

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add
 C = Change
 D = Delete

Amendment Number

DOCUMENT CODE

3

2. COUNTRY/ENTITY
KENYA

3. PROJECT NUMBER

615-0236

4. BUREAU/OFFICE

AFR

06

5. PROJECT TITLE (maximum 40 characters)

PVO CO-FINANCING

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY
04 30 95

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

A. Initial FY 85

B. Quarter 3

C. Final FY 93

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

A. FUNDING SOURCE	FIRST FY 85			LIFE OF PROJECT		
	B. FC	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	0	65	65	4,615	7,385	12,000
(Grant)	0	65	65	4,615	7,385	12,000
(Loan)						
Other U.S.						
Host Country	0	0	0			
Other Donor(s)				0	4,263	4,263
TOTALS	0	65	65	4,615	11,648	16,263

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) POP	760	920						72	
(2) HEA	760	920						1,000	
(3) SDA/HR	760	920						92	
(4) SSA	760	920						10,836	
TOTALS								12,000	

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

100 200 300 440 510 610

11. SECONDARY PURPOSE CODES

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

A. Code	PVON	PVOU	PART	EQTY	BR	BU
B. Amount	4,725	4,000	8,725	8,000	7,000	1,725

13. PROJECT PURPOSE (maximum 480 characters)

To provide PVOs with financing for development activities, institutional strengthening assistance through training and evaluation support in order to increase the development impact of PVOs in Kenya.

14. SCHEDULED EVALUATIONS

Interim MM YY 01 94 Final MM YY 01 93

15. SOURCE/ORIGIN OF GOODS AND SERVICES

900 941 Local Other (Specify) 935

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

Project implementation method is changed entirely by eliminating Cooperative Agreement with Voluntary Agencies Development Assistance (VADA). USAID/Kenya will implement the project directly.

CONT: Clearance: T Totino

17. APPROVED BY

Signature

Totino
Director
USAID/Kenya

Date Signed

MM DD YY
07 21 88

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

MM DD YY

PVO CO-FINANCING PROJECT
PROJECT PAPER AMENDMENT

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I. PROJECT STATUS

A. Background

(Throughout this paper, "PVO" and "NGO" are used interchangeably).

As indicated by the original survey work in 1984 for the design of the PVO Co-Financing Project, Kenya is a country within which operates a multitude of Private Voluntary Organizations (PVOs), or Non-Governmental Organizations (NGOs) as they are commonly called in Kenya. There are at least 400 such organizations in the country, including roughly 100 which are U.S. based, 100 from other countries or which represent international bodies, and 200 which are Kenyan. As a group, they operate throughout the country covering a wide range of development and social welfare sectors. The extraordinary magnitude of PVO activity in Kenya is a great asset to the country in terms of the potential of these organizations to contribute to Kenya's social and economic development.

This potential was viewed as especially important by USAID/Kenya during the initial design of the project, given the financial and administrative constraints faced by the Kenyan public sector in meeting the economic and social needs of Kenya's rapidly growing population. In the original design, PVOs operating in Kenya were seen as a valuable institutional resource, particularly well adapted to reaching the grassroots and the poorest levels of Kenyan society. It was agreed that working through these organizations, a unique contribution could be made to Kenya's development.

The U.S. Government has long recognized the strength of PVOs in assisting with the development process, particularly at the community level. Support for PVO activities as part of its overall assistance program throughout the world has been a long-standing policy. Traditionally, this support has taken the form of centrally-funded matching grants and mission-funded operational program grants. Frequently, this approach has led to a plethora of separate management units in the field, often with only a loose connection to the overall development strategy of either the mission or the host country involved. In order to remedy this, the PVO umbrella concept emerged as an attempt to organize support to PVOs in a more managerially effective fashion.

In Kenya, there was a confluence of this new approach to PVO support with the understanding by the Mission that the strong PVO community in Kenya was an important asset in its development strategy. As a result, the PVO Co-Financing Project was created in 1985. It was designed to support a number of PVO-related functions, the most important of which was to provide financial resources to support PVO development activities. In addition, the project was to provide

institutional strengthening to PVOs through training and advisory services and to develop an information sharing and networking system to promote better understanding and cooperation among members of the Kenyan PVO community.

There was much debate about an implementing mechanism for the project. The principal options considered included processing a series of separate obligations for the various grants to be made under the project, implementing the project through an American PVO organization, or operating the project through a Kenyan PVO or a consortium of such PVOs. It was decided to operate the entire project through a new Kenyan PVO known as Voluntary Agencies Development Assistance (VADA). VADA had been established in 1984 with the object of providing training, advisory and information services to the Kenyan PVO community. In June of 1985, a Cooperative Agreement was signed between USAID/Kenya and VADA which made VADA the primary implementation agent for all elements of the PVO Co-Financing Project.

B. Implementation Status

From the time of the signature of the cooperative agreement with VADA on June 17, 1985 until the termination of that agreement on December 31, 1987, a substantial investment of time and money was made which produced little in the form of desired outputs. Since VADA was a new organization, most project resources were devoted to strengthening it as an institution. Managerial systems and policies in such areas as procurement and personnel were either developed or strengthened, and financial reporting and accounting systems were significantly expanded and improved to cope with the large influx of A.I.D. resources. PVO project selection criteria and methods and project review procedures, originally outlined in the PP, were elaborated and codified in an implementation manual. This process, estimated in the PP to require about six months, consumed at least a year and a half and left little room for other activities. Limited training and advisory services, of varying quality, were provided to other PVOs. A newsletter was established with some information sharing capacity. However, no grants to other PVOs were ever financed over the life of the cooperative agreement. Three projects were selected for financing, but continuing procedural problems between USAID/Kenya and VADA concerning the grant making process left funding of these grants in abeyance at the time of the termination of the VADA agreement.

Why so little progress? First of all, the design of the PVO Co-Financing Project called for a very broad range of activities which would have been highly management intensive under the best of circumstances. The Development Fund alone (funds for individual PVO subprojects) required the mobilization of a substantial body of

expertise to review initial concepts, evaluate the management structure of the individual PVOs, and analyze the final proposals in an atmosphere of intense competition by the PVOs for the available resources. The technical, managerial and political skills necessary to handle this one activity were great. The additional requirements to provide training, advisory services and information and networking services, created a very complex undertaking, regardless of whether it was handled by several organizations or only one.

The decision to allow one organization to run the project for the sake of managerial ease disguised the fact that beneath the single management umbrella were still a large number of discreet and complex project components often requiring repeated contractual arrangements with consultants, firms and institutions in order to properly execute them. This task was given to a relatively new organization which was charged with building itself up to undertake this effort while moving forward simultaneously to produce the project's many outputs.

In the end, the effort failed. Too much was asked of an entity which was ultimately overwhelmed by the task. The VADA management was often uncooperative and resistant to A.I.D. suggestions or requirements. A portion of this resistance was generated by a desire to maintain the organization's independence while, at the same time, being financed almost entirely by A.I.D. and thus having almost all of its operations governed by the terms of the A.I.D. cooperative agreement. These terms were highly specific and prescriptive since they were designed to promote the development and strengthening of a new entity with a very limited implementation track record.

