot for construction, and should have an accompanying list, where appropriate, detailing such items as equipment, supplies, materials and services to be acquired under the activity.

LOGICAL FRAMEWORK FOR SUMMARIZING PROJECT DESIGN

Date of this Summary _____

Project Title: _____

MANAGEABLE INTEREST

DEVELOPMENT HYPOTHESES

	NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
If Purpose, Then Goal	Program Goal: The broader objective to which this project contributes:	Measures of Goal Achievement:		Concerning long term value of program/project:
If Outputs, Then Purpose	Project Purpose:	Conditions that will indicate purpose has been achieved: End of project status:		Affecting purpose-to-goal link:
If Outputs, Then Outputs	Outputs:	Magnitude of Outputs necessary and sufficient to achieve purpose:		Affecting output-to-purpose link:
If Inputs, Then Outputs	Inputs: Activities and Types of Resources:	Level of Effort/Expenditure for each activity:		Affecting input-to-output link:

Attachment #2

References for Environmental Analysis 1/

<u>Reference Number</u>	<u>Title</u>	<u>Source</u>
1.	Guidelines and criteria for establishing seedling supply services and tree planting programs in Somalia.	J. Seyler REDSO 1982
2.	Environmental design considerations for rural development projects.	AID/W 1980
3.	Environmentally sound small-scale agriculture projects: Guidelines for planning.	VITA 1979
4.	Environmental assessment for USAID agricultural projects in Somalia: Pesticides.	C. Collier (AID/W) & J. Gaudet (REDSO)
5.	Some soil and water constraints to be considered in planning agricultural self reliance projects in Somalia	R. Barbour PP Design Team 1982

1/ All references are available in USAID library.

ANNEX I.1

Guidelines for Social Analysis in Proposal Preparation

PVO Development Partners Project

This paper offers PVOs (Private and Voluntary Organizations) who want to qualify for USAID funding under PVOP a set of socioeconomic criteria and guidelines for formulating project proposals. Emphasis has been placed on identifying how project proposals should ideally be formulated while considering what is practically feasible for a PVO. While the criteria may seem demanding, it should be remembered that many of the PVO proposals will request significant USAID funding.

An accompanying matrix is provided which indicates socioeconomic data priorities and methodologies for different development sectors in OPG proposal preparation. The data priorities are presented as benchmarks that PVOs should strive for; the best proposals will be those that address the data priorities most comprehensively.

Grant Priority

The development sectors indicate the major areas of need. A rationale for establishing sectoral priorities for OPGs and Community Action Grant, (CAG) proposals was made in the Social Analysis of the PVOP Project Paper. It was suggested that the CAG proposals focus on potential projects which 1) have been identified by community consensus as being a priority; 2) have a capable NGO to mobilize community participation in all aspects of the project; 3) fall within technical expertise of the PVO together with CAG funding guidelines; 4) have high probability for rapid implementation; 5) have potential to spread benefits among a variety of beneficiary categories.

Setting priorities for OPGs is more complex. Different communities have different needs. For isolated communities where serious needs are multifold - spreading sand dunes, poor human health, isolation/poor roads, insufficient/minimally potable water, poor livestock productivity, malnutrition, rural-urban exodus, etc. - it is suggested that integrated agropastoral development projects be considered by PVOs. Based on equity and long-term land use planning criteria, it is proposed that projects of this sort be given high priority.

A second order of OPGs with equal or even greater relevance are district level approaches to low-yield water point development, sand dune fixation/reforestation, primary health care, or road development. These are projects which address broad based community needs that are common throughout many districts. For logistical and economic reasons, it makes

sense to consider a uni- or bi-sectoral approach to such projects. In some districts there are dozens of polluted wells and/or low quality roads. Projects which can deal comprehensively with a region's or district's sectoral infrastructural needs should receive considerable Donor/GSDR support.

A third tier of OPGs involves "discretionary projects" - income generating, appropriate technology, cooperative or purchasing group formation, training, etc. These projects are most logically proposed in contexts where most infrastructural needs have already been met. They are therefore possible successors to small grant funded projects.

Alternatively, discretionary projects may be formulated in a way that a minimum of small scale infrastructural needs in a project area be met concurrently with underlying project goals. It is argued that achieving short-term concrete achievements will be particularly important as a legitimatizing means for projects with "discretionary agendas".

Criteria for Proposals

All OPG proposals must reflect creativity, resourcefulness, and insight into local conditions. This is obviously a difficult task for an organization with little or no experience in Somalia. Nevertheless, there are methods which can be adopted so that the best possible proposals are prepared.

The crucial first step for any PVO making a proposal is to justify why the project deserves funding. The following is a list of criteria that could be offered to justify project funding: 1) the proposed project is consistent with the USAID Country Development Strategy Statement (CDSS); 2) the proposed project fills a complementary sector need which was not set as a CDSS priority but deserves to be so; 3) the proposed project evolved naturally from a previous or ongoing PVO project in Somalia; 4) the project is proposed for reasons of equity, to redress a geographical imbalance in ongoing projects as perceived by the PVO; 5) the proposed project has a high probability of successful implementation, justifiable on the basis of local participation in other projects; 6) the targeted project beneficiaries are particularly worthy of support for reasons of local equity vis a vis other groups; 7) the targeted project beneficiaries are particularly worthy of support because they are dynamic and have already exhibited considerable self reliance; 8) the proposed project will likely achieve a high internal rate of return on investment; 9) the proposed project's rate of return cannot nor should not be calculated because cost effectiveness rather than cost benefit is an evaluation criteria; (c.f. economic guidelines for PVOP); 10) the proposed project evolves logically from work done in the same or adjacent areas by GSDR development organizations who can supply important data and consulting expertise to the the project. Conceivably a proposal may fulfill several of the above mentioned criteria simultaneously. It would be useful to know how the PVO perceives its priorities if this is the case.

Once justification is offered, it is then important for the PVO to clarify how it has reached its conclusion. For any proposal, the participating NGOs must be identified, the structure of their organization described, and their anticipated role in the project design and implementation clarified. This requires a PVO to be aware of the basic social, economic, political, and cultural environments within which its project is to function. Unless a PVO can demonstrate that it possesses a minimum local knowledge, it is doubtful that its plan for funding can be taken seriously.

What constitutes "a minimum local knowledge?" The specific criteria relating to each particular development sector are outlined in the matrix. The following discussion provides generic criteria for all OPG proposals.

Development sectors must first be contextualized. Here macro-level data available from USAID, World Bank, GTZ, FAO, and other major donor agencies are useful. For Somalia's agro-pastoral sector, a particularly useful but underutilized resource is Resource Management Research's Northern Central, and Southern Rangelands Surveys on livestock cropping densities for every land system unit (lsu) in the country. This information could be used to initially describe regions on down to several hundred kilometer square lsu. The surveys focus on the relative importance of domesticated livestock species, cultivation patterns, and how these support different human population densities in particular lsus, districts, and regions.

From here, more in-depth information on sociocultural feasibility is needed. We would like to know who the targeted project beneficiaries are socially, politically, and economically. The NGOs require definition in organizational terms. Their corporate relationship to government and other NGOs requires description and evaluation for strengths and weaknesses in terms of their capacity to help design and implement an OPG. This demands knowing the relevance of the NGO as an organization in the daily lives of its constituents from a social, political, and economic perspective. While specific data priorities are cited in the matrix, it is worth stressing that the implications of resource tenure issues - the legal and effective ownership and control of resources - is of great generic importance to all project sectors where resource utilization and management are at issue. Following this, information on implementation and research and monitoring need addressing. How is the project to be implemented? What is the beneficiaries' role? What are the advantages and trade-offs of the approach - maximum local participation, quick turn-around time versus possible decision-making bottlenecks and little stress on institutionalization, etc.? What subsequent data does the PVO feel are needed to achieve implementation goals, if any (see "generic sector" of matrix)? What are the long-term monitoring goals and why? How will the data collected actually be integrated into the project or used to modify it based on what is known now?

The goals of all proposals should be to 1) demonstrate an awareness of the inherent local variation in key socioeconomic and sociocultural factors among different NGOs; 2) successfully sketch intergroup dynamics: points of conflict and accord; 3) identify where cleavages between beneficiaries are likely to exist; 4) suggest where and why participation from particular NGOs in a project will be weakest and strongest; 5) explore whether the project will potentially increase or decrease stratification or inequalities between or within NGOs.

This approach assumes there is inherent variation in socioeconomic circumstances and attitudes in any community. Demonstration of an awareness of variation (without forcing it if in fact there is little or possibly none) indicates sensitivity to local circumstances. Every project will have to confront variation on social, technical, and environmental parameters in order to succeed. Those most aware of the scope of local variation will be those most capable of dealing with it responsibly in project design and subsequently, during implementation. The following hypothetical case study presented in narrative style illustrates the logic behind the procedure more fully.

Hypothetical Case Study

A cooperative marketing project is proposed by a PVO for X District based on 1-2 weeks of on site fieldwork. Information presented in the proposal is as follows: Two hundred "former nomads" who are now farmers in three valleys in the X area are to benefit through formation of a cooperative to improve and increase marketing of vegetables and thereby significantly increase family incomes. These farmers are organized into four main groups. A cooperative already exists. The project location is of great political importance to the GSDF, and the project contributes to strengthening Somalia's private sector by establishing a cooperative which allows farmers to manage the marketing of their own produce. Participation is expected to be high based on self-reliance activities conducted to date by a water committee and road crews under the guidance of its "chief." The project has strong support and input from the Union of Somali Cooperative Movement (USCM). It is assumed that land will be available for expanded production.

What needs to be done in this type of proposal?

1. We need to know why the PVO first become interested in this project. Had they specific experience working with these farmers or had they knowledge that the farmers were interested in forming a cooperative? Had they or another organization identified the need, etc.?

2. The relevant NGOs in the greater socioeconomic context of the project area must be identified. Are traditional lineage based institutions of over-riding importance, or do "nascent" institutions effectively bridge between indigenous and governmental institutions, and thereby assume a growing importance in society? Nascent institutions could include: Cooperatives, grazing associations, women's groups, water committees, purchasing groups, etc. Their relative importance by virtue of membership, leadership, function, economic importance, and linkage with other NGOs or government, must be clarified. This is particularly true for a project where instituting a new social organization to achieve increases in production and marketed output is the primary objective. The importance of traditional groups can be determined through information on the prevalence of nascent institutions, along with information on resource use and tenure. Here Somali counterparts sensitive to socioeconomic research issues can prove invaluable.

3. The relevant NGOs in the socioeconomic context of the project area must then be identified. The relative importance of cultivation to livestock rearing among NGOs needs addressing; it is rare for rural people anywhere in Somalia to be cut off from the livestock industry, as the label "former nomads" used in the proposal would imply. Agropastoral occupational status for these people is more likely and needs exploring in proposal preparation stage. So too, relative importance and linkage between individual producer unit and NGOs in terms of decision-making and access to productive resources needs clarification.

4. Once the greater socioeconomic context together with all participating NGOs has been identified, it is important to know why a new marketing cooperative is being proposed. Will it be any more efficient than the existing cooperative? How will the decision-making channel work in the existing cooperative and what is its relative efficiency compared with NGO's administrative/management capability? How are different NGOs integrated in the area, and how will this cooperative fit into that political structure? Will it change existing social, economic, and political structures? If so, how? Analysis of the absorptive capacity of the existing cooperative should be made so that justification for extending organizational responsibilities can be presented.

Additionally, we must know what will happen to the existing coop if a new one is formed. Will the latter be an extension of that existing or will it actually be a competing organization? It is important to know what farmers will participate in the project; whether it is geared for all local farmers or just the most progressive, and how they are to be recruited. If the latter is true, the implication for current resource tenure patterns and income distribution needs additional exploration. This demands in turn that any economic stratification between NGOs, or simply individuals, be determined.

5. A first step towards gaining insight in these matters will be to establish the orders of magnitude for current agropastoral productivity levels. A simple and generally reliable technique is to ask several local elders to stratify a comprehensive list of local individuals according to wealth. Elders will define what "wealth" consists of. An approximate class structure will then emerge. In so doing the investigator will learn that wealth in the valleys does not just consist of income generated from agricultural production. Rather, all families maintain a pastoral production component. How important this factor will be in project attempts at increasing local productivity levels needs exploring. It may be the case that current agricultural production levels for families are acceptable given family labor constraints and their agro-pastoral strategies. This may, in turn, challenge the rationale for the cooperative. The assumption that potential increases in vegetable productivity for local consumption or for export will thereby generate widespread participation, may be faulty. Additionally, the potential for expansion of area under cultivation may be more complicated by resource tenure issues than is assumed. This will particularly prove the case if it is land currently used by pastoralists seasonally which is at stake.

6. Once a wealth stratification has emerged, a rough economic structure of the society is available from which "a sample" of two or three individuals can be selected for interviewing from each wealth strata. Here a more refined view of production patterns, decision-making logic, organizational support, and constraints upon both production and marketing should be elicited. So too should a picture of the attitudes of individuals from each strata toward development problems and priorities generally, and cooperatives specifically. Such "case study capsules" could be included in the proposal with a candid assessment of their representativeness.

7. Finally, consider the relation between the existing coop and the National Cooperative Union (USCM). We must know how local people perceive the relationship - is it productive, domineering, ineffectual, potentially corrupting, etc.? Attitude towards state-run institutions in general should also be presented since prior experience and attitudes will affect how NGOs and individuals will participate in the new project.