The resulting conflict between USAID/Kenya and VADA over the letter and spirit of the terms of the agreement created a lack of trust between the two agencies which made progress extremely difficult and slow. The slow pace of implementation produced even greater tension, which was further exacerbated by allegations of mismanagement and the demonstrated, continued institutional weakness of VADA. It was also apparent that the Kenyan PVO community was itself dissatisfied with both the administrative arrangements for the project and the pace at which it was operating. The mutual lack of trust and the lack of progress eventually led to the decision to terminate the cooperative agreement and redesign the project.

Given the project history, it is apparent that the key factor to be considered in its redesign is the manageability of the project, both in terms of the institutional capability and the breadth of activities to be undertaken. Another factor which has been given much weight in the reassessment of the project is the point of view of the Kenyan PVO community itself about the project and how it might best be redesigned and implemented.

C. Results of Recent NGO Survey

A survey was carried out among 35 PVOs and four international donor agencies to collect data useful in the redesign of the project. Of those PVOs which were interviewed, only a few can be characterized as membership, or umbrella-type, organizations which provide training and technical assistance in a particular sector. Most are multisectoral in orientation, often choosing as their program targets the integrated set of needs articulated by a particular community or group of communities. Most of the PVOs interviewed see themselves as implementors and not funding agencies per se. Few are interested in serving simply as conduits of funds to other PVOs. They are, as a whole, extremely independent in outlook. In addition, they are uneasy about any agency which attempts to act as a coordinating body or attempts to support such a body.

The results of the survey discussions are summarized below.

1. The Umbrella Approach

This approach focused on the selection of another PVO or PVOs to act as "umbrella(s)", or comprehensive management organization(s), through which USAID/Kenya could work to help select and fund proposals. Both general and sectorally-focused umbrella approaches were discussed. Neither approach was acceptable to the PVOs interviewed, which were uniformly uncomfortable with the idea of having to work through an intermediary to obtain support from A.I.D. The PVOs interviewed thought that no single PVO could command the confidence, support and respect of the broader PVO community. The survey findings also indicated that few sectorally-oriented PVOs with strong track records exist in Kenya, and that very few PVOs worked in a single sector. Thus, the umbrella approach was not a popular one with the PVOs interviewed.

2. The Direct Grant Approach

Most PVOs interviewed considered this the optimal approach, since they prefer to work directly with the donors, rather than through an intermediary. Many PVOs mentioned that USAID/Kenya should target its funding of PVOs more selectively, and maintain a "lower profile". They recalled that, in the original project, premature and widespread publicity about the generous availability of A.I.D. funds through VADA led to false expectations and burdensome expenditures of PVO staff time and finances in preparing proposals. The survey findings indicated that PVOs believe this can be avoided by more targeted support to grantees with "natural pre-formed" relationships with smaller PVOs or community groups, thereby enabling A.I.D.'s program to reach the grassroots much more cost-effectively.

3. Training and Advisory Services

Most PVOs surveyed believed that Kenyan PVOs often lack the management and implementation capabilities to enable them to compete effectively with U.S. PVOs for donor funding. As a result, the PVOs expressed a need for funds for training and advisory services, and similar types of donor assistance. They proposed that such funds should not be tied to project funding, so as to enable those interested only in training/advisory services to receive assistance. However, such aid also would enable "less mature" PVOs to strengthen their management sufficiently to qualify later for direct project support from A.I.D. and other donors.

D. Relationship of the Project to Current USAID/Kenya and AID/W Priorities

The same basic development strategy is presently in place at USAID/Kenya as when the Co-Financing Project was originally designed. According to the FY 1988-1990 Action Plan (March, 1988), USAID/Kenya's program priorities include food production, private sector support and population. Other facets of the program, in support of these strategic emphases, include: food assistance, economic stabilization and structural adjustment, and participant training.

Specific mention is made of PVOs as a primary focus of USAID concern. In this section, the Action Plan states that

... Responsible NGOs and PVOs will use USAID resources to carry out a broad range of activities in agriculture, health, education, income generation and other areas complementary to USAID and Kenyan development priorities ... USAID plans to continue and expand collaboration with PVOs in the future.

Following a recent review in Washington with D/USAID, AID/W concurred with the general approach of the redesign and agreed that USAID/Kenya has the authority to approve the project paper amendment.* The current legislation which created the Development Fund for Africa is highly supportive of channelling development and humanitarian assistance through U.S. and African PVOs. It urges A.I.D., wherever appropriate, to fund activities through these PVOs to ensure that grassroots groups and other local beneficiaries of U.S. assistance are directly involved in the design and implementation of projects. Therefore, the PVO Co-Financing Project is consistent with both AID/W's priorities and with the Mission's strategy for support of Kenya's development.

* See State Cable No. 101329

II. AMENDED PROJECT DESCRIPTION

A. Goal and Purpose

The original goal and purpose of the PVO Co-Financing Project are as follows:

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

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

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

The goal and purpose of the original project remain valid. However, it is necessary to substantially alter implementation plans and procedures to bring them about. Such changes will include revised project identification procedures; new arrangements for project administration and implementation; and new arrangements for institutional support to Kenyan PVOs.

B. Revised Project Components

Through our experience in implementing the original design, it is apparent that the project should be simplified, in terms of the number of activities which it addresses. Thus, as in the original design, the redesign focuses primarily on the grant-making function of this project. Institutional strengthening will be addressed through the Grants Fund, the provision of limited management support to potential grantees, and a small fund for U.S. and Third Country training. While no direct provision has been made for information sharing and PVO coordination, such activities will be considered under the Grants Fund if a PVO presents an acceptable proposal. The following section discusses the revised project structure.

1. The Grants Fund

(a) The Fund

The project will establish a fund from which USAID/Kenya itself will make grants to qualified U.S. and Kenyan PVOs for a broad range of development activities. Such development activities will be consistent with Kenyan and USAID/Kenya development priorities. A condition of financial assistance under the Grants Fund will be that at least one third of the total cost of each grant be contributed, either in cash or in kind, by the participating PVO. The contribution may be obtained from any eligible non-U.S. Government source (private donations, bilateral or multilateral assistance, community organizations, etc.).

(b) The Selection Process

The selection process described below provides for competition in the awarding of grants to the maximum extent consistent with the need to avoid encouraging small PVOs to spend scarce resources on the preparation of proposals without having a realistic chance for receiving an award. The need to take this approach stems from the concerns enunciated by PVOs resulting from the VADA experience. Selection of assistance recipients under this project will adhere to the procedures as defined in Handbook 13, Chapter 2 A and B.

Approximately five grants will be approved annually. As a first step, concept papers and institutional statements will be solicited from pre-selected U.S. and Kenyan PVOs and consortia (for criteria for pre-selection, see Annex C.1). Criteria for selection will be made clear to the PVOs at the start. Unsolicited concept papers will also be accepted. Once submitted, if the Project Committee, made up of a representative from each technical office and members from the Program, Projects, Legal and Controller's offices, determines that a concept paper and institutional statement meet USAID/Kenya's general institutional and project selection criteria, USAID/Kenya will request the Ministry of Finance to review and approve a list of the proposed PVO activities. If approval is given, the PVO will be requested to develop its concept paper into a proposal.

As a second step in the process coordinated by the Human Resources Development (HRD) Office, the Project Committee will review project proposals and apply approved project selection criteria. If the Committee recommends the proposal for approval, a management assessment of the PVO will be conducted by USAID/Kenya to determine whether it meets the requirements to receive A.I.D. grant funds (Annex C.5). If, after close examination, the PVO does not meet A.I.D.'s requirements for receiving and managing grant funds, management assistance may be provided to the PVO by the project. The purpose of this assistance is to help PVOs, with otherwise acceptable proposals, qualify for A.I.D. grant funds.

PVOs asked to submit concept papers/proposals will possess the following:

- (1) perceived ability to meet A.I.D.'s PVO registration criteria;
- (2) demonstrated technical capacity to work in chosen field(s) of endeavor;
- (3) managerial competence (e.g., PVO has in place personnel policy, accounting and procurement system etc.);
- (4) an ability to carry out activities at the community level including a willingness to work through small, grassroots Kenyan PVOs and community groups to achieve project goals; and
- (5) interest and capacity in passing on technical and managerial skills to smaller Kenyan PVOs to strengthen their institutional capacity.

A more complete list of selection criteria can be found in Annex C.4.

The preparation of concept papers, institutional statements and project proposals is the responsibility of the PVO. A.I.D. is, however, prepared to reimburse a portion* of project development costs for Kenyan PVOs as part of an approved grant. As appropriate, technical analyses must be included with the proposals. PVOs will be required to submit concept papers/institutional statements/proposals that follow the form described in Annex C.3. All PVOs will be required to secure and furnish evidence of approval for all field-based project(s) from the appropriate District Development Committee(s) of the Government of Kenya.

(c) Management Assistance

Management assistance will be provided to those PVOs whose proposals merit strong consideration by the Project Selection Committee, but which do not have sufficiently well-developed management systems to effectively administer A.I.D. grant funds. To implement this aspect of the project, USAID/Kenya will contract with an organization capable of providing management assistance to such "prequalified" PVOs. Providing management assistance prior to the final approval

* Not to exceed \$10,000 or 10% of the total grant value, whichever is less.

of a proposal will allow a greater number of Kenyan PVOs to qualify for A.I.D. grant funds under this project. Also, such assistance will increase the capacity of Kenyan PVOs to qualify for other donor funding in the future.

(d) Types of Grants

In addition to giving direct grants to U.S. or Kenyan PVOs, the Grants Fund may also be used to "buy-in" to FVA/PVC grants, or other project activities developed by AID/W, in further support of development work carried out by U.S. PVOs in Kenya. The same criteria as those outlined above will be used to review buy-in activities for funding. Buy-ins can increase the linkages between centrally-funded projects and Mission activities.

Within the context of the Grants Fund, the PVO Co-Financing Project will encourage a potential grantee to include in its proposal a training and advisory services component for its own organization and staff, and particularly for the smaller local PVOs and community groups with which it may be associated. The request for training and advisory service must be reflected in proposal budgets. Both technical and management training, as well as advisory services (national and international), will be arranged by the grantee through local consultants, educational and training institutions, and/or U.S. PVOs and consortia that possess demonstrated expertise in areas of importance and interest to PVOs in Kenya.

The purpose of the training programs should be to increase the institutional capacity of Kenyan PVOs to design and implement successful development activities, and thus compete more effectively for donor funding.

(e) Biological Diversity/Natural Resources Management

The PVO Co-Financing Project will target one million dollars to support worthy projects in the "biological diversity"/natural resources areas (e.g., water conservation, soil control, forestry/agroforestry, rangeland management, wildlife conservation and utilization, water quality and pollution control, waste disposal, pesticides and fertilizer management, air quality protection, etc.). In recent years, there has been growing recognition by A.I.D., the international donor community, PVOs and the GOK that natural resources must be preserved and protected in order for Kenya to continue to prosper and develop. The Kenyan PVO community also has shown considerable interest in natural resources work, and many groups are involved in village-based activities. A number of these activities will be supported through this project. The same criteria as outlined in Annex C.4 will be utilized in reviewing "biological diversity"/natural resources activities for

funding. Also, the HRD office will coordinate with AFR/TR/ARD for possible provision of technical assistance to Kenyan PVOs through the Natural Resources Management Support Project.

2. International Training for Institutional Strengthening

At present, there is no mechanism for the Kenyan staff of PVOs in Kenya to receive international training under A.I.D. projects, although the demand for such training has historically been great. Therefore, international training (U.S. and third country) for the Kenyan staff of U.S. and Kenyan PVOs will be made available through this project. Participants will receive training in subjects where adequate training opportunities are unavailable in Kenya (e.g., macro and microeconomic analysis, specialized technical areas etc.). USAID/Kenya will send a brochure (letter) to selected PVOs describing the training opportunities available, and procedures to follow, for staff members to apply for such training through this project. Applicants will be screened and selected by the HRD office, in consultation with appropriate technical offices. It is anticipated that 15 - 30 person months of training (short- and medium-term) will be provided per year. The amount of funding available for this component will be \$600,000 over the remaining life of the project. As discussed in the Grants Fund section, in-country training will be provided only through specific grant activities.

III. Revised Administrative and Implementation Arrangements

A. Administrative Arrangements

In the original design, the entire project was being managed through the Kenyan PVO, VADA. As discussed, this arrangement did not prove satisfactory. The recent survey of the Kenyan PVO community indicates no likely successor to VADA for the administration of this project and, in fact, a strong desire to see the project administered directly by A.I.D. Another option discussed is to organize the project around a U.S. PVO or consortium of PVOs. However, the failure of the project arrangements with the local PVO and the prevailing attitude among the PVOs that A.I.D. should directly operate the project make this alternative unfeasible at this time, although it is certainly a possibility in the future. Therefore, the decision has been reached that the project will be administered directly by USAID/Kenya.

1. Staff

The project will continue to be managed by the HRD office of USAID/Kenya. The Chief of HRD will be the Project Officer responsible for the entire effort and will oversee the activities of

a team of individuals responsible for day-to-day implementation. This team will consist of four personal services contractors, three officers and a secretary, who will be financed under the project. Two of them are already on the HRD staff, including one American and one Kenyan. One additional officer and a secretary will be hired locally to complete the administrative team.

2. PVO Dialogue and Review

The team will work on all phases of project activity, supported by an institutional contractor where required (see 5., below). The team will undertake a continuous dialogue with the PVO community in Kenya to stay abreast of current issues and policy concerns facing PVOs here and to gain a thorough understanding of trends and new developments in PVO activity throughout the country. This continuous process will also allow the HRD team the opportunity to gather information on the programs and activities of a wide range of PVOs operating in Kenya. These regular discussions and interviews will serve as the basis for the selection of PVOs to submit concept papers and proposals.

3. The Grants Fund

The HRD project team will be responsible for organizing the review of concept papers received, and will actively participate in the review process as well. The Project Committee, consisting of officers from HRD, the Director's Office, the Projects Office, the Program Office, the Controller's Office, as well as technical and administrative personnel from the Mission, RHUDO and REDSO as required, will play a key role in the project. The group will assist the HRD project team in the review of concept papers and will be the body responsible for the selection of those organizations from which full proposals will be solicited. The HRD project team will provide liaison between the PVOs and USAID/Kenya regarding the concept paper process and all other elements of project activity.