Wealth ranking, case studies, and open-ended interviewing among members of different sectors of the community are the basic methods used in this proposal preparation. This means cooperative members and members of different wealth strata, both male and female. Specific methods for other development sectors are indicated on the accompanying matrix.

Matrix For Social Analysis

The matrix with accompanying key, pairs different development sectors with data priorities and procedures. It should be useful in setting guidelines for what data priorities are for different development sectors along with the particular orders of magnitude relevant to proposal preparation and project investigation for each sector. While it is not expected that information presented in a proposal can be profound if in-country experience is limited, the guidelines presented should be considered, since better proposals will likely correspond closest to the guidelines. If a certain data priority presented in the guidelines cannot be answered in the proposal, recognition of its absence should be noted. If certain data categories listed in the guidelines are irrelevant, some explanation for why this is the case would also be useful. While it is also unrealistic to expect PVOs to present proposals which challenge their own internal logic, proposals which candidly acknowledge uncertainties requiring specific kinds of followup data and contingency planning will be looked upon favorably.

Many of the "priority data needs" will require follow-up investigation during the project's implementation phases. A specific "follow up data needs" cell has been provided. The order of numbers and letters listed in each data matrix cell does not conform to a strict order of sub-priorities, though it may in the methods cell refer to a logical progression. The use of parentheses such as (k,i,s) in the data reliability cell implies that information will pend the actual initial survey results. It is expected that all OPG proposals will begin with reference to the "generic sectoral project" category for data priorities and methods. Duplication of items in the generic and specific sector cells has therefore been avoided.

Community Action Grant (CAG) proposals should attempt to cover the generic criteria listed in the matrix where feasible. If the PVO considers these to be neither appropriate nor feasible, justification should be given as to why this is the case. Any additional information which can be provided from the guidelines' matrix cell most closely corresponding to the project will also be looked at favorably. Perhaps a mix of generic and specific sector data criteria will be most appropriate.

Socioeconomic investigations during the project feasibility and monitoring stage be undertaken by a trained social scientist. If the latter is not a Somali, selection of a Somali counterpart with demonstrated sensitivity to socioeconomic issues is imperative.

Matrix For Social, Cultural, and Economic Data
Used in OPG Project Preparation

Develop- ment Sector	Antici- pated Project	Priority Data Needs	Sampling Methods Used	Referen- ce Data	Data relia- bility	Follow- up data needs	Follow up sam- pling
"generic" sector	D, DG, V	19, 22, 13 1, 40, 10, 53, 2, 26, 60-63, 27 73, 56-58 20	a, b, d, g, w, x	XXIII, XXIV, XXVII, XXIX, XXX	(k, l, s)	17, 16, 21 12, 72	a, b, n, x
New water points	D, DG	32-38, 13, 44, 8, 36,	a, c, e	I, III, IV V, VI, X, XIII, XIX	"	48, 25, 29	c, p
Existing water point rehab. (District Level)	D, DG	33-35, 38, 44, 8, 52, 36	a, c, e	I, II, IV, V, XIX	"	48, 25, 29	c, p
Integrated Rural Develop- ment	DG, V	43, 44, 3, 14, 7, 23, 52, 9, 15 28, 69	c, h, i, 65, 36, 46	I, VIII, IX, X, XIII, XIX, XX	"	48, 65, 69, 29, 59	g, o, p
Roads	D, DG, V	14, 42, 40	a, b, d, g, w, x,	XXV	"	74	d, 0
Sand dune fixation/ refores- tation	D, DG, V	48, 43, 44 3, 13, 36, 28	c, h,	I, X	"	48, 25, 29	p
Primary Health Care (PHC)	D, DG, V	54, 55, 50 49, 51, 45 52, 9, 36 69	c, f, g,	XI, XII XIX, XX XXVI	"	67, 68, 29	g, r, s
Coopera- tives/ purchas- ing group	D, DG, V	4, 24, 44, 41, 14, 52 36, 65, 69 5	d, i	IX, XVI XVII	"	48, 65, 69 29, 30	p
Small Business Enterprise	D, V	5, 6, 69	a, d, i, j, n	XIV	"	65, 25, 4, 68, 69, 29 70	d, j, p
Appro- priate Technology Energy Technology	D, DG, V	6, 47, 43, 18, 52, 69 36	n	XIII, XVIII	"	65, 25, 18 29, 70	d, n, (r), (s)
Training	D, DG, V	6, 66, 67, 68, 69	j	XV, XXI	"	68, 25, 29, 36	d, j

Matrix Key

<u>Data Groups</u>	<u>Number</u>	<u>Reference</u>
<u>Organizational Criteria</u>	1.	What are the "operant communities" relevant to the project;
	2.	Corporate viability of local SNGOs;
	3.	Self-reliance or group initiative exhibited to date by particular social or occupational groups;
	4.	Traditional and government appointed leaders: Overlap and disjunctions;
	5.	Evaluation of existing local cooperatives' efficiency in production, marketing, planning, etc.;
	6.	Use and maintenance capacity of available technologies;
	7.	Anticipated membership of coop or purchasing group;
	8.	What are community reaction to projects emphasizing "self-help" (<u>iska wax u gabso</u>) that historically have been related to disappointing centralist development approaches;
	9.	What will the PVOS logistical role be based on local and national government attitudes to the development issue;
	10.	Most capable local group(s) to take lead role in project;
	11.	Current status of SNGO/local government relationship;
	12.	Effectiveness of newly created management structures (SNGOs) vis a vis pre-existing structures;
<u>Perceived Constraints & Priorities</u>	13.	Locally perceived development priorities;
	14.	Locally perceived development constraints; What are the limiting factors for households, <u>degaans</u> , and villages; what are the externally perceived constraints - cultural, social, economic, political, etc.;
	15.	Extension and/or formal training requests (agricultural techniques, water rehabilitation, etc.);

<u>Data Groups</u>	<u>Number</u>	<u>Reference</u>
	16.	Constraints to implementation not originally identified;
	17.	Change in perceived constraints and needs;
	18.	Perceived energy use trends and needs;
<u>Beneficiaries</u>	19.	Anticipated beneficiaries by socioeconomic strata;
	20.	Consistency with GSDR and USAID Development Strategies;
	21.	Beneficiary impact analysis;
<u>Economic System</u>	22.	General patterns of economic system of SNGOs in area: Allocation of productive resources, work organization, income distribution, consumption patterns;
	23.	Existing and potential labor constraints;
	24.	Existing sources of credit - family and formal - and for what purposes (agricultural land development, livestock purchase;
	25.	Specific indicators of wealth stratification and differential consumption patterns between households and groups within a village or degaan;
	26.	Local socioeconomic stratification and where relevant SNGOs fit in;
	27.	Does the project increase stratification or inequalities between SNGOs;
	28.	How technical input changes recurrent labor requirements for different groups (sex, age, wealth, etc.);
	29.	Relevant frequency distributions of group profiles and activities by economic strata;
	30.	The effect of price on supply of commodity marketed;
	31.	District or village economic impact;
<u>Resource Use and Tenure</u>	32.	Existing water points inventory: Kind of water point (well, berkad, natural depression, etc.), relative concentration, number per area (village, degaan, etc.);
	33.	Locally perceived water needs: Shallow wells, dugouts, tug diversion, berkads, sub-surface dams, etc.;

<u>Data Groups</u>	<u>Number</u>	<u>Reference</u>
	34.	Orders of magnitude for water use by humans and livestock seasonally;
	35.	Water quality of existing wells;
	36.	Implications for livestock distribution and range management (qualitative);
	37.	Existing water point management structures: Traditional, water committee;
	38.	Anticipated water management organization;
	39.	Water quality of existing wells;
	40.	Current land/resource use patterns: Degaan boundaries, use of particular land/water resources seasonally by particular groups, etc.;
	41.	Evidence of resource disputes between cooperatives and local institutions;
	42.	Potential for resource related conflict;
	43.	Oral accounts of dune formation and spread with reference to livestock/agricultural land use interface;
	44.	Perceived need for change in land use patterns (SNGOs);
	45.	Women's role in water and/or wood collection due to existing circumstances;
	46.	How mobile is the population seasonally;
	47.	Impact of government services (NRA, WDA, etc.) resource use to date;
	48.	Change in locally water use and/or land use patterns;
<u>Health Factors</u>	49.	Locally perceived human health problems/trends and their causality;
	50.	Utilization of traditional and western medical diagnosis and treatment of women, men, and children;
	51.	How many community health workers (CHWS) and traditional birth attendants (TBAS) are there in the relevant area;
	52.	How available are drugs and who offers most reliable medical care now (government, pharmacists, or traditional practitioners);

<u>Data Groups</u>	<u>Number</u>	<u>Reference</u>	
<u>System Analysis</u>	53.	What is social, political, and economic context of project area;	
	54.	Relation between environmental problems (water scarcity, water born diseases, blowing sand, etc.), nutritional problems (protein loss from abrupt weaning of children from milk to grains or from "competitive" eating from a common bowl) and health problems (malaria, schistosomiasis, anemia, kwashiokor, etc.);	
	55.	Relation between infrastructural problems (lack of roads, schools, health facilities, etc.) and health problems (either emergencies or debilitating diseases);	
	56.	Logic behind proposed implementation plan and scheduling;	
	57.	Identification of obstacles to be overcome for successful project implementation and enhanced spread effects;	
	58.	Recurrent data base/monitoring needs;	
	59.	Demographic statistics for households, compounds, or extended family unit;	
	<u>Participation</u>	60.	Where and why will participation be strongest or weakest;
		61.	How much discretionary time is available to SNGO constituents to assure maximum participation;
62.		Local participation in cash or kind anticipated;	
63.		Relative design input of SNGO and PVO in proposed project;	
64.		Government participation in Project; benefit to local government from project;	
<u>Training</u>	65.	Proportion of "progressive" farmers to "conservative" farmers in terms of extension and training;	
	66.	Available training opportunities locally, at district, and regional levels for men and women by age;	
	67.	Identify and justify target groups suggested for training;	

<u>Data Groups</u>	<u>Number</u>	<u>Reference</u>
	68.	Explain emphasis on non-formal or formal training needs by development sector and target group;
	69.	Impact of training and integration of skills into community;
	70.	Possibilities for introducing animal traction;
	71.	Possibilities for development of cheese making, windmill construction, ploughmaking and other "cutting edge" industries;
<u>Additions</u>	72.	Evaluation of SNGO institutionalization as result of project;
	73.	Relation between SNGO and local government in project - local;
	74.	Improved communications and increased economic activity;

<u>Letter</u>	<u>Reference</u>
a	Open - ended interview of heads of village committees;
b	Open - ended interview with key local elders;
c	Formal water point survey;
d	Case studies of particular groups/situations;
e	Water expert visits several prospective sites for feasibility study in conjunction with socioeconomic survey for immediate feedback;
f	MOH Health Assessment Form;
g	Opportunistic or informal interviewing with herders, farmers, traders, etc.;
h	Oral histories of economic, social, and environmental trends;
i	Entrepreneurial case studies;
j	ILO training survey (cf. bibliography);
k	Fair;
l	Good;
m	Formal household energy use questionnaire;
n	random sample of project participants;
o	group discussion;
p	random village household survey;
r	random stratified cluster sampling;
s	uncertain;
w	wealth ranking for socioeconomic stratification;
x	open-ended interview with regional and district government officials;
v	village

D District

DG Degaan (traditional grazing area of a particular social group)

Bibliographic References

- I. Resource Management Research, Central, Northern, and Southern Rangelands Surveys, 1979, 1981, 1984, London. USAID Library and National Range Agency (three separate volumes).
- II. Faillace, Constantine, Rehabilitation of Traditional Hand-Dug Wells, 1983, Water Development Agency, Mogadishu.
- III. Faillace, Constantine, Spring Development in Somalia, 1983, Water Development Agency, Mogadishu.
- IV. Faillace, Constantine, Appropriate Technology for the Development of Water Resources in Somalia, 1983, Water Development Agency, Mogadishu.
- V. Faillace, Constantine, Possibilities to Develop Water Resources for Irrigated Agriculture in Erigavo Zone, 1983, Water Development Agency, Mogadishu.
- VI. Faillace, Constantine, Development of Water Resources in Gedo Region by Appropriate Technology, 1984, Water Development Agency, Mogadishu.
- VII. Brown, Michael, The Socioeconomist's Role in Somali Rangeland Development, mimeo 1984, Mogadishu, (USAID Library).
- VIII. The Integrated Date Development Project, Draft Report of the Methods and Activities Required to Organize the Development of the Date Area, 1982, Mogadishu.
- IX. Soil and Water Conservation Unit, Central Rangelands Development Project (CRDP), Assorted Reports and Manuals on Soil and Water Conservation in the CRDP, 1981-85, National Range Agency, Mogadishu.
- X. Montee, Ralph, etal, Primary Health Care Feasibility Study, 1984, Project Concern International.
- XI. Thomas, Abby, Bringing Somali Nomads into the Primary Health Care Program and Training Nomad Community Health Workers, 1982, Medical Service Consultants, Inc , McLean, Virginia (USAID Library).
- XII. French, David and Larson, Patricia, Energy for Africa, 1980, USAID, Washington.
- XIII. Rihani, Mary and Grierson, John, An Assessment of Small Enterprise Prospects in Somalia, 1984, Partnership for Productivity, Washington, D.C.