The HRD project team and the Project Committee will operate in a similar manner during the proposal development and review stage. Proposals will be reviewed by the Project Committee. If technical skills are required for the review which are not available either in the Mission itself or in REDSO, an institutional contractor will be called upon to provide them on an as needed basis. If a proposal is judged satisfactory by the Committee, an assessment will be made of the PVO's capability to manage an A.I.D. grant, based on the criteria for such assessments as found in Handbook 13 (see Annex C.5). These assessments will be conducted primarily by the HRD project team, but in any case in accordance with HB 13, Chapter 4C procedures and standards. In order to do so, it will be necessary to ensure that the third officer of the team to be hired possesses the financial management and accounting background needed to carry

out these assessments. Once the assessments have been conducted, the results will be analyzed to determine if any remedial action is required prior to making a grant to any PVO whose proposal has been found otherwise acceptable by the Committee. Remedial action agreed upon by USAID/Kenya and the PVO will be provided by an institutional contractor hired by USAID/Kenya to work in this area, and in other areas of the project requiring contractor support.

Concurrent with this management review and strengthening process, the HRD project team will work with the selected PVOs to obtain A.I.D. registration. This process will be conducted utilizing the standard Handbook 3 guidelines which govern the registration process. HRD will review the documentation in collaboration with RLA, Project and Program Offices, and prepare an Action Memorandum to the Mission Director for the organization to be registered. If approved, HRD will inform the organization that it is now registered with A.I.D.*. HRD will monitor registration status and coordinate the annual update process with each locally registered PVO. Currently, the registration process is in a state of flux as A.I.D. works with the Congress to determine the actions necessary to implement FY 88 legislation concerning PVOs. USAID/Kenya will follow whatever guidelines are finally agreed upon regarding the registration process.

Once all management and registration issues have been satisfactorily dealt with, the HRD project team will prepare the necessary grant documents in close consultation with the Projects Office, the Contracting and Legal Offices of REDSO, and the Controller's Office. All grants will be signed by a responsible officer of the Regional Contracting Office, REDSO. Grantee supervision will be the responsibility of the HRD project team, with possible assistance in field monitoring by the institutional contractor.

4. Training

The HRD project team will be responsible for preparing the solicitation documentation required to encourage PVOs' Kenyan staff to apply for the project's training opportunities. The team, assisted by other officers of the HRD Office responsible for the Mission's participant training portfolio, will review applications

* This process may be altered by recent legislation regarding greater involvement by AID/Washington in the registration of local PVOs. Any such required alterations will be incorporated in the registration of Kenyan PVOs.

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and choose candidates for training. Those selected will be placed either by the HRD training staff (in consultation with appropriate technical offices) in relevant third country programs, or by AID/W (ST/IT) in appropriate U.S. programs. All such training will be short-term (usually no longer than three months) and will be geared to strengthening the PVO's institutional capacity to support its own operations either from a managerial or technical perspective.

5. Contracting

A single institutional contract will be used to obtain services which cannot be obtained in-house for the support of the HRD project team. The contractor will have three principal tasks, all to be provided on an as-needed basis: to assist in the management strengthening of PVOs selected to obtain grants; to provide technical reviews of proposals for which specialized evaluative skills are not available in the Mission; and to assist grantees in the formulation of their internal evaluation programs. Minimum and maximum amounts of service will be established for each of the requirements-type components. The contractor will be procured on a fully competitive basis. The contractor must, among other qualifications, possess the ability to respond rapidly on the ground in Kenya to requests for specialized, short-term services to meet project needs. The contractor must also have experience in working with Kenyan PVOs and have a good understanding of the context in which they work. The contracting process will be managed through the Regional Contracting Office, REDSO/ESA. Day-to-day contract monitoring and liaison will be provided by the HRD project team. The Contract Officer will be a staff member of the Regional Contracting Office, REDSO.

6. Evaluation

Two major evaluations are planned under the amended project. Services for these evaluations will be obtained from another contractor which has no other involvement with the implementation of the project. Ideally, both evaluations will be conducted by the same contractor, although this is not required. Contractual services will be obtained through fully competitive means, through an 8(A) firm or through available IQCs. Contracting will either be handled through REDSO/RCO or SER/OP in AID/W depending on the final decision regarding the nature of the contracting process (IQC or open competition).

B. Implementation Plan

A great deal of effort was expended both in the original design and during the first years of implementation in creating formats and procedures to be used in the proposal selection and grant making processes. With some modification, much of this documentation on

procedure can be used in the amended project. For ease of implementation, key procedural materials have been annexed to this amendment. Therefore, once this amendment is approved, it will be possible to move directly to the concept paper selection phase.

The initial request for concept papers during the first year of the amended project will be made on the basis of the survey work done to date, any additional work which the HRD project team can carry out over the next two months, plus input from the technical offices that work with PVOs through their project activities. This data base will be continually expanded over time by the HRD team as additional information is obtained on members of the PVO community in Kenya. A compilation of available information from the data base will be made by the HRD team on a semi-annual basis. This compilation will be reviewed by the Project Committee semi-annually. The Committee will choose 5 - 10 PVOs that will be asked to submit concept papers to USAID/Kenya. Unsolicited concept papers will also be accepted. Periodically, the concept papers will be reviewed as a group by the Project Committee and a decision reached on which PVOs will be requested to submit formal proposals. These will also be reviewed by the Project Committee as a group. This process should result in a six-month cycle of activity from initiation up to the point of grantee selection, as follows:

Pre-Grant Award Survey	- 4 wks.
Decision on organizations to submit concept papers	- 2 wks.
Concept paper preparation	- 6 wks.
Concept paper review	- 2 wks.
Proposal preparation	- 8 wks.
Proposal review	- 4 wks.

TOTAL	26 wks. (6 mos.)

While the next selection cycle goes forward, steps will be taken by the HRD project team and the support contractor to move those PVOs chosen in the first cycle from the proposal acceptance stage to the grant stage. This part of the cycle may vary in length, from two to four months, depending on the management strength of the selected PVO and its status with regard to registration. In summary, the process will be as follows:

Pre-grant Award Survey	- 2 wks.
Management strengthening (if needed)	- 6 wks.
Registration (if not already registered)	- simultaneous with above actions
Grant preparation and award	- 8 wks.
TOTAL	----- 8 to 16 wks. (2 to 4 mos.)

During the first six months of the amended project, it will also be necessary to carry out the contracting process required to hire the firm which will support the HRD project team. This means that the first project selection cycle must be conducted without any contractor support. While this may slow down the initial cycle somewhat, it is an inevitable consequence of USAID/Kenya's contracting process. However, there is no need to delay the initial processing until the contractor is selected. The full contracting schedule is provided in the complete implementation schedule for the amended project.

The number of grants to be managed will obviously expand over at least the first three years of the project, depending on the length of the individual grants. Assuming that five grants are made per year with an average grant life of three years, the maximum number of grants under management at any one time should approach 15. This will place an increasing management burden over time on the HRD project team and other Mission offices, particularly the Controller's Office. A fourth PSC will be required to provide secretarial services to the HRD team.

The grant making cycle will continue over a five-year period. Assuming the average length of grant to be three years, it is necessary to extend the current PACD of the project in order to accommodate the full implementation of the last grants made under the project. As the implementation schedule indicates, the last grants will be approved in FY 92. Therefore, the project must be extended to FY 95. Thus, the project's life must be extended to the maximum of ten years. No activities funded under this project will extend beyond the new PACD of April 30, 1995.

With regard to the training component, this is more appropriately handled without regard to a specific timetable of events. As courses of recognized value become known, a notice will be circulated to selected groups in the Kenyan PVO community requesting applications on a form specifically prepared for the purpose. All applications will be due as of a certain date and reviewed as a group. Selected candidates will then be processed for acceptance

and training. Alternatively if, through its survey work, the HRD project team discovers a wide-ranging requirement for a particular type of training, efforts will be made to locate an institution, either in a third country or in the U.S., which can provide the needed training. Applications will then be solicited in the same manner as noted previously. In-country training will be provided by any grantees selected for that purpose under the grants fund component of the project. With the exception of in-country training under the grants fund component of the project, all U.S. and third country training will be initiated no later than the fifth year of activity under the amended project (FY 92).

Contracting for evaluation services will be executed with sufficient lead time to allow for the mid-term evaluation to occur between months 22 and 26 of the revised implementation schedule, and for the final evaluation to be conducted between months 46 and 50 of the revised schedule. Annex D.3 provides further detail with regard to this contracting process.

The full calendar of events for the project, as foreseen at this time, is found in Annex D.5. This calendar will be amended periodically, based on implementation experience gained as the project progresses.

IV. Revised Financial Plan and Analysis

A. Financial Status

The original Project authorization was for \$12 million in U.S. funding. Cumulative expenditures to date, including expenditures under the cooperative agreement and the termination agreement with V.A.D.A. are approximately \$950,000 (see Table 4.1, Annex B). An additional \$50,000 is being reserved against potential claims arising from the termination. This leaves \$11 million for reprogramming through this Project Paper Amendment. All money covered by this Amendment is Development Fund for Africa (DFA) money except for approximately \$220,000 in Development Assistance (DA) money remaining in the VADA account. It is anticipated that this amount will be de-obligated from the VADA cooperative agreement and re-obligated elsewhere into the project.

PVO co-financing under the Grants Fund and Training components will be an estimated \$4.3 million. Thus, the project budget totals \$16.3 million, and the host country (PVO) share is in excess of the 25 percent required for A.I.D. projects.

B. Revised Financial Plan

Table 4.2, Annex B contains a revised disbursement plan covering FY 88 through FY 95. A schedule of disbursement is shown in Table 4.3, Annex B. USAID expenditures for future activities will total \$11 million. This will be matched by estimated PVO expenditures of \$4.3 million. The derivation of cost estimates is discussed below, by project component.

1. PVO Grants Fund:

USAID will commit \$8.1 million over 5 years. Approximately 5 grants will be awarded per year with an average size of \$325,000 per grant. PVO matching contributions will total \$4.1 million or one third of grant-funded project costs.

2. PVO Training for Institutional Strengthening:

USAID will commit \$600,000 over the next six years of the project to U.S. and third-country training. Cost estimates are based on experience with similar programs, assuming 12 person months of training per year in the United States. The number of actual person months of training may be greater if third-country training programs are used. PVOs are expected to maintain basic salaries and allowances for employees participating in training programs.

3. Audits and Evaluation:

USAID project funds will be used to finance two project audits (\$25,000) and two project evaluations (\$125,000). Cost estimates are approximate, based on recent experience with evaluations conducted by U.S.-based consulting firms.

4. Personal Service Contractors:

These estimates make provision for one American (75 person-months) and three Kenyan PSCs (139 person-months professional and 79 person-months secretarial). Cost estimates are based on salaries, benefits and travel expenses of comparable staff, with an eight percent escalator for inflation. It is assumed that one non-secretarial, Kenyan PSC position will be eliminated after FY 1993. In addition, a \$6,000 allowance is made for purchases of office equipment (e.g. one computer station and office furniture) in FY 1989.

5. Institutional Contractor:

Cost estimates are derived from Annex D.3, based on contracts incrementally funded over a 5 year period. Assuming 17 person-months per year for a contract manager and technical

consultants, an average base salary of \$4000 per month (in 1988) and 8 percent inflation, direct personnel costs are estimated to be \$431,000. Personnel are assumed to travel 25 percent of the time. With per diem averaging \$1000 per person-month, the per diem will total \$22,000 (on a \$50 per day base cost estimate). Similarly, travel costs will be an estimated \$30,000, using a \$50 per day rate for in-country travel and allowing \$2,400 per year for international travel. Other direct costs will total \$6,000. Overhead, at a 100 percent rate, will be \$490,000.

6. Donor Coordination Workshops:

USAID will commit \$25,000 over five years for purposes of hosting PVO workshops.

7. Contingencies:

USAID will set aside \$295,000 for contingencies. This represents 11 percent of the costs of training, audits and evaluation, project management, and donor coordination.

C. Foreign Exchange versus Local Currency Costs:

No firm estimates of the breakdown between foreign exchange and local currency costs are possible without knowledge of specific project proposals and contracts for services. The following estimates are used (see table 4.2, Annex B):

- o one third of expenditures under the Grants Fund will be foreign exchange costs, recognizing that grants will be awarded to U.S. PVOs and that even Kenyan PVOs will have external costs;
- o all costs of the separate training component are foreign exchange costs because all training is U.S. or third-country training;
- o 75 percent of audit and evaluation costs are foreign exchange costs, based on the conservative assumption that U.S.-based contractors will be used;
- o at least one-half of PSC costs will be local (assuming salaries for Kenyan staff, office space and two-thirds of travel costs are paid in local currency);
- o most of the costs of an institutional contractor will be local costs, based on the assumption that any contractor, whether U.S. or Kenyan, will hire and procure locally. However, allowance is made for international travel and for 25 percent of personnel costs to be paid in foreign currency; and,

- o all Donor Coordination Workshop costs will be local;
- o all PVO contributions (largely salaries, allowances and travel expenses) will be in local currency.

D. Financial Analysis

Funds for this project were authorized on May 29, 1985. The bulk of financing will take place between FY 89 and FY 93, with commitments of approximately \$2 million per year during this period.

1. Grants Fund: Funding will be provided only if a grant proposal is judged by the project management team to be financially viable and the PVO has financial control systems in place. The design of this project provides sufficient flexibility to permit obligations to accommodate the actual timing of A.I.D. budget allotments.
2. Training: The training component is consistent with other training programs administered by USAID/Kenya, such as the Training For Development Project (615-0234) and the Human Resources Development Assistance Project (268-0463), and is fundamentally financially sound.
3. Institutional Contractor: Financial viability and financial management considerations will enter into selection of the institutional contractor.

V. REVISED MONITORING AND EVALUATION PLAN

A. Purposes

USAID/Kenya and the PVOs receiving grants under this Project will be responsible for monitoring and evaluation in order:

1. to track the progress of individual grant-funded activities;
2. to assess overall Project progress and to provide guidance to project managers;
3. to assess the Project's effects on the institutional capabilities of PVO grant recipients and sub-grantees;
4. to assess Project impact on participants and communities; and
5. to share lessons learned among project executors, donors and other development entities in Kenya.