- XIV. Ondrej, Gerhard, Suggestions for Establishing Regional Adult Education Centers, and The Nomadic Education Programme. 1984, Mogadishu, Ministry of Education.
- XV. Somali Unit for Research, Emergencies and Rural Development (SURERD), Assorted Information and Proposals on Agricultural and Livestock Cooperatives Located in Ministry of Local Government
- XVI. National Range Agency, Assorted Proposals for Institution of Livestock and Fodder Cooperatives (see Cooperatives Advisor).
- XVII. Smale, Melinda, Savoie; Michelle, etal, Wood Fuels Consumption and Cooking Practices in Selected Sites of Lower Shabelli, Benaadir, and Gedo Regions of Somalia, 1984, Volunteers in Technical Assistance, (VITA), Arlington, Virginia.
- XVIII. University of Wyoming, Socioeconomic Baseline Study of the Bay Region, Volione, 1984, Bay Region Agricultural Development Project.
- XIV. Haakonsen, Jan, The Socioeconomic Structures of Two Southern Somali Villages; Luma Doonka and Beled Amin, 1983, Report no. 1, Department of Community Health, University of Mogadishu.
- XX. CRDP Extension Unit, Assorted Non Formal Education Pamphlets, 1980-85 National Range Agency.
- XXI. International Labor Organization, Community Profile Programme; Concepts, Principles, and Methodology, 1983 Skill Development for Self-Reliance (SDSR), Project Office, Nairobi.
- XXII. Hassan Ismail Yusuf; Abdulaziz Sharif Adan Traditional Medical Practices in Some Somali Communities, 1983, Report No. 2, Department of Community Health, University of Mogadishu.
- XXIII. Hoben, Allan, et.al., A Social and Institutional Profile, 1983, Report prepared for USAID, Boston, Boston University African Studies Center.
- XXIV. Hoben, Allan, et.al., Resource Tenure in Somalia, 1985, Mogadishu, USAID.
- XXV. Ministry of Local Governments and Rural Development, Rural Development Project Proposals for the Bari and Sanaag Regions, 1983, Mogadishu, Ministry of Interior (2 separate reports).
- XXVI. Central Statistical Department, Report on the Demographic Survey of Benaadir, Bay, and Lower Shebelle Regions of Somalia, 1981, Mogadishu.

- XXVII. Ministry of Local Government and Rural Development, Somalia's Rural Development Strategy 1981-1990, Mogadishu.
- XXVIII. Semida, John, A Study of Fifty Small Scale Industries Which Can Utilize Local Raw Materials in Somalia, 1984, Mogadishu, USAID.
- XXIX. Ministry of National Planning, Analytical Volume-Census of Population, 1975; 1984, Mogadishu.
- XXX. USAID, Local Organizations in Development AID Policy Paper, 1984, Washington, D.C.

ANNEX 1.2

I. GUIDELINES FOR THE ECONOMIC ANALYSIS OF PVO PROJECTS

A. Introduction

The following guidelines are to be used by PVOs when preparing project proposals to be submitted for funding under the OPG component of the USAID PVO Development Partners Project. These guidelines outline the minimum requirements for the economic analysis. If your organization requires a more rigorous form of analysis, this can be used to supplement the required analysis.

The methods presented in the guidelines are a simplified form of the standard cost-benefit and cost-effectiveness analyses. However, the process of thinking about different aspects of a project which they require you to do are very important to the economic success of the project. Therefore you should seriously consider each step in the analysis. This will help you to design a project with good chances for success.

In simplifying the traditional cost-benefit analysis, an important concept has been left out. It is the time value of money which briefly states that a dollar today is worth more than a dollar tomorrow. This is true for several reasons including inflation and money's ability to earn more money (for example, when you deposit money in a savings account which earns interest). In terms of development projects, this means a greater value is placed on money spent or earned in earlier years of a project's life than money earned or spent in later years. Consequently, projects with low costs and large benefits which start occurring early in a project's life are the most desirable. Even though the methods presented in these guidelines do not take account of this concept, you should be aware of it when designing your project.

Many projects which are designed for funding under the large grant provision of the PVOP will have more than one component. For example, an integrated rural development project may have one component which improves yields of vegetables by introducing improved varieties of seeds, another which deals with reforestation, and a third which provides health care for project participants. In cases such as this, each component must be analyzed separately. The techniques used for each individual component may vary. For example, the ratio of net benefits to costs would be used analyzing the vegetable gardens, while the per unit annual costs measure would be used for the other two components.

The guidelines are divided into two sections: the first section describes the economic analysis for projects with monetary benefits; the second section describes the economic analysis of projects with benefits which are hard to quantify. Use the method which best applies to your project. Each section has an example of an economic analysis attached to it.

II. Guidelines for the Economic Analysis
of Projects Producing Monetary Benefits

A. Introduction

The following guidelines are to be used by PVOs who are proposing projects which have monetary benefits. Monetary benefits are goods which are sold in markets such as crops, livestock, mats, or handicrafts. They also include goods used by the producers such as crops which are grown for home consumption.

The paper written following these guidelines should be divided into six sections:

1. Introduction
2. Marketing Study
3. Production Costs
4. Benefits
5. Project Funding
6. Calculation of the Ratio of Net Benefits to Costs

The following instructions give an indication of what each section should look like and contain. A case study showing the application of these guidelines follows the instructions.

B. Introduction to the Economic Analysis

1. A brief description of the project
2. A description of project inputs
3. A description of project outputs

C. Marketing Study

The analysis includes a description of the marketing system for the good to be produced by the project. This description should mention all of the organizations or individuals who are involved in the process of carrying the good from the producer to the consumer including cooperatives, middlemen, merchants and other types of trade organizations. In addition, the per unit cost, for example, the cost of taking one ton of potatoes to market, should be determined during each stage of the process. Form 1 will help you in the presentation of marketing cost information. It will also help you to determine the price producers will receive for the good. If more than one good is produced by the project, include the price structure and marketing system description for each good. You should also give information on any common constraints which may hamper the functioning of the marketing system; for example, fuel shortages for trucks, poor roads, government regulations on sales, or subsidies.

D. Production Costs

The analysis includes a table showing the production costs per unit of the good to be produced. This may be the costs per stove if your project produces cooking stoves, the costs per straw mat in a handicraft project, or the costs per hectare in an agricultural project. If more than one good is produced by the project include the per unit production costs of each good.

Form 1: The Price Structure

Somali Shillings

<u>Item</u>	<u>Price/Cost</u>
1. Price to producers	_____
2. Transportation & handling costs	_____
3. Price to wholesaler (Line 3 = Line 1 + Line 2)	_____
4. Cost to wholesaler	_____
5. Price to retailer (Line 5 = Line 3 + Line 4)	_____
6. Cost to retailer	_____
7. Price to consumer (Line 7 = Line 5 + Line 6)	_____

Use Form 2 as a guide for presenting the information. The total per unit cost of production will be used in Line 5 of Form 4 for calculating the ratio of net benefits to costs.

If the project plans to improve the production process for a good already being produced (the best example is an agricultural project where farmers improve yields by adopting improved production techniques through use of fertilizer, irrigation or high-yielding varieties of seeds), include two per unit costs tables. One will show the production costs without the project; the other will show production costs with the project. You will also need to determine the incremental costs with the project. To do this subtract the costs without the project from costs with the project:

Incremental per unit production cost	=	Total production costs per unit with the project	-	Total production costs per unit without the project
--	---	--	---	---

The incremental costs will be used in Line 5 of Form 4 when calculating the ratio of net benefits to costs.

If contributions-in-kind are part of the per unit costs of the project, you need to value them in Somali Shillings. For example, if the farm family in an agricultural project provides free labor to the project, you should value it at the same price which would be paid to a hired farm laborer in the region. For other goods contributed in kind, use the price which would be paid if the good had been purchased in the market. Valuing of contributions-in-kind is important because the goods provided free would be available for other uses in the Somali economy if they weren't used by the project.

You may also wish to comment on the availability of inputs for the project; for example, if labor or foreign exchange for purchasing imported inputs are in short supply.

Form 2: Per Unit Production Costs Information

<u>Item</u>	<u>Quantity per unit of output</u>	<u>Cost per unit of quantity</u>	<u>Cost per unit of output</u>
<u>Labor</u>			
Skilled	_____	_____	_____
Unskilled	_____	_____	_____
<u>Raw Materials</u>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<u>Utilities</u>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<u>Taxes</u>	_____	_____	_____
<u>Administration</u>	_____	_____	_____
<u>Maintenance</u>	_____	_____	_____
<u>Total Production Costs</u>	_____	_____	_____

E. Benefits

Briefly describe the price per unit which will be received by the producer with the project. This may be the same price that you used in Form 1. If it is different, either higher or lower, explain why. This price per unit will be used to fill in Line 4, Form 4 when calculating the ratio of net benefits to costs.

Also provide information on the annual benefits which will be produced when the project has achieved full production even if full production is to be achieved after project funding has been exhausted. You will need this information to fill in Line 1 of Form 3 for calculating the ratio of net benefits to costs.

Also include the total annual benefits which the project will produce. To calculate total annual benefits multiply the total units which will be produced annually by the price per unit:

$$\text{Total annual benefits} = \text{price per unit} \times \text{number of units produced annually}$$

Also include the total annual returns to each producer:

$$\begin{array}{l} \text{Annual income} \\ \text{per producer} \end{array} = \text{price per unit} \times \text{annual number of units produced by an individual producer}$$

As with production costs, only the additional units produced because of the project should be included as benefits when the project objective is to improve a process already in use. For example, if improved fertilizer and seeds increase farmers' yields, only the incremental tons should be included as benefits of the project:

$$\begin{array}{l} \text{Incremental units} \\ \text{of outputs} \end{array} = \begin{array}{l} \text{Total units produced} \\ \text{with the project} \end{array} - \begin{array}{l} \text{Total units produced} \\ \text{without the project} \end{array}$$

F. Project Funding

Since you will need to produce an annual budget and a total budget for the project, you will already have this information elsewhere in the project paper. You will need the total funding for the project to fill in Line 2 of Form 4 in order to calculate the ratio of net benefits to costs. Form 3 allows you to summarize this information by year and by donor. You also may wish to describe the uses of funds provided by each donor in this section.

G. The Calculation of The Ratio of Net Benefits to Costs

1. Calculating the Ratio: Use Form 4 to calculate the ratio of net benefits to costs. The information needed for completing this exercise will be found in the other sections of the paper.

In order to correctly calculate the ratio you will need to convert all of the information to one currency. It is best to use Somali Shillings for doing this since the price per unit of output and the production costs per unit of output should already be expressed in this currency. In order to convert project funding to Somali Shillings, you will need to determine the appropriate exchange rate. If the official exchange rate is overvalued, use the black market exchange rate as a proxy. This will give you a more accurate representation of the true value of foreign exchange to the Somali economy.

2. Interpreting the Ratio: Line 6 tells us whether or not the project is yielding profits to project participants and the amount of these profits per unit. If the number in Line 6 is negative it means that the cost of producing a unit of output is greater than the selling price of a unit of output.

Line 7 tells us whether or not the costs of implementing the project are reasonable in terms of the value of the output. We can tell if the relative cost of the project is reasonable by comparing the ratio to the information given in Table 1.

If the ratio which you have calculated for the project seems too low, you may wish to reconsider your project design. Consider if there are ways to realize the same benefits at a lower cost or if using an alternate technique which costs about the same can produce larger benefits.

Form 3: Source of Funding

<u>Source of Funds</u>	<u>Year-1</u>	<u>Year-2</u>	<u>Year-3</u>	<u>Year-4</u>	<u>Total</u>
USAID	_____	_____	_____	_____	_____
PVO	_____	_____	_____	_____	_____
Somali Government	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
Total:	_____	_____	_____	_____	_____

Form 4: The Calculation of the Ratio of
Net Benefits to Costs

<u>Lin</u>	<u>Item</u>	<u>Value</u>
1.	Annual number of units to be produced	_____
2.	Total project funding	_____
3.	Per unit project funding (Line 3 = Line 2 : Line 1)	_____
4.	Per unit price of good	_____
5.	Per unit production cost	_____
6.	Net benefits (Line 6 = Line 4 - Line 5)	
7.	Ratio of net benefits to costs (Line 7 = Line 6 : Line 3)	_____

Table 1: Scales of Differences for Interpreting
the Ratio of Net Benefits to Costs

<u>Ratio value</u>	<u>Interpretation</u>
Ratio equal to or greater than 1.0	The project is excellent. It pays back outside funds during one year of operation. The participants can afford to continue the project without outside funding.
Ratio from .33 to .99	The project may be cost-effective. All outside funding could be repaid in 3 years. Participants earn a value of benefits sufficient to continue the project after outside funding is withdrawn.
Ratio from .33 to .0	The project may not be cost-effective. It will take more than 3 years to repay outside funding. Participants do not earn enough benefits to continue the project in the absence of outside funds.
Ratio less than .0	The project is not profitable. The benefits do not even cover annual operating costs. Participants do not earn enough to be able to continue the project without outside funding.

III. A Case Study on the Use of the Guidelines for Projects with Monetary Benefits

A. Introduction

The Badhan Vegetable Production Project is designed to assist 375 farmers in the Sannaq Region improve and increase production of potatoes. The farmers, with average land holding of approximately 1 hectare each, currently engage in the growing of potatoes as their primary economic activity. Yields of potatoes currently average around 7 tons per hectare; farmers grow two crops per year. These yields are considered to be low due to several key constraints including lack of adequate production inputs (improved seeds, fertilizers, and insecticides) and a lack of technical know-how. The supplies of potatoes are sold in markets in Hargeisa and Berbera.