B. Monitoring and Evaluation by Grant Recipients

PVOs receiving grants under this Project will be responsible for developing and implementing monitoring and evaluation plans for the activities funded by USAID/Kenya. Emphasis will be placed on providing feedback and guidance for management of the grant-financed activities, and on assessment of accomplishments. Compared with the original Project Paper, this amendment places greater responsibility on grantees for monitoring and evaluation. In addition, the HRD Chief serving as Project Officer will be responsible for developing an annual schedule for periodic site visits to project sites and local headquarters for all projects financed under the grant fund. Such visits by the Project Officer will be followed by the preparation of a brief written report highlighting his/her observations and findings which will become a part of the permanent project file. Annex F is to be used as guidance in preparing this report. A site visit should be scheduled for each project at least once during the life of the grant.

1. PVO Monitoring and Evaluation Plans:

The approach to PVO project monitoring and evaluation will encompass the following:

- a. Each approved PVO proposal will contain a monitoring and evaluation plan which must be both feasible and consistent with guidelines to be established by the HRD office. Guidelines will include:
 - o a statement of objectives (with a logical framework plan or equivalent) which will include a detailed description of planned beneficiaries, and inputs and outputs over time;
 - o a set of objectively verifiable indicators of expected accomplishments (i.e. targets and benchmarks);
 - o a description of how project information will be collected and reported, by whom, when, where, etc.; and,
 - o a means for assessing impact on participating PVOs and communities, addressing, among other things, the benefits and costs (capital and recurrent) of major activities, and gender issues.

- b. Each grantee will submit annual narrative reports to HRD describing progress towards project objectives and issues of importance to project managers, and quarterly financial reports as defined in the individual project grant agreements.
- c. As each project draws to a close, the grantee will ensure that supported activities are assessed for impact and achievement of output targets, using as a basis the stated objectives of both the overall project and the individual activities.
- d. Impact evaluations will be submitted to the HRD Office and shared, so that lessons learned will benefit the larger development community.

2. Support to PVOs for Evaluation

It is recognized that the process of project monitoring and evaluation will place a burden upon project implementors. Training and technical assistance may be necessary to increase the grantees' skills in these areas. The institutional contractor will make available an evaluation specialist to help grantees to understand, plan, and execute evaluation and monitoring methods and approaches. This specialist will be available to supervise and guide the grantee in the collection of baseline data at project outset and may participate in selected project evaluations in order to provide both assistance in the evaluation process and to bring objectivity to the evaluation. A.I.D. staff also may participate in project evaluation, where feasible.

C. Monitoring and Evaluation of the Entire Project

USAID/Kenya will be responsible for overall Project monitoring and evaluation.

The HRD Office's monitoring responsibilities will include:

- o reviewing the annual reports of grant recipients and contractors;
- o making project site and headquarter visits at least once during the life of the project;
- o tracking progress under the training component; and,
- o reporting to Mission management on project performance and accomplishments.

There will be two major project evaluations. A mid-term evaluation will take place at the end of year two, approximately 22 to 26 months after the restarting of the Project. This will be a process evaluation to assess the effectiveness and efficiency of project management and administration. It will focus on assessing whether all inputs and operational procedures necessary for Project implementation are in place and functioning well. Recommendations from this evaluation will be used to make mid-course corrections. This evaluation will be carried out by a contractor selected by USAID/Kenya. A sum of \$50,000 has been allocated for this evaluation.

The second evaluation will be undertaken in early FY 93. This evaluation will serve three purposes. First, it will focus on management issues and assess the effectiveness of the Project in delivering outputs through the Grants Fund, institutional contract, and training components. Second, it will address the long-term impact of the Project's grant funding and institutional strengthening elements both on the PVO community, and on intended beneficiaries, the rural and urban poor. Third, recommendations from this evaluation will be utilized in making decisions regarding redesign, extension or phase-out of the Project. This evaluation also will analyze the question of whether a potential follow-on project should be managed from within USAID/Kenya or by an external entity (e.g., PVO or consulting firm). A sum of \$75,000 has been allocated for this evaluation.

VI. IMPACT OF REDESIGN ON PROJECT ANALYSES

The PVO Co-Financing Project provides mechanisms for the awarding of grants and training opportunities to PVOs with the selection of specific project activities occurring during the implementation of the project. Consequently, it is appropriate to defer the technical, administrative, economic, social, and environmental analyses of individual project activities to the project selection phases of the project. The following sections address over-arching analytical issues.

A. Technical and Administrative Analyses

1. Approach

The redesigned project differs from the original by having USAID/Kenya make direct grants to PVOs. Interviews with some 35 representative U.S. and Kenyan PVOs, conducted during February 1988, revealed a prevailing preference for direct grants from USAID/Kenya rather than the provision of grants through institutional intermediaries. The difficulties in implementing the project as

originally designed, and the inability to identify institutions possessing both the confidence of the PVO community in Kenya and the capability to manage a general grant fund, argued convincingly against the use of intermediaries.

Past experience also indicates the need for reducing the number of Project components. However, institutional support will continue to be an important component of the redesigned project. First, under certain circumstances, management assistance will be provided to PVOs prior to the award of grants, based on the requirements demonstrated during the review process. Second, PVOs will be encouraged to incorporate institutional support activities into their direct grant proposals. For instance, a grant funded project may include a technical assistance element, or a grant may be provided to a PVO to provide advisory services and training to other PVOs. This puts more responsibility for institutional strengthening efforts in Kenya on the PVO grantees themselves than did the previous project design. The redesigned project does not set aside funding for outside technical assistance in project development. It does, however, provide for A.I.D. financing of a portion (i.e., not to exceed \$10,000 or 10% of the value of the grant, whichever is less) of project development costs for Kenyan PVOs as part of an approved grant. The revised Project does set aside a separate fund of \$600,000 for the provision of short-term U.S. and third country training, also intended to play a strategic role in the institutional development of PVOs.

2. Feasibility

In approving this Project Paper Amendment, USAID/Kenya has determined that the project is technically and administratively feasible, given the HRD Office staff, other Mission and REDSO support, and the contractor support elaborated on in Section III (above).

USAID/Kenya:

The redesigned project assigns direct responsibility for implementation to USAID/Kenya. There is no longer an intermediary to manage project selection and oversight. Although USAID/Kenya will exert some control over the workload by regulating the pace at which concept papers and proposals are reviewed and approved, the Mission's workload will increase. This increase will be addressed by adding two people (one Financial Management Specialist and one Secretary) to the HRD Office staff, and by contracting for the provision of certain management services. Although the qualifications for new staff will be stringent, suitable candidates should be available. In any event, the project also assumes a modest increase in workload for the technical offices in the Mission, the Controller, the Regional Environmental Officer, the Regional Legal Office and the Regional Contracting Office.

Grantees:

The redesigned project places greater responsibility than the original design did on the PVO grantees' need to develop their proposals and to build into their projects the necessary technical assistance. This is because the USAID/Kenya project managers (and the institutional contractor) will be limited in their capacity to provide such assistance. In addition, grantees will be required to contribute one third of total project costs, in cash or in kind. A critical assumption of the Project is that capable PVOs with access to matching resources can be found.

B. Economic Analysis

1. Viability

The economic viability of the redesigned project rests on two critical assumptions regarding (a) demand for project outputs, and (b) cost-effectiveness of the PVO approach.

Demand:

First, it is assumed that there is sufficient demand for USAID/Kenya funding within the PVO community and that this reflects an underlying, unmet demand for the services provided by PVOs. This assumption is retained from the original design. Evidence of demand is contained in the original PVO Survey, as referenced in Part II and Annex F of the Project Paper, and in the results of the recent interviews with PVOs in Kenya.

Cost Effectiveness:

Second, it is assumed that provision of certain services through PVO mechanisms is more cost-effective than alternative approaches. This is explained in part by lower overhead costs and often, when dealing with established PVOs, by lower capital costs (see Project Paper, pp. 61-62).

It should be noted that the redesigned project, with USAID/Kenya administering the Grants Fund directly, allocates about the same proportion of funds as the original to project management costs. While the implementation mechanism has changed, PVOs will benefit directly, when the project is completed, from about the same amount of funding as anticipated in the original project design.

2. Costs and Benefits

As previously indicated, it is not possible to analyze the costs and benefits of this Project until the activities to be funded are known. The awarding of grants will not be based on a direct

comparison of predicted rates of return. Selection is based primarily on non-economic criteria. However, the Project Paper does elaborate useful economic guidelines to assist in the selection of projects that will have high benefit to cost ratios (see Project Paper, pp. 62-64). These same guidelines will be used in the amended project.

C. Environmental Analysis

The Initial Environmental Examination (IEE) categorically excluded the technical (management) assistance portion of the Project from environmental review and recommended that the threshold decision on each subproject be deferred. This was approved by the Africa Bureau Environmental Officer and GC/APR with the understanding that subprojects would be reviewed by the Regional Environmental Officer (REO) with RLA clearance prior to financing. This approach remains valid for the Project as amended.

Based on information provided at the time of concept paper submission, proposed activities will be categorized in accordance with potential environmental consequences. Environmental review documentation will be required accordingly. Each PVO seeking a grant will provide an environmental analysis of its proposal based on the guidance provided by USAID/Kenya (see Annex E, Section A. 7 of the original PP). HRD project team will then prepare an IEE document for each project prior to final technical approval of the proposal. All subproject IEEs will be reviewed by the REO and RLA. Following such review, threshold decisions will be made, where necessary, by the Mission Director.

D. Social Soundness Analysis

The analyses of socio-cultural context and impact on beneficiaries contained in the original Project Paper remain valid for the Project as redesigned. The expectation that this Project will have a development impact benefiting PVOs in Kenya and their constituents, the rural and urban poor, is retained. The relative status of women is also expected to improve as they constitute a disproportionate share of the Kenyan poor, the Project's target group.

The equity concerns raised in the Project Paper continue to be relevant. Grant selection requirements make it unlikely that smaller, grassroots PVOs will be direct recipients of Project grants. Moreover, there is no longer a specific provision for direct grants to smaller PVOs (defined as having assets of less than \$250,000). In order to address this concern, the degree to which larger PVOs, in particular U.S. PVOs, will assist, collaborate with, and work through smaller Kenyan PVOs will be given significant weight during the project selection process (see selection criteria, Annex C.4). Similarly, USAID/Kenya will maintain balance between Kenyan and US PVOs in the awarding of grants.

VII. REVISED OBLIGATING MECHANISM

This Project will operate under a general Memorandum of Understanding with the Government of Kenya. There will be no formal grant agreement with the GOK, thus no government-to-government obligation. Also, there will be no single contractor or grantee responsible for overall project implementation since most of the project's functions will be carried out directly by USAID/Kenya. As a result, each grant, training action and contract will stand on its own as a separate obligation. The numbers of yearly obligations involved are approximately as follows:

<u>Activity</u>	<u>-----FY-----</u>							
	<u>88</u>	<u>89</u>	<u>90</u>	<u>91</u>	<u>92</u>	<u>93</u>	<u>94</u>	<u>95</u>
Grants	0	5	5	5	5	5	0	0
Training	5-10	5-10	5-10	5-10	5-10	5-10	0	0
Evaluation	0	0	0	1	0	1	0	0
Mgmt.-PSC	0	3	0	3	0	0	2	0
Mgmt.-Support Contract	0	1	0	0	1	0	0	0
TOTAL	5-10	14-24	10-20	14-24	11-21	11-21	2	0

The largest number of these obligations will result from individual training programs, each handled as a separate obligation action. However, on an annual basis, the total amount of funding involved in these training actions will be small (approximately \$100,000). Most of each year's funding requirements will be handled through approximately five grants, each treated separately for obligation purposes. It is estimated that each grant will average \$324,000. Hence, roughly \$1,625,000 per year will be obligated in this manner. Therefore, while the number of separate actions seems great, the bulk of each year's funding will be handled by a relatively small number of obligations.

It is possible to measure the resources needed by the project for annual obligation by examining the funds required for the various project commitments and by making adjustments for any multiyear commitments. Each grant, for example, will be fully funded for its entire life. The resulting obligation schedule appears in Section IV.A of this amendment. This schedule will of course be subject to revision prior to the issuance of each succeeding year's OYB to assure as accurate a projection as possible, thus mitigating the possibility of seriously over or underestimating fiscal year

resources needed to support the Project. Given the flexibility provided by the Development Fund for Africa, the expected minor fluctuations from the planned obligation schedule can be easily accommodated in other incompletely funded projects.

VIII. Methods of Implementation & Financing

The following is an illustration of the methods of implementation and financing required by this Project.

<u>Type of Assistance</u>	<u>Method of Implementation</u>	<u>Method of Financing</u>	<u>Amount (\$000)</u>
PVO Grants Fund	PIO/Ts	Direct Grants	8,125
PVO (Short- and Medium-Term) Training/ Instit. Strengthening	PIO/Ps/Direct Placement in U.S.	Credit Transfers	600
Project Management: PSC's	PIO/Ts/Direct AID Contracts	Direct Payments	850
Project Management Institutional Contractor	PIO/T/Direct AID Contract	Direct Payment	979
Audits & Evaluations	PIO/Ts/Direct AID Contracts	Direct Payment	150
		Subtotal	10,705
		Contingencies	295
		V.A.D.A.	<u>1,000</u>
		Total	12,000

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

Funding for PVO short and medium term training under the project will be allocated by means of individual PIO/Ps signed by USAID which will provide detailed information on participants and their training programs. Funds will be disbursed to training institutions

using the central A.I.D. participant training disbursing mechanism for credit transfers. A.I.D. direct personal services contracts will be written to procure the services of the financial management & secretarial support PSC's to assist HRD. Funds will be provided on a direct payment basis. The contracts will be funded incrementally through PIO/Ts.

A single institutional contract will be used to obtain services which cannot be provided in-house for support to the HRD project team. This contract will be incrementally funded through a series of PIO/Ts and PIO/T amendments from funds within the project obligated/committed unilaterally by A.I.D. Since funds will be provided on a direct payment method, and services will be provided on an "as-needed" basis, minimum & maximum amounts of service will be established for each of the requirements-type components. The contracting process for this aspect of the Project will be managed through REDSO/ESA/RCO.