The project has two objectives: (1) to help farmers increase their yields to 15 tons per hectare by the use of improved inputs and by providing technical assistance in the use of these inputs and (2) to improve the marketing of potatoes by working with the farmers association and by providing improved storage facilities.

B. Marketing Study

Potatoes are currently sold by farmers directly to the Central Farming Association. The association then transports them by truck to Hargeisa and Berbera where they are sold to wholesalers. The wholesalers in turn sell the potatoes to merchants operating in the central market of each town, who then sell them to consumers. The price structure for potatoes is given in Table 1.

Several problems regularly cause delays in the transport of the potatoes. First, recently the farmers association has been unable to purchase sufficient supplies of gasoline for the trucks. Second, five government roadblocks exist between Badhan and Hargeisa. The trucks are searched frequently at these points and drivers are often asked to unload all of the potatoes resulting in losses and delays. Third, the roads have many potholes causing flat tires and recently, a broken axle.

Merchants claim that they could sell more potatoes than are being supplied. Currently, about half of all potatoes sold in the two cities are imported from abroad. Some wholesalers say they would prefer buying their supplies from local sources indicating that there probably will be a guaranteed market for additional supply.

Table 1: Price Structure for Potatoes:
From Producers to Consumers in Hargeisa
-Somali Shillings per Kilogram-

	<u>June-February</u>	<u>March-May</u>
(1) Price to producers	7.5	20.5
(2) Transport and handling costs	2.5	2.5
(3) Price to wholesalers (3) = (1) + (2)	10.0	23.0
(4) Cost to wholesalers	3.0	4.0
(5) Price to merchants (5) = (3) + (4)	13.0	27.0
(6) Cost to merchant	2.0	3.0
(7) Price to consumer (7) = (5) + (6)	15.0	30.0

C. Production Costs

Prior to the project, farmers have not used fertilizer, insecticides, or improved varieties of seeds. Total traditional production costs are approximately So.Sh.40,950 per hectare as shown in Table 2. Under the traditional system, all labor is provided by the family. The value given to this labor, So.Sh.100 per man-day, is the cost of hiring a farm laborer for one day in the region.

With the project, purchases of fertilizer, insecticides, and improved seeds will be added to the per hectare costs. Approximately 20 additional man-days will be required to apply the fertilizer and insecticides. The farm family will hire local workers to provide this additional labor. In addition, more water will be necessary to make full use of the new inputs, increasing irrigation labor by 2 days and the irrigation charge by 5 days. Furthermore, labor requirements for weeding and harvesting will double. This labor will also be hired. Total costs of production with the project will increase to So.Sh.67,300 as shown in Table 3.

The difference in production costs between traditional production techniques and improved techniques is So.Sh.26,350 per hectare. Since the farmers will be double cropping, the annual costs per hectare will be So.Sh.52,700 (26,350 x 2).

**Table 2: Production Costs per Hectare of Potatoes:
Traditional Technology**

(Somali Shillings)

<u>Inputs</u>	<u>Quantity per hectare</u> (1)	<u>Unit Cost of input</u> (2)	<u>Total Cost of inputs</u> (3) = (1)x(2)
<u>Raw Materials</u>			
seeds	1 ton	25,000/ton	So.Sh.25,000
plow-rental	1 day	800/day	800
<u>Labor</u>			
irrigation	2 man-days	100/man-day	200
plowing	3 man-days	100/man-day	300
planting	12 man-days	100/man-day	1,200
weeding	4 man-days	100/man-day	400
harvesting	10 man-days	100/man-day	1,000
soil preparation	15 man-days	100/man-day	1,500
<u>Operation/Maintenance</u>			
irrigation charge	15 days	600/day	9,000
Maintenance of equipment		1,500	1,500
<u>Land Tax</u>	1	50	<u>50</u>
<u>Total Production Costs</u>			So.Sh.40,950

D. Benefits

With the project, approximately one-half of the potatoes will be sold between June and February at a price of 7.5 Somali Shillings. The other half, which will be stored in the facilities to be built with the project, will be sold between March and May. However, to be conservative, we will assume that a per unit price of So.Sh. 7.5 per kilo of potatoes will be received by farmers in the project area.

The farmers will be using only the land that is presently being cultivated. Monetary benefits will come from the increased production resulting from the use of improved inputs. Yields of potatoes with the project will double from 7 tons per hectare to 15 tons per hectare. Assuming that the additional output of 8 tons will be sold at So.Sh.7.5 per kilo or So.Sh.7,500 per ton the increased income with the project will amount to So.Sh.60,000 per hectare or an annual return of So.Sh.120,000 under the assumption of double cropping. Since 375 hectares will be cultivated with the new inputs, total annual project benefits will be So.Sh.45,000,000 (under the assumption of double cropping) or So.Sh.120,000 per farm family.

E. Project Funding

Total project funding over the life of the project will be approximately \$1.5 million. A breakdown by donor is given in Table 4.

Table 3: Production Costs per Hectare of Potatoes:
Improved Technology

(Somali Shillings)

<u>Inputs</u>	<u>Quantity per hectare</u> (1)	<u>Unit Cost of input</u> (2)	<u>Total Costs of inputs</u> (3) = (1)x(2)
<u>Raw Materials</u>			
seeds	1 ton	35,000/ton	So.Sh.35,000
fertilizer	1 ton	9,000/ton	9,000
insecticides	20 lbs.	37.5/lb.	750
plow-rental	1 day	800/day	800
<u>Labor</u>			
irrigation	4 man-days	100/man-day	400
plowing	3 man-days	100/man-day	300
fertilizer	10 man-days	100/man-day	1,000
insecticides	10 man-days	100/man-day	1,000
planting	12 man-days	100/man-day	1,200
weeding	8 man-days	100/man-day	800
harvesting	20 man-days	100/man-day	2,000
soil preparation	15 man-days	100/man-day	1,500
<u>Operation/Maintenance</u>			
irrigation charge	20 days	600/day	12,000
maintenance of equipment		,500	1,500
<u>Land Tax</u>		50	<u>50</u>
<u>Total Production Costs</u>			So.Sh.67,300

Table 4: Project Funding

(U.S. Dollars)

<u>Donor</u>	<u>Year-1</u>	<u>Year-2</u>	<u>Year-3</u>	<u>Total</u>
USAID	400,000	300,000	200,000	900,000
PVO	120,000	100,000	75,000	295,000
Other donors	80,000	120,000	105,000	305,000
Total:	600,000	520,000	380,000	\$1,500,000

The current exchange rate for commercial transactions is \$1 = 75 So.Sh., which is felt to be close to the true value of foreign exchange. Therefore, the total project funding is equal to So.Sh.112.5 million (1,500,000 x 75). Under an assumption of double cropping the funding per hectare is equal to So.Sh.150,000 (112,500,000 : 2 x 375 hectares).

F. Calculation of the Ratio of Net Benefits to Costs

The calculation of the ratio of net benefits to cost is presented in Table 5. The ratio equals .45 which means that the return to the project is acceptable.

Table 5: Calculation of the Ratio of Net Benefits to Costs

<u>Line</u>	<u>Item</u>	<u>Value</u> (Somali Shillings)
1.	Annual number of units to be produced/	750 hectares
2.	Total project funding	112,500,000
3.	Per unit project funding (Line 3 = Line 2 - Line 1)	150,000
4.	Annual per unit price	120,000
5.	Annual per unit production costs	52,700
6.	Annual net benefits (Line 6 = Line 4 - Line 5)	67,300
7.	Ratio of net benefits to costs (Line 7 = Line 6 : Line 3)	.45

a. Under the assumption of double cropping (375 hectares X 2)

**IV. Guidelines for the Economic Analysis
of Projects with Hard-to-Quantify Benefits**

A. Introduction

Many PVO projects have benefits which are hard to express in monetary terms; for example, the value to the Somali economy of a well-nourished child or the benefit from having a well-trained government worker. Rather than attempting to put a value on these benefits, a process which often leads to spurious results, we will instead concentrate on the costs of achieving those benefits. These costs will be expressed in terms of costs per unit of output.

The following guidelines takes you step-by-step through the process of calculating this measure. They are divided into 5 sections:

1. Introduction
2. Project Costs
3. Project Benefits
4. The Calculation of Annual Per Unit Costs of the Project
5. Interpretation of the Measure.

A case study showing the application of this technique follows the guidelines.

B. Introduction to the Economic Analysis

1. A brief description of the project
2. A description of project inputs
3. a description of project outputs.

C. The Costs

The objective, in calculating this measure, is to determine the annual costs of running the projects. Costs must be divided into two categories:

1. **Capital Costs:** Capital costs have two components. The first component is all costs which are incurred during the start-up phase of the project (that period at the beginning of the project before any output or benefits are realized). For example, if you are building an irrigation system, all expenditures during the building of the system, such as labor, materials, rent and transportation are considered to be capital costs. The second component are those items purchased for use during the project which will last for more than one year. In order to represent the cost of these items which will be used in each year of the project in an representative annual budget, you must depreciate the value for each capital cost item. To find the annual depreciated value, divide the original purchase price (or the amount you have budgeted as the purchase price) by the number of years you expected to be able to use the item.

For example, if you are purchasing a Land Rover for \$20,000 and you expect it to last for 3 years, you find the depreciated value in the following way:

$$\frac{\text{Purchase price of Land Rover}}{3 \text{ years}} = \frac{\$20,000}{3} = \$6,667$$

When constructing the annual costs of the project, you enter \$6,667 as the annual cost of the Land Rover to the project. Form 1 is provided to make this calculation very straightforward.

Table 1 gives some typical examples of capital costs.

2. Annual Operating Costs: The complement of capital costs are annual operating costs, those costs which are incurred in each year the project is operating. Salaries and wages are annual operating costs, as are maintenance of equipment, fuel, rent, and the cost of an annual planning retreat. While it is easy to calculate the value of annual costs for fuel and rent, several other types of annual operating costs are more difficult to value. Table 2 gives some examples of annual operating costs.

a. Allocation of Shared Costs of the Local Agency: Where a PVO country office supports a number of projects, administrative costs will have to be allocated among the various projects, including the project being planned. Allocation can be based on the relative total funding of the various projects being served. To do this you follow these steps:

1. Add the total agency annual funding for all projects projected for the year.
2. Take the expected annual funding of the project being assessed as a percent of the above total.
3. Apply this percentage to the agency's projected administrative costs.
4. Add the result as an item in the annual operating costs of the project.

Form 2 gives guidance for following these steps.

Table 1: Examples of Capital Costs

Capital Costs

Vehicles

Landrovers
Jeeps
Vans
Trucks
Bicycles
Motorbikes
Tractors
Boats
Carts

Equipment

Scales
Medical equipment
Farm tools
Blacksmith tools
Generators
Typewriters
Sewing machines
Treshers
Mills

Plows
Water Tanks
Mechanics tools
Irrigation pumps
Kilns
Fishing nets
Office furniture
Adding machines
Animals

Buildings(if not rented)

Project offices
Nutrition/health clinic
Grain storage facilities
Tool sheds
Animal shelters

Labor

Project administrators
Construction crews
Engineers
Consultants
Trainers

Table 2: Examples of Operating Costs

Labor

Administrative salaries
Project workers salaries

Utilities

Electricity
Water
Telephone
Telex

Raw Materials

Fertilizer
Seeds
Sacks
Medicine
Food

Supplies

Office supplies
Gasoline

Maintenance Costs

Building
Vehicles
Equipment
Tools

Form 2: Allocation of Local Agency Administrative
Expenditure as an Operating Cost of the Project

<u>Line</u>	<u>Value</u>
1. Total annual funding for all projects	_____
2. Total annual funding for the project being planned	_____
3. Total project funding as a percent of total annual funding for all projects (Line 3 = Line 2 : Line 1)	_____
4. Total planned annual administrative budget	_____
5. Proportion of annual administrative budget allocated to project being planned (Line 5 = Line 3 x Line 4)	_____

b. Inclusion of expenditure of funds from all sources: all expenditures of the project, whether funded by USAID or other sources including the government, should be included as part of the annual budget.

c. Valuation of contributions-in-kind: Contributions-in-kind, such as donated labor, medical supplies, food, or equipment should be given a dollar value regardless of the source. You should include the amount you would have paid for each item if it had not been given free as an annual cost to the project.

d. Annual overhead of worldwide agency: Any funding which goes for paying overhead costs of the international headquarters for your organization should be included as an annual budget item.

3. The Annual Budget: When you have collected and/or calculated all information for capital and annual operating costs, you can put them together in an annual budget. Form 3 shows you where to enter each cost of the project.

C. Benefits

Benefits are the total units of output you will achieve by implementing the project. Table 3 gives suggestions for accounting for benefits in various kinds of projects.

It is also important that as part of your project plan you design a system of keeping track of annual output in the chosen units. This will become an important way of monitoring the success of the project since failing to meet your output objectives raises the per unit cost of the project.

Form 3: Annual Project Budget

<u>Item</u>	<u>Cost</u>
<u>Capital costs</u>	
Land	
Building	
Equipment	
Vehicles	
Labor	
<u>Annual Operating costs</u>	
Supplies	
Utilities	
Raw Materials	
Labor	
Maintenance	
Taxes	
Overhead	
<u>Total Annual Budget</u>	

Table 3: Suggestions for Counting the Units of Output for Various Projects

<u>Type of Project</u>	<u>Measure</u>
Nutrition Project	Total number of children to be treated over the life of the project.
Training Project	Total number of participants in training project.
Sand Dune Stabilization	Number of square kilometers or hectares stabilized.
Reforestation Project	Number of square kilometers or hectares of trees planted.
Health Project	Total number of patients reached over the life of the project.

D. Calculation of the Annual Per Unit Cost of the Project

Calculating the annual per unit cost of the project is a fairly simple exercise. Form 4 presents a format for calculating the measure.

E. Interpretation

This measure can be used as an important part of the planning process. Your objective should be providing the desired outputs at the lowest possible cost. In preparing a proposal you should compare the annual per unit cost of alternative means of achieving project output. Your implementation strategy should reflect the lowest cost alternative for reaching your output goals.

The per unit measure of annual project costs is also a good monitoring tool. At various stages in the project's life you can compare your expected costs per unit with your actual costs per unit. The per unit costs in the project plan can be used as baseline information.

Form 4: Calculation of the Annual Per Unit Cost of the Project

<u>Line</u>	<u>Value</u>
1. Total annual budget for the project	
2. Per unit measure of project outputs for the life of the project	<hr/>
3. Annual per unit cost of the project (Line 3 = Line 1 : Line 2)	<hr/>

IV. Case Study Using the Guidelines
for Projects with Non-Monetary Benefits

A. Introduction

A U.S. PVO is proposing to start a training program for agricultural extension workers throughout Somalia. Six courses, each 5 months long, will be offered in six regional centers throughout the country. The project costs will include the costs of the setting up and running the training courses. Project benefits will include the 1010 participants in the courses.

B. Start-up Period

Prior to beginning the training courses, there are a number of activities which must take place in preparation for them. First, the equipment that is required for teaching the courses must be procured, either abroad or in Somalia, and put into place. Somalis must be hired both to help teach the courses and to drive vehicles and serve as secretaries. The expatriates who will both teach courses and manage the program must be hired, brought to Somalia, and do preparatory work. An expatriate member of the home office staff will come to supervise local hiring and the preparation of course materials. The start-up period will last for six months.

1 Equipment: In order to run the training courses, equipment must be purchased. This equipment will be used over the life of the project. When the project is finished at the end of three years, the equipment will either be sold or used by the local PVO office for other projects. We calculate the annual cost to the project of this equipment by depreciating the cost of each item by the number of years each piece of equipment is expected to last. The equipment includes: 4 Toyota Landcruisers, a photocopying machine, cassette records and tapes, one slide projector, a movie camera, a typewriter and classroom equipment. When calculating the cost of each item purchased abroad, we include the transportation cost of bringing the equipment to Somalia. The depreciated value of each item is given in Table 1.

2. Labor: The labor used for starting up the project is also a capital expenditure. The two expatriates who will be running the program spend six months preparing for the course. Therefore, six months of their salary including fringe benefits will be considered capital expenditures. In addition the costs of bringing them and their personal effects to and from Somalia will be considered capital expenditures as well as their living expenses for six months. In addition, the salaries, fringe benefits, per-diem expenditures, and transportation of the expatriate home office advisor will be counted as capital expenditures. Since the work they do is primarily for this project, these expenditures are depreciated by the number of years of the project's life. These expenditures are also presented in Table 1.

3. Administration: The local office of the PVO has already been established and is currently administering two other projects. Approximately two months of local office time and equipment will be devoted to the start-up of the training project. The entire annual local office budget is \$115,000. Two months worth of this amount, or \$19,167 will be included as capital expenditures of the project.

In addition, the home office charges an overhead fee of 30 percent of all salaries plus fringes of expatriate staff. The amount for six months is \$17,685. This amount is also depreciated over the life of the project.

Table 1: Depreciated Value of Capital Expenditures

Item	Purchase price in U.S.Dollars	Number of years of life	Annual depreciated value in U.S.Dollars
<u>Equipment</u>			
- 4 Toyota Landcruisers	\$60,000	3	\$20,000
- Photocopying Machine	\$50,000	5	\$10,000
- Cassette records/tapes	500	4	125
- Slide projector	500	3	167
- Movie camera	1,100	10	110
- Typewriter	500	5	100
- Classroom equipment (blackboards, flip charts maps, other)	5,500	5	<u>1,100</u>
1. <u>Total equipment:</u>			\$31,692
<u>Labor</u>			
Expatriate project staff:			
- six months of salary and fringes	37,950	3	2,650
- Travel	12,200	3	4,067
- Shipment of personal effects	9,000	3	3,000
- Per-diem	16,000	3	5,333
Home Office Advisor:			
- Salary and fringes for six months	21,000	3	7,000
- Transportation	3,000	3	1,000
- Per-diem	8,000	3	2,667
2. <u>Total labor:</u>			<u>\$35,717</u>
<u>Administration</u>			
- Local office support	19,167	3	6,389
- Home office overhead	17,685	3	<u>5,895</u>
3. <u>Total administration:</u>			\$12,284
4. <u>Total capital expenditures (4 = 1+2+3)</u>			\$79,693

C. Annual Operating Costs

All of the annual operating costs of running the six training courses must be enumerated by category of expenditure.

1. Labor: The annual salaries plus fringe benefits of the expatriates, the team leader and the associate, who are running the project are included as an annual expense of the project. Since annual salary increases are included in the annual budgets for the life of the project, we use the average annual salary plus fringe benefits over the three year period. We also have included a line item for the housing allowance of the expatriates.

Twelve Somali have been hired as trainers for the project. Each will be paid \$500 per month for the life of the project. The annual salary plus fringe benefits for each is \$6,000 which is an annual cost of \$72,000 for all twelve. In addition, four drivers have been hired at \$200 per month, an annual cost to the project of \$9,600.

2. Materials: The materials needed for running the project include rental of classroom space, classroom materials and fuel for the vehicles. We also include the cost of in-country air travel for trainers in this category. We have calculated the annual cost of each item as seen in Table 2.

3. Local Office Expenses: The local office will perform all in-country administrative functions for the project. The annual cost of these services is estimated in Table 3.

4. Maintenance: The primary maintenance cost is the upkeep of the four project vehicles. The cost includes spare parts and labor.

5. Home Office Overhead: The home office receives an overhead fee which is 30 percent of the annual direct salaries plus fringes of the expatriate staff.

Table 2: Annual Operating Costs of the
PVO Training Project

<u>Item</u>	<u>Value in Dollars</u>
<u>Labor</u>	
Expatriate salaries plus fringe benefits	\$ 75,900
Housing allowance	24,000
Twelve Somali trainers	72,000
Four Somali drivers	<u>9,600</u>
1. <u>Total labor:</u>	\$181,500
<u>Materials</u>	
Rental of classroom space	4,400
Classroom materials	26,700
Transportation	10,000
Fuel	<u>18,000</u>
2. <u>Total Materials:</u>	\$ 59,100
3. <u>Local Office Expenses</u>	57,200
4. <u>Maintenance</u>	5,000
5. <u>Home Office Overhead</u>	22,770
6. <u>Total Annual Operating Expenses</u> (6 = 1+2+3+4+5)	\$325,570

Table 3: Estimates of Annual Local Office
Administrative Costs for the
Training Project

<u>Line</u>	<u>Value in Dollars</u>
1. Total Funding for the Training Project	\$1,000,000
2. Total Funding for All Projects Administered by the Local Office	2,000,000
3. Training Project Funding as a Percent of Total Funding (3 = 1 : 2)	.50
4. Annual Administrative Budget for the Local Office (includes salaries of office manager, 2 secretaries, drivers, office assistant; office supplies; phone and telex, upkeep)	114,400
5. The Training Project's share of Administrative Costs (Line 5 = Line 3 x Line 4)	57,200

D. Total Annual Costs

The total annual costs of the project are summarized in Table 4.

E. Measure of Output

In all there will be 1010 participants in training courses.

F. Calculation of the Per Unit Annual Costs of the PVO Training Course

Since 1010 participants will participate in the training course over the 3 year life of the project, the per unit annual cost is \$401.16 as shown in Table 5. An alternative method of running the course has been considered. This would involve using expatriates instead of Somali trainees. In this case the per unit annual cost would be \$2010, which is considered to be too high.

Table 4: Annual Costs of the PVO Training Project

<u>item</u>	<u>value in Dollars</u>
<u>capital costs</u>	
Equipment	\$ 31,602
Labor	35,717
Administration	<u>12,284</u>
1. <u>Total Capital Costs</u>	\$ 79,693
<u>Operating Costs</u>	
Labor	181,500
Materials	59,100
Local Office Expenses	57,200
Maintenance	5,000
Home Office Overhead	<u>22,770</u>
2. <u>Total Annual Operating Costs</u>	\$325,570
3. <u>Total Annual Costs</u>	\$405,263
(3 = 1 + 2)	

Table 5: The Calculation of the Per Unit
Annual Cost of the PVO Training Course

<u>Line</u>	<u>Value</u>
1. Annual Costs	\$406,173
2. Measure of Output	1010 participants
3. Per Unit Annual Cost (Line 3 = Line 1 : Line 2)	\$401.16

ANNEX I.3

IMPACT IDENTIFICATION AND EVALUATION FORM

Impact Areas and Sub-areas

Impact
Identification
and Evaluation

A. LAND USE

1. Changing the character of the land through:
 - a. Increasing the population _____
 - b. Extracting natural resources _____
 - c. Land clearing _____
 - d. Changing soil character _____
2. Altering natural defenses _____
3. Foreclosing important uses _____
4. Jeopardizing man of his works _____
5. Traffic access _____
6. Land use planning _____
7. Squatter, other development _____

B. WATER QUALITY

1. Physical state of water _____
2. Chemical and biological states _____
3. Ecological balance _____

C. ATMOSPHERIC

1. Air additives _____
2. Air pollution _____
3. Noise pollution _____

D. NATURAL RESOURCES

1. Diversion, altered use of water _____
2. Irreversible, inefficient commitments _____
3. Wildlife _____

E. CULTURAL

1. Altering physical symbols _____
2. Dilution of cultural traditions _____

F. SOCIOECONOMIC

1. Changes in economic/employment patterns _____
2. Changes in population _____
3. Changes in cultural patterns _____
4. Dislocation and relocation of area residents _____
5. Support facilities _____

J. HEALTH

1. Changing a natural environment _____
2. Eliminating an ecosystem element _____
3. New pathways for disease vectors _____
4. Safety provisions _____

H. GENERAL

1. International impacts _____
2. Controversial impacts _____
3. Larger program impacts _____
4. Aesthetics _____

ANNEX J

Statement of Work

MANAGEMENT UNIT FOR SUPPORT AND TRAINING

Type of Contract: Direct Aid

Role and Responsibility: The contractor will be responsible to the USAID Director Hire Project Manager for the PVO Development Partners Project (PVOP) for fulfillment of the terms of this contract. The Project Manager may designate other parties to oversee specific activities assigned under this contract.

Level of Effort: The contractor will provide the following personnel to fulfill the Objectives and Scope of Work:

Long-term: Chief of Party/Administrator (60 person-months)
Training coordinator (36 person-months)

Short-term: Eight person-months of consultancies to design and implement workshops and seminars on topics to be determined by AID, GSDR, and PVOP implementing partners periodically, over the life of the project.

Sixteen person-months of technical assistance in visits, at approximately six month intervals, to monitor and evaluate the PVOP Community Action Grant component.

Objectives

The contractor will be responsible for the planning, coordination and implementation of specific project management, monitoring and training activities.

A. Training

1. To design and implement a detailed training plan for staff of the MOI Department of Rural Development on topics including, inter alia, evaluation of small-scale development projects, reporting and documentation procedures, interviewing and data analysis. The plan will include a schedule of three in-country workshops over the life of project, one person-month of OJT per year at the Ministry of Interior, and recommendations for possible third-country or U.S. short-term training for Department of Rural Development staff (In country workshops will be included in total number of 10 workshops to be conducted by the contractor over L.O.P.).
2. To design and implement, in consultation with the PVO Advisory Board MOI and USAID, a detailed plan for training of PVO staff in Somalia. This plan will include the scheduling and choice of topics for 7 workshops; recruitment and support of consultants to put on these workshops (The seven workshops are included in the total number of 10 workshops to be conducted over L.O.P.).

B. Management and Monitoring

1. To act as the secretariat of the Proposal Review Group, performing all tasks necessary to ensure that the PRG will thoroughly review and approve proposals for OPGs and CAGs in a timely fashion.
2. To monitor and evaluate the PVOP Community Action Grant component and all CAGs to receive funding by conducting site visits, reviewing all relevant reports, and discussing component progress with implementing partners to discuss issues, problems and recommendations.
3. To provide information and non-technical support to PVO implementing partners and Somali PVOs wishing to participate in development activities.

Scope of Work

A. Training

Objective #1

In providing technical assistance to the GSDR Ministry of Interior, the contractor will:

- Establish an annual training schedule for MOI Department of Rural Development, for approval by AID and the MOI.
- Schedule, design, and implement three in-country workshops for the MOI Department of Rural Development on subjects such as; evaluation of small-scale Rural Development projects, reporting and documentation procedures, planning, interviewing and data analysis.
- Provide one person-month per year of in-house, on the job training for staff of the Department of Rural Development. Training will include, inter alia, information management, clerical skills, and activity planning.
- Research opportunities for U.S. and third country training in relevant subjects, and make recommendations to AID on the applicability and availability of such training for MOI personnel.

Objective #2

In providing training to PVO-implementing partners, the contractor will:

- Schedule design and implement a training schedule for PVOP implementing PVOs and others to be approved by AID and the PVO Advisory Board (PAB).
- Update this schedule for approval on an annual basis, or at the request of AID and the PAB.
- Design and implement 7 in-country workshops over the LOP on subjects such as:
 - project monitoring and reporting
 - evaluation techniques
 - data collection and analysis
 - economic analysis
 - conducting surveys
 - training of local groups
 - techniques for developing local group capacities for design and implementation.

- The contractor will recruit and support consultants brought in to implement these workshops.
- Research local, third-country and US sources for technical assistance to implement four of these workshops, and provide AID and the PAB with recommendations for approval.

B. Management and Monitoring

Objective #1

As secretariat of the PRG the Management Unit for Support and Training will have two main tasks:

A. Staff support to Proposal Review Group.

The contractor will:

- Develop a process, procedures and guidance for the review of concept papers and proposals for OPGs and CAGs.
- Log receipt of all proposals and set agenda for review.
- Forward copies of all proposals to AID/GSDR/PAB and other PRG members.
- Conduct initial screening of concept papers and proposals to assure clarity, thoroughness and conformity with guidelines established by AID/W, the PVOP Project Paper and the PVO Manual.
- Schedule, in consultation with the Chair and members of the PRG, all PRG meetings, and make all arrangements for provision of venue and preparation of materials needed for such a meeting.
- Draft issues papers and committee recommendations as requested by the PRG, and review proposer compliance with PRG recommendations if resubmitted.

B. Project documentation:

- Facilitate communication among PRG members by maintaining a central location where records are kept on status of proposals and projects.
- Maintain project and performance information on participating PVO activities in Somalia.

Objective #2:

Technical assistance personnel supplied by the contractor will be responsible for the completion of the following tasks:

Each Visit

- o Conduct site visits to all CAG activities designated by the USAID project officer.
- o Meet with AID/PVOP staff, PVOs and Ministry of Interior personnel to discuss CAG progress and problems.
- o Review all reports regarding CAG implementation.
- o Evaluate individual CAGs by administrative, economic, technical and sociological criteria as determined by the USAID PVOP project officer. Subjects of evaluation will include, inter alia:
 - achievement of projected targets
 - appropriateness of technology used
 - impact on beneficiaries
 - extent of involvement of participating private local group if any
 - sustainability and/or replicability
 - progress of development of capability for local group continuation after Project.
- o Develop a site visit plan in conjunction with AID and the MOI, Department of Rural Development which includes at least two site visits with Department of Rural Development staff during each visit.

Annually

Participate in PVOP annual assessments of CAG component of PVOP. Subjects for assessment will include, inter alia:

- efficiency of review process
- management burden on USAID and GSDR
- efficiency and speed of disbursement of FX and local currency funds.

Role of contractor will be determined in writing by USAID/PVOP prior to participation in the evaluation.

Objective #3:

- A. In providing non-technical support to PVO implementing partners, the contractor will inform PVOs on such topics as:
 - AID regulations and policy regarding procurement, reporting, and Grant Standard Provisions.
 - GSDR/CIPL procedures.
 - PVO start up procedures for operating in Somalia; e.g. opening bank accounts, fuel purchases, etc.
- B. To assist Somali PVOs' efforts to get involved in development activities, the contractor will:
 - Provide assistance to Somali PVOs and NGOs seeking registration with USAID and the GSDR.
 - Provide information to Somali PVOs on such topics as; developing a Board of Directors, AID registration requirements, fund-raising.
 - Identify training needs of Somali PVOs and present these to AID and GSDR for approval. These needs will be reexamined annually. The form and content of this training will be developed in collaboration with USAID and the GSDR, and presented by the contractor in the annual workplan for approval by AID and the GSDR. Training could take the form of seminars, informal counselling, collection and preparation of relevant resource materials, or on-site advising. Once approved, the contractor will incorporate these needs into overall training plans for PVOs in Somalia.
 - Identify potential U.S. and third-country training opportunities for personnel of Somali PVOs, and make recommendations to AID and the GSDR on the applicability and availability of training.

Reporting Requirement

The contractor will be required to submit an Annual Workplan which will describe how major tasks will be accomplished, set deadlines and time periods within which these tasks are to be accomplished, identify the responsible parties for implementing the tasks, and quantify task inputs and outputs. This plan and all following reports will be submitted to USAID/Somalia, and the GSDR for approval. A copy will also be forwarded to the PVO Advisory Board.

The contractor will be required to submit a brief quarterly report to the GSDR and AID which includes the following:

- o A summary of all actions taken in the review and approval of concept papers and proposals.
- o A summary of all training activities showing the type of training, duration, the names of the individuals being trained, and consultants engaged to conduct activities during the reporting period.
- o A report showing commitments and expenditures, from the inception of the contract through the end of the appropriate quarter, of all contract actions.
- o Report should discuss any significant constraints met during the quarter, and actions taken, or planned, to overcome problem areas.

The following reports will be provided by the contractor in it's role as Monitor and Evaluator of the Community Action Grant component:

Each Visit:

- o The contractor will be required to submit site visit reports in the approved AID format for each visit to a CAG.
- o The contractor will submit a trip report for each visit to Somalia which summarizes activities, identifies constraints faced in carrying out tasks and recommendations, and makes recommendations to AID, GSDR and PRG on the CAG component and individual CAGs evaluated. These reports should be submitted and approved prior to departure from Somalia.

Annually

- o The contractor shall submit to USAID, PAB, GSDR and PRG copies of all reports subsequent to contractor participation in CAG annual assessments. Subject and format of report will be supplied by USAID/PVOP Project Officer in writing prior to contractor participation in the assessment.

The contractor shall submit to USAID a report one month after the end of each contract year to include the following:

- o A summary of all activities and accomplishments for that year.
- o A summary of progress towards achieving the contract purpose and meeting implementation targets; this summary should include a discussion of major problems (if any) encountered in the implementation of the project activities.
- o A summary of commitments and expenditures from the inception of the contract and a projection of funds required to complete actions under the project.

At the end of the contract period, the contractor shall submit to USAID and the GSDR a final report which will include:

- o A summary of all the activities undertaken by the contractor in the implementation of the contract and accomplishments.
- o A description of problems (if any) which precluded the contractor from carrying out assigned activities.
- o A summary of financial expenditures incurred from the inception of the contract.

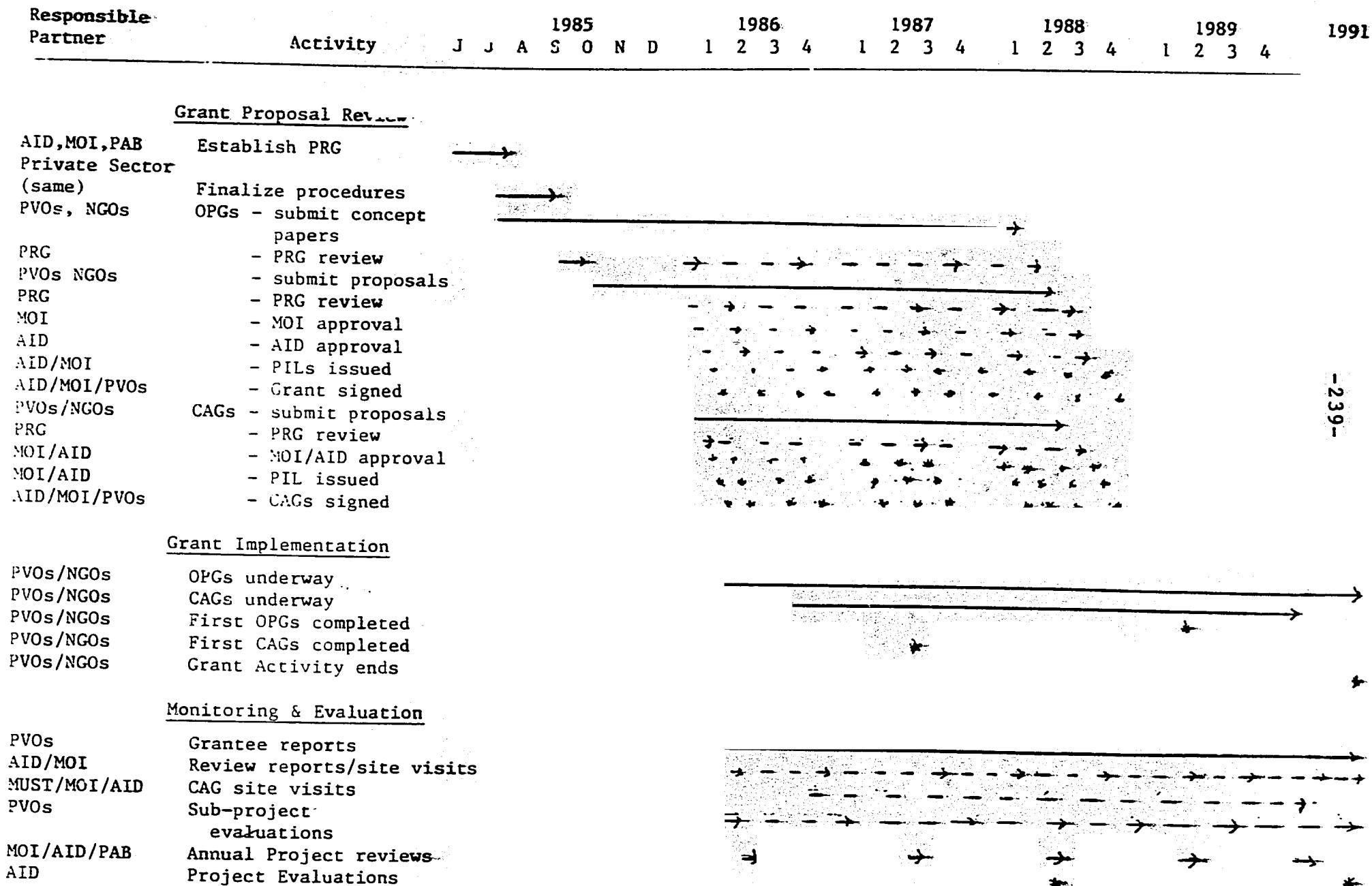
The contractor will provide interim reports as needed to describe a particular problem in meeting project or work plan objectives. Two copies will be provided to the USAID Project Officer.

ANNEX K

IMPLEMENTATION SCHEDULE

Responsible Partner	Activity	1985				1986				1987				1988				1989				1991		
		J	J	A	S	O	N	D	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
<u>Obligation</u>																								
MFA/AID	Sign Pro. Ag.	*																						
AID,USIS	Press release, publicity	→	→	→	→																			
MOI,AID	CPs met	→	→																					
<u>Recruit MUST</u>																								
AID	Prepare PIO/T	→	→																					
AID	Prepare RFP	→	→																					
AID	Advertize CBD			→	→																			
AID/MOI	Issue PIO/T			→	→																			
AID	Issue RFP			→	→																			
PVOs/Firms	Submit proposals					→	→																	
MOI,PAB,																								
AID	Review proposals							→	→															
AID	Negotiate contract									→	→													
AID,Contractor	Sign contract																							
Contractor	Mobilize MUST																							
Contractor,	MUST Workplan																							
AID,MOI	approved																							
Contractor	MUST fully operational																							
<u>Commodities & Support</u>																								
AID	Prepare PIO/Cs	→	→																					
AID/MOI	Issue PIO/Cs			→	→																			
AID	Manual produced			→	→																			
AID	Initial Workshop			→	→																			
AID,Contractor	MUST contract signed																							
AID	Furniture, appliances arrive; house ready																							
AID	Vehicles arrive																							
Contractor	Workshops/seminars																							
PAB,AID	Consultations	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→

IMPLEMENTATION SCHEDULE



ANNEX I

TABLE I. 1

PVO DEVELOPMENT PARTNERS PROJECT BUDGET
U.S. CONTRIBUTION (\$000)

	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>	<u>TOTAL</u>
<u>Technical Assistance</u>								
Chief								
Trainer/Administrator		92	183	183	183			916
Workshop Consultants		32	64	64	32	183	92	192
CAG Monitor		51	34	34	17			136
Total:		<u>205</u>	<u>341</u>	<u>341</u>	<u>292</u>	<u>30</u>	<u>92</u>	<u>240</u>
<u>Commodities + Support</u>								
3 vehicle & parts	60							60
2 microcomputers	20							24
1 set furniture	30			4				30
1 set appliance	18							18
1 house westernization	6							6
Office furniture & supplies		24	4	4	4	4	2	42
FSU	9	14	14	14	14	14	14	93
PVO Manual	5							5
Total	<u>148</u>	<u>38</u>	<u>18</u>	<u>22</u>	<u>18</u>	<u>18</u>	<u>16</u>	<u>278</u>
<u>Int'l Training - Short courses</u>								
Ministry of Interior		10	10					20
NGOs		10	10	10	10			40
		<u>20</u>	<u>20</u>	<u>10</u>	<u>10</u>			<u>60</u>
<u>Evaluation</u>								
				34			51	85
<u>Total:</u>	<u>148</u>	<u>263</u>	<u>379</u>	<u>407</u>	<u>320</u>	<u>231</u>	<u>159</u>	<u>1,907</u>
Inflation (7% CPA)		18	53	94	99	92	80	436
Contingency (3%)	4	8	11	12	10	7	5	57
<u>Grand Total:</u>	<u>152</u>	<u>289</u>	<u>443</u>	<u>513</u>	<u>429</u>	<u>330</u>	<u>244</u>	<u>2,400</u>

TABLE L.2

PVO DEVELOPMENT PARTNERS PROJECT BUDGET
GSDR CONTRIBUTION (\$ THOUSAND EQUIVALENT)

	FY85	FY86	FY87	FY88	FY89	FY90	FY91	TOTAL
<u>Technical Assistance</u>								
Housing		12	24	24	24	24	12	120
Office		12	24	24	24	24	12	120
Fuel		2	4	4	4	4	2	20
Local/Travel		2	2	2	2	2	2	12
Local staff		30	30	30	30	30	15	165
Office furniture, supplies		20	10	10	10	10	5	65
Total		78	94	94	94	94	48	<u>502</u>
<u>Ministry of Interior</u>								
Salary supplements		7	7	7	7	7	4	39
2 Vehicles & Spares		40						40
Office Furniture, supplies		15	5	5	5	5	3	38
Fuel & maintenance		8	8	8	8	8	4	44
Local travel		2	2	2	2	2	2	12
Total		72	22	22	22	22	13	173
<u>Workshops</u>								
Total		10	10	10	10			40
		160	126	126	126	116	61	715
Inflation (20% cpd)		32	56	93	136	174	121	612
Contingencies (1%)		16	13	13	13	12	6	73
GRAND TOTAL		<u>208</u>	<u>195</u>	<u>232</u>	<u>275</u>	<u>302</u>	<u>188</u>	<u>1,400</u>

TABLE L.3

PVO DEVELOPMENT PARTNERS PROJECT BUDGET
U.S. CONTRIBUTION (\$ thousands)

	FY85	FY86	FY87	FY88	FY89	TOTAL
<u>OPGS</u>						
ARDN						
- Prod. & Mktg. Systems	900	1,300	750	750	400	4,100
- Rural Orgs., small entrep.		600	600	600	200	2,000
- Nutrition		150	150	100	50	450
Total	900	2,050	1,500	1,450	650	<u>6,550</u>
Health - Integr. Delivery	2,000	3,300				<u>5,300</u>
SDA						
- Urban income & Quality		140	130	130	40	440
- Energy/science/tech.		450	450	450	160	1,510
Total		590	580	580	200	<u>1,950</u>
Total OPGS	2,900	5,940	2,080	2,030	850	<u>13,800</u>
<u>CAGS</u>						
ARDN						
- Prod. & Mktg. Systems		380	360	360		1,100
- Rural orgs., small entrep.		200	200	200		600
- Nutrition		20	40	40		100
Total		600	600	600		<u>1,800</u>
SDA						
- Urban income & Quality		40	20	20		80
- Energy/science/tech.		40	40	40		120
Total		80	60	60		<u>200</u>
Total CAGS		680	660	660		<u>2,000</u>
TOTAL GRANTS						<u>15,800</u>

TABLE L.4

PVO DEVELOPMENT PARTNERS PROJECT BUDGET
GSDR CONTRIBUTION (\$ THOUSAND EQUIVALENT)

	FY85	FY86	FY87	FY88	FY89	TOTAL
<u>OPGS</u>						
ARDN - Prod. & Mktg. Systems	600	400	200	200	100	1,500
- Rural orgs., small entrep.		150	150	150	50	500
- Nutrition		50	50	50	50	200
Total	600	600	400	400	200	<u>2,200</u>
Health - Integr. Delivery	700	900				<u>1,600</u>
SDA - Urban income & Quality		75	75	50	50	250
- Energy/science/tech.		100	100	100	50	350
Total		175	175	150	100	<u>600</u>
Total OPGS	1,300	1,675	575	550	300	<u>4,400</u>
<u>CAGS</u>						
ARDN - Prod. & Mktg. Systems		190	180	180		550
- Rural orgs., small entrep.		100	100	100		300
- Nutrition		10	20	20		50
Total		300	300	300		<u>900</u>
SDA - Urban income & Quality		20	10	10		
- Energy/science/tech.		20	20	20		
Total		40	30	30		<u>100</u>
Total CAGS		340	330	330		<u>1,000</u>
TOTAL GRANTS	<u>1,300</u>	<u>2,015</u>	<u>905</u>	<u>880</u>	<u>300</u>	<u>5,400</u>

TABLE L.5

PVO DEVELOPMENT PARTNERS PROJECT BUDGET
PVO/LOCAL CONTRIBUTION (\$ THOUSAND EQUIVALENT*)

	FY85	FY86	FY87	FY88	FY89	TOTAL
<u>OPGS</u>						
ARDN - Prod. & Mktg. Systems	300	850	650	650	180	2,630
- Rural orgs., small entrep.		400	400	400	300	1,500
- Nutrition		150	150	150	20	470
Total	300	1,400	1,200	1,200	500	<u>4,600</u>
Health - Integr. Delivery	700	1,000				<u>1,700</u>
SDA - Urban income & Quality		80	80	80	70	310
- Energy/science/tech.		100	100	100	90	390
Total		180	180	180	160	<u>700</u>
Total OPGS	1,000	2,580	1,380	1,380	660	<u>7,000</u>
<u>CAGS</u>						
ARDN - Prod. & Mktg. Systems		380	360	360		1,100
- Rural orgs., small entrep.		200	200	200		200
- Nutrition		20	40	40		100
Total		600	600	600		<u>1,800</u>
SDA - Urban income & Quality		40	20	20		80
- Energy/science/tech.		40	40	40		120
Total		80	60	60		<u>200</u>
Total CAGS		680	660	660		<u>2,000</u>
TOTAL GRANTS	<u>1,000</u>	<u>3,260</u>	<u>2,040</u>	<u>2,040</u>	<u>660</u>	<u>9,000</u>

* includes Somali shillings and in-kind

TABLE L.6

LONG-TERM PERSONNEL COSTS FOR MUST
(per year)

	<u>Chief</u>	<u>Local Hire</u>
1. Base Salary	\$ 40,000	\$32,000
Post Differential (25% of 1)	\$ 10,000	-
Sunday Differential (5% of 1)	\$ 2,000	-
2. Total Salary	\$ 52,000	\$32,000
Fringe (25% of 1)	\$ 13,000	\$ 7,500
3. Total Salary and Fringe	\$ 65,000	\$37,500
DBAI (2.25% of 2)	\$ 1,170	\$ 844
Tickets, per diem, shipping	\$ 16,270	\$ 3,500
Education Allowance	\$ 5,000	-
Emergency Travel	\$ 2,500	\$ 2,500
Miscellaneous	\$ 750	-
4. Total Direct	\$ 90,690	\$44,644
Overhead (40% of 4)	\$ 36,276	\$17,858
5. Total Direct and Overhead	\$126,966	\$62,502

TABLE L.7

COSTS OF SHORT-TERM TECHNICAL ASSISTANCE

	<u>1 person-month</u>	<u>2 person-months</u>
Salary (\$200/day x 6-day week)	\$ 6,240	\$12,480
Fringe (7% of salary)	\$ 437	\$ 874
1. Total Salary and Fringe	\$ 6,677	\$13,354
DBAI (2.25% of sala	\$ 140	\$ 280
Tickets	\$ 2,700	\$ 2,700
Per Diem (40/day)	\$ 1,320	\$ 2,640
Miscellaneous	\$ 500	\$ 500
Overhead (40% of 1)	\$ 2,671	\$ 5,342
2. Total Direct and Overhead	\$14,008	\$24,816
General & Admin. Charges (12% of 2)	\$ 1,681	\$ 2,978
3. Total Direct, Overhead, G & A	\$15,689	\$27,794
Profit (8% of 3)	\$ 1,255	\$ 2,224
TOTAL	\$16,944	\$30,018

TABLE L.8

PERSONNEL REQUIREMENTS
(person-month)

	FY85	FY86	FY87	FY88	FY89	FY90	FY91	TOTAL
Management Unit for Support and Training								
- chief		6	12	12	12	12	6	60
- trainer/admin.		6	12	12	6			36
- consultants for workshops		3	2	2	1			8
- CAG monitoring		2	4	4	4	2		16
- home office support		2	4	4	4	4	2	20
Evaluation (non-AID)				2			3	5

TABLE L.9

LOCAL COSTS FOR MUST AND MOI PERSONNEL
(somali Shillings/month)

MUST Housing or Office Costs

- Rent	40,000	
- Utilities	25,000	
- Guards	<u>10,000</u>	
	75,000	(= approx. \$2,000 @ 36.000 So. Sh. = \$1)

MUST Local Staff

- 1 Senior Staff	15,000	
- 2 Junior Staff	10,000 x 2	
- Watchman, custodial	<u>5,000</u> x 2	
	90,000	(= approx. \$2,500 @ 36.00 So. Sh. = \$1)

MOI Salary Supplements

- 3 Staff	<u>7,000</u> x 3	
	21,000	(= approx. \$600 @ 36.00 So. Sh. = \$1)

ANNEX M

Functional Accounts

Table 3.1 (p.16) of the Project Paper identifies AID functional accounts from which PVOP activities will receive funding. These categories of appropriation are intended to identify PVOP priorities for funding and provide allocation of funding for each. The range of appropriation; Agriculture Rural Development and Nutrition (ARDN), Health, and Selected Development Activities (SDA), will allow for a wide range of PVO activities to receive funding. A brief description of each category follows:

ARDN

Activities with ARDN funding should be specifically designed to increase the productivity and income of the rural poor. Examples of such activities by appropriation are:

120 Better Production Methods

- cultivation practices
- storage
- water management
- land improvement
- extension
- training
- agro forestry
- improved seed

130 Delivery Marketing Systems

- farm to market roads
- savings and credit systems
- establishing or strengthening cooperatives
- developing delivery systems

240 Rural Organizations

Activities which work to obtain an equitable distribution of income to small farmers, farm laborers, and other rural poor.

270 Small Entrepreneurs

Activities which promote cottage industries and other production or service industry possibilities for small entrepreneurs and/or improve the profitableness of their activities.

- skills training
- establishing credit institutions

300 Nutrition

Activities which help improve nutrition of the target group through encouragement of increased production of nutritive food crops, nutrition education, expanding use of indigenous crops, improved administration and planning of nutrition programs.

Health

530 Integrated Delivery Systems

Activities which provide, establish or strengthen low cost integrated delivery systems to provide health and family planning services to rural areas and the poorest economic sectors.

Possible activities include promotion of:

- self-sustaining community based health programs
- safe water
- sanitation
- health education or training
- extension

SDA

710 Urban Poor Income

Activities include those which increase employment by:

- public works programs
- increasing profitableness of small entrepreneur activities

720 Urban Poor Quality of Life

Activities include all which might improve essential services to the urban poor.

740 Energy Production/Conservation

Activities which increase the production or conservation of energy through small-scale decentralized renewable energy resources for rural areas, e.g. wind power, solar power, fuel conservation.

750 Science and Technology

While overlapping considerably with 740, this category will fund activities which adapt or apply intermediate/appropriate technology to a wide range of development problems. This could include:

- food processing
- water distribution
- food storage
- agricultural production

In developing OPG and CAG proposals PVOs will consider these appropriation categories carefully to ensure that their proposed activity falls within one of the appropriation categories. USAID will periodically inform the GSDR and the PVO Advisory Board of current levels of funding.

C/O UNHCR, P.O. Box 2925
Mogadishu, Somalia
Telephone: 21790

20/4/85.

Mog.

Mr. Louis Cohen
Mission Director
USAID.

Dear Mr. Cohen,

Enclosed herewith please find on the formation of Somali Private Voluntary Organizations formation. This report is Haqabtir's contributions to the design of the PVO Development Partner's Project and we sincerely hope that you will find it relevant and useful.

Your's Sincerely,


A.A. Osman

Technical Director.



FORMATION OF SOMALI VOLUNTARY ORGANIZATION

A CONTRIBUTION TO PVO DEVELOPMENT
PARTNERS PROJECT DESIGN

BY:

A.A. Osman
Technical Director
HAQABTIR

FORMATION OF SOMALI PVOS

Although the concept of voluntary contributions is not new to the Somali public, the idea of organized private voluntary organizations is indeed new and should, therefore, ^{be} viewed and introduced with the utmost caution and respect. Somali private voluntary organizations will undoubtedly be crucial to a sustained development effort and can provide, the necessary administrative links with government and donor agencies. As local organization, SPVOS (Somali Private Voluntary Organizations) can also provide managerial skills to organize people at the village level. Somali pvos can cooperate with foreign pvos for the mutual benefit of both parties. On the one hand Somali pvos can highlight the more subtle constraints to organizational development that foreign pvos and donor agencies often overlook while on the other hand spvos can undergo training and gain that vital experience which is so necessary for the successful running of an efficient pvo.

While there is no doubt that there is a need for Somali pvos, yet there is no unanimity as to the best way of forming these organizations. There seems, however, two basic options open to those who would like to see spvos in the development scene :-

- a) Local pvo personnel should be selected, trained and supported for an initial period until such time that the new pvo can manage on its own.
- b) The process should take its natural course, without any external influences, so that only individuals who are interested and understand the concept of voluntary work may endeavour to form themselves into formal pvos.

Whatever course of action prospective spvos might choose to take, adequate experience in development organization is absolutely essential. It must be understood right from the outset. Ideally, founder members and other original staff should have had at least two or three years experience working for development organization, preferably another voluntary organization.

There already exists the first Somali Voluntary and non-profit making organization. This organization called Haqabtir (meeting a need) has applied ^{for} official recognition and legal registration from the National Refugee Commission, the Ministry of Foreign Affairs, the Ministry of Justice and the Ministry of Interior. Although Haqabtir sought and

finally obtained final registration, the route to that final recognition was both long and frustrating. Without any past experience ___ or precedent ___ to draw upon in Somalia, regarding the formation of private voluntary organization, the founder members of Haqabtir, Ms Kamar Osman Ibrahim and Mr. Abdi A. Osman have conducted a preliminary research into the possibility of legally forming a voluntary organization. By talking to people of all walks of life including civil servants, state lawyers, cooperatives and ordinary people Haqabtir founder members have established that it is perfectly legitimate ___ contrary to popular belief ___ to form a pvo. The main reason why the route that Haqabtir took was so unnecessarily long was because they contacted the right professionals much too late. Haqabtir wasted a lot of time consulting ordinary people for whom the word "organization" (URUR) conveyed some unsavoury political connotation and was, therefore, wrong to even discuss in public. After a period of trial and error and after having consulted professional lawyers, it was established beyond any doubt that:-

- a) It was possible and legal to form a pvo.
- b) The right organ dealing with matters of that nature was the public notary.

State and other lawyers cannot directly handle matters requiring court registration. They can, however, assist with constitution formulation and offer general advice and guidance.

Having established that it was possible to form a Somali voluntary organization, the founder member of Haqabtir have consulted some foreign pvos, namely OXFAM U.K. and AFRICARE, concerning their structure and administration to see if their model could be adopted. As it turned out, both these organizations have constitutions and administrative systems that are too advanced and based on "alien" legal systems (e.g. OXFAM U.K. constitution is based on English Company Law) and could not, therefore, be adopted. Haqabtir members have, therefore, drafted their own simplified constitution. It is not uncommon for new organizations to start with a simple form of constitution which is gradually developed and modified as the organization grows in size as well as complexity.

The main body of Haqabtir constitution is as follows:

OBJECTIVES OF THE ORGANISATION:

1. To assist groups of displaced people, particularly refugees.
2. To assist rural poor and other disadvantaged groups improve their living conditions by providing training in appropriate marketable skills and practical assistance in exercising these new skills.
3. To take part in the overall rural development of the country by providing technical assistance and services.
4. To cooperate with national institutions in the event of any emergency situation.

HAQABTIR: will provide this assistance in the following ways:-

- a) By recruiting suitably qualified personnel and enabling them to impart their knowledge to the people that Haqabtir seeks to assist. Preference in all recruitment will be given to Somali nationals and as far as possible to refugees in Somalia where applicable. In non-refugee cases preference will be given to less fortunate groups.
- b) By mobilising funds from national and international donors (e.g. UNHCR) in order to be able to implement projects as well as other activities for the people that Haqabtir seeks to assist.
- c) Haqabtir will, at all times, endeavour to seek help, advice and guidance from appropriate government departments and institutions and will act on their behalf if so requested.

ORGANISATIONAL STRUCTURE:

Structure of Haqabtir should consist of two bodies, viz a management team and a Council of Trustees. The management team after obtaining final legalisation shall nominate a council of trustees. Both bodies shall be composed of, mainly, Somali citizens. The management team (BOARD) headed by two co-directors will be drawn from senior members of staff at present employed by the ILO executed Integrated Refugee Camp Development project. A senior member of staff of the IRCDP is defined as one who is professionally qualified in a specialised field of work.

The day to day running and the financial management of Haqabtir will be the collective responsibility of the two co-directors. The technical director will be assisted by a field co-ordinator and the administrative director will be assisted by an administrative officer. The co-directors will be responsible for all routine work and decision-making on all aspects of Haqabtir's work. The two co-directors will be joint signatories for all Haqabtir's important official documents, unless one of them (in his/her absence) delegates the other in writing. Major policy decisions, however, will be taken only after full consultations with other senior staff members. A major policy decision is defined as policy involving the spending or disposal of large sums of money and/or alterations and amendments to important agreed policies and plans of action. In the event of suspected departure from agreed major policies, any member of the management team (or the council of trustees) may ask for an extra-ordinary meeting to be convened. In such cases a simple majority decision, involving both bodies of Haqabtir, will determine the course of action to be followed. All paid employees of Haqabtir will be governed by the national employment laws and shall conform with the national employment code. Recruitment and dismesal of staff will be guided by the voluntary agencies recruitment laws. Haqabtir shall nominate (appoint) after legalisation a council of Trustees composed of five well respected members of the public. Members of such a council shall be:-

1. Be mainly Somali citizens.
2. Be respected prominent citizens specially those who have rendered public duties.
3. Be individuals who believe in and support charitable ideals.
4. Be prepared to give their services on voluntary basis.

The council of Trustees shall include professionally qualified auditor OR account who will submit an annual financial report to the Trustees so that they may ensure that all funds donated to Haqabtir are used solely for the purpose which are granted.

An annual public report of activities and accounts will be provided by the management, after approval by the Trustees. A copy of this report shall be sent to all interested parties, including funding agencies. Auditing will be an independent appraisal activity for the review of operations as a service to the Trustees. It will be a managerial control which will function by measuring and evaluating the effectiveness of other controls. It is an independent organ whose responsibilities are:-

- To inform and advise the council of Trustees and to discharge this responsibility in a manner that is consistent with the code of ethics of professionalism.

- To coordinate his/her activities with others so as to best achieve his/her audit objectives and the objectives of the organisation. In performing his/her functions, the auditor has no direct responsibility nor authority over any of the activities which he/she reviews. Therefore, the audit review and appraisal does not in any way relieve other persons in the organisation of the responsibility assigned to them.

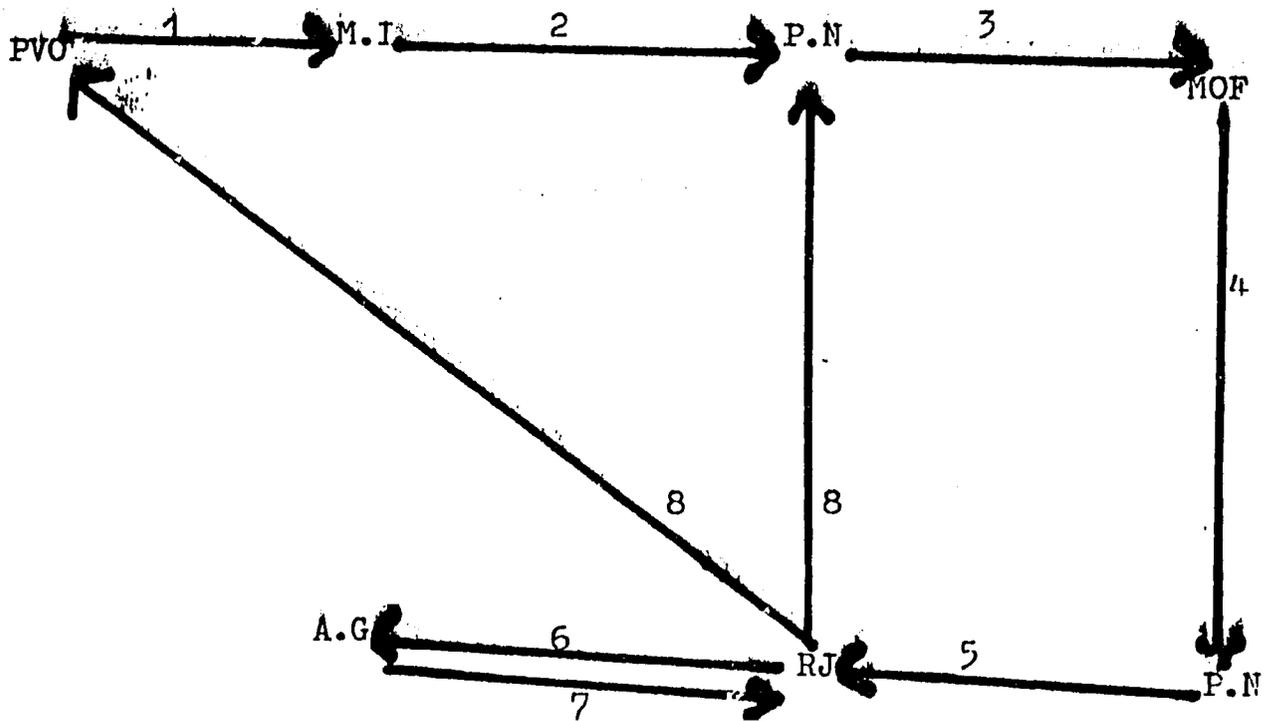
One will have noticed reading Haqabtir's constitution that:-

a) The management team were all drawn from senior staff members who have gained the necessary experience by working with ILO Integrated Refugee camp development project whose activities Haqabtir has taken over in December 1984. It was strongly felt that only personnel equipped with that relevant experience could successfully manage the affairs of a voluntary organization.

b) Although both boards of Haqabtir are mainly Somali citizens, the constitutions does not exclude non-somalis. A voluntary organization should, ideally, have an international blend and to restrict its membership to a single nationality is unnecessary.

Haqabtir's board of trustees have the added task of initiating mechn mechanism for fund raising activities. Since its birth Haqabtir has received received donations exceeding So.Shs. 300,000/- from Private Sources.

ROUTE TO SPVOS REGISTRATION



- PVO = Private Voluntary Organization
- M.I = Ministry of Interior
- PN = Public Notary
- MOF = Ministry of Finance
- RJ = Regional Judge (Banadir)
- AG = Attorney General
- SPVOs= Somali Private Voluntary Organizations

REGISTRATION PROCESS

To arrive at the now established and known process of pvo registration, Haqabtir has followed a rather lengthy procedure. However, other organizations seeking legal registration are advised to follow the following procedure :-

- The public notary will need a letter of authorization from a relevant ministry before he can process your case. Therefore, prospective spvos should apply to the ministry of interior preferably, by writing, to the minister himself. You must make your intentions perfectly clear so that there is no room for misunderstanding. A copy of this letter is then shown to the public notary (keep the original) so that he knows that legal basis, for the process to start in earnest, exists.
- Prepare a draft constitution with or without the help of a lawyer or public notary, then show the draft to P.N to check for mistakes, omissions etc. After the necessary corrections, the constitution is properly typed and duly signed by all committee members of the organisation. Signatures will have to be checked and authenticated by the notary and the right documents duly signed (I.D. cards, passports) will be required. Driving licences can be accepted but are not advisable to avoid unnecessary delays

When the constitution is ready, it is taken to the ministry of finance (office of indirect taxation) opposite the National Museum. This office expects you to pay tax on your "working capital" and you have to do a lot of explaining to convince them that you are a voluntary agency and should not, therefore, pay this taxation. If you do convince them, then you will only pay a nominal fee of about So.Sh. 12/-, but you will have to give the right answers to their questions.

- When the tax office sees and stamps the constitution, it is taken back to the public notary who prepares two letters to be sent to be sent to the judge of the Banadir regional court. The regional judge having read this letter, passes it onto the Attorney General, The A.G.

refers to letter of authorization from M.I.

opinion
having expressed his legal . . . returns the same letter to the regional court. If both the regional judge and the attorney general comment favourably, then the court legalises the pvo. In the second letter, the public notary requests the regional court to officially register the organization as a voluntary organisation and to deposit the organisation's constitution in the courts archives.

- The court having legalised and registered the pvo, sends copies of the necessary documents to the public notary who keeps some of the copies to be deposited with him and gives the pro its copies.
- You are well advised to make enough copies of all documents and to always keep the originals. It is not clear, at this stage, if the registration process can be undertaken by other regional courts. However, since the final decision rests with the attorney general, it seems unlikely that regional courts other than Banadir can handle this process. Even if it were legally feasible to do so, obvious practical difficulties would have ruled out, this alternative due to the time factor involved.

RECOMMENDATIONS

- There is no doubt that spvos have a role to play and consequently should be encouraged and assisted in every way possible.
- Ideally, individuals with the relevant qualification and experience and basic initiatives should form pvos, however, other groups intending to form themselves into pvos should not be denied that right.
- In the absence of selection criteria pvos should come from within not formed, selected or instigated by outside forces.

- Manipulated and tailor-made organizations may become too dependent on their "creators" and should, therefore, be avoided. Foreign pvos are well advised to refrain from too much interference in spvos affairs. Too much involvement may prove to be counter productive.
- Spvos must not be viewed with suspicion or regarded as sinister organizations diverting funds from government departments. Rather they should be seen as complementing organizations who can play an active role in the development of rural Somalia.
- New Spvos lacking experience in the development field will need practical training and guidance and it is hoped that the pvo development partners- project and the department of rural development of the Ministry of Interior will make that training available. One way of realizing this training is to make it possible for spvos personnel to work with and collaborate with the proposed pvo manager and his secretariat, possibly as counterparts.
- Experienced spvos should have equal access to funds as international pvos.
- New spvos may not be able to raise the 20% pvo contribution proposed in the pvo development partners project and this may discourage some spvos from participating in this pvo project. A 10% ceiling would have been more realistic.