Two major evaluations are anticipated during the life of the Project. These will be carried out by independent firms with substantial evaluation experience. Funds for these evaluations will be obligated through direct A.I.D. contracts through fully competitive means or through available IQCs. Contracting will either be handled through REDSO/ESA/RCO or AID/W/SER/OP, as necessary.

Budgeted funds for non-federal audits through RIG/A, if appropriate, have been included in the financial plan.

Financial accounting for the project will be the responsibility of the Regional Finance Management Center (RFMC), Nairobi. The Chief of the HRD Office will review and administratively approve or disapprove all requests for payment associated with the Project. Those vouchers approved will then be processed for payment by RFMC.

FVO Co-Financing Project Logical Framework
(615-236)

	OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
GOALS	To increase the incomes, quality of life and self-reliance of the rural and urban poor whose development needs are otherwise inadequately served.	Income, health and nutrition, education, and housing status of rural and urban poor improved. Productive assets and labor productivity among rural and urban poor increased.	A mid term and a final Project evaluation will be conducted.	GOK policies remain conducive to FVO activities.
PURPOSE	To increase the development impact of FVO activities in Kenya.	Numbers of beneficiaries of participating FVOs' activities increases during implementation. Income, health and nutrition, education, and housing status of projects' beneficiaries improved. Employment, productive assets, and labor productivity among projects' beneficiaries increased. Bio-diversity and Natural Resource Management targets met.	Each proposal will contain a monitoring and evaluation plan with objectively verifiable indicators.	Provision of certain services through FVOs is more cost-effective than alternative approaches.
OUTPUTS	1. Direct grants to selected FVOs. 2. U.S. or third country, short term training provided.	1. Approximately 5 grants per year averaging \$225,000 made to FVO's pursuant to selection criteria. 2. 15-30 person-months of training per year over six years provided at average cost of \$100,000 per year.	Project files.	Sufficient demand by FVO's for USAID funding. Unmet demand for FVOs' services. Existence of FVOs meeting registration and minimum selection requirements.

INPUTS

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
A. Financial Resources			Cooperating PVOs are willing and able to meet their resource commitments.
1. Grants Fund	\$3,125,000		
2. Training	\$500,000		
3. Audits and Evaluations	\$150,000		
4. USAID Staff (4 PSCs)	\$325,000		
5. Institutional Contractor	\$380,000		
6. Donor Coordination Workshops	\$25,000		
7. Contingencies	\$295,000		
USAID	\$11,000,000		
FVO resources	\$4,265,000		
Total	\$15,265,000		
B. In Kind			
1. USAID Staff	1 USDH, 4 PSCs plus support from USAID and RECSO		

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TABLE 4.1
PVO Co-Financing (615-0236)
Project Budget

(US\$ Thousands)

Item	To Date (FY85-88)	Planned (FY88-95)	TOTAL
A. USAID EXPENDITURES			
1. PVO Grants Fund	\$0	\$8,125	\$8,125
2. PVO Training for Institutional Strengthening	\$0	\$600	\$600
3. Audits and Evaluation	\$0	\$150	\$150
4. Project Management: PSCs	\$0	\$825	\$825
5. Project Management: Institutional Contractor	\$0	\$980	\$980
6. Donor Coordination Workshops	\$0	\$25	\$25
7. Contingencies	\$0	\$295	\$295
8. V.A.D.A	\$950	\$50	\$1,000
USAID TOTAL	\$950	\$11,050	\$12,000
B. PVO EXPENDITURES			
1. PVO Grants Fund	\$0	\$4,065	\$4,065
2. PVO Training for Institutional Strengthening	\$0	\$200	\$200
PVO TOTAL	\$0	\$4,265	\$4,265
GRAND TOTAL	\$950	\$15,315	\$16,265

TABLE 4.2
PVO Co-financing (615-0236) Financial Plan
Obligations Schedule: FY88 - 95

(\$US Thousands)

Item	Fiscal Years					93	94	95	TOTAL	of which:	
	88	89	90	91	92					FX	LC
A. USAID OBLIGATIONS											
1. PVO Grants Fund											
subtotal 1	\$0	\$1,625	\$1,625	\$1,625	\$1,625	\$1,625	\$0	\$0	\$8,125	\$2,708	\$5,417
2. PVO Training for Institutional Strengthening											
Tuition/Room/Board	\$75	\$75	\$75	\$75	\$75	\$75	\$0	\$0	\$450	\$450	\$0
Airfare	\$13	\$13	\$13	\$13	\$13	\$13	\$0	\$0	\$78	\$78	\$0
Other Costs	\$12	\$12	\$12	\$12	\$12	\$12	\$0	\$0	\$72	\$72	\$0
subtotal 2	\$100	\$100	\$100	\$100	\$100	\$100	\$0	\$0	\$600	\$600	\$0
3. Audits and Evaluation											
Salaries and Allow.	\$0	\$0	\$20	\$5	\$0	\$30	\$5	\$0	\$60	\$45	\$15
Per diem	\$0	\$0	\$8	\$2	\$0	\$10	\$2	\$0	\$22	\$17	\$6
Travel	\$0	\$0	\$7	\$2	\$0	\$10	\$2	\$0	\$21	\$16	\$5
Other Direct Costs	\$0	\$0	\$2	\$1	\$0	\$5	\$1	\$0	\$9	\$7	\$2
Overhead	\$0	\$0	\$13	\$2	\$0	\$20	\$3	\$0	\$38	\$29	\$10
subtotal 3	\$0	\$0	\$50	\$12	\$0	\$75	\$13	\$0	\$150	\$113	\$38
4. Project Management: PSCs											
Salaries	\$2	\$78	\$96	\$103	\$112	\$120	\$103	\$56	\$670	\$340	\$330
FICA	\$0	\$2	\$3	\$4	\$4	\$4	\$5	\$2	\$25	\$25	\$0
Travel and Misc.	\$1	\$9	\$9	\$10	\$11	\$12	\$9	\$5	\$64	\$21	\$53
Office Space and Equip.	\$0	\$13	\$3	\$9	\$9	\$10	\$11	\$6	\$66	\$6	\$60
subtotal 4	\$3	\$102	\$116	\$126	\$136	\$146	\$127	\$69	\$825	\$392	\$433

5. Project Management: Institutional Contractor

Salaries and Allow.	\$0	\$73	\$79	\$36	\$92	\$100	\$0	\$0	\$431	\$108	\$323
Per diem	\$0	\$4	\$4	\$4	\$5	\$5	\$0	\$0	\$22	\$0	\$22
Travel	\$0	\$5	\$6	\$6	\$6	\$7	\$0	\$0	\$30	\$8	\$22
Other Direct Costs	\$0	\$1	\$1	\$1	\$1	\$1	\$0	\$0	\$6	\$0	\$6
Overhead	\$0	\$34	\$90	\$97	\$105	\$113	\$0	\$0	\$490	\$115	\$375
subtotal 5	\$0	\$163	\$130	\$195	\$210	\$227	\$0	\$0	\$930	\$231	\$749

6. Donor Coordination Workshops

subtotal 6	\$0	\$5	\$5	\$5	\$5	\$5	\$0	\$0	\$25	\$0	\$25
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7. Contingencies

subtotal 7	\$0	\$45	\$45	\$45	\$45	\$45	\$35	\$35	\$295	\$295	\$0
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USAID TOTAL

	\$103	\$2,045	\$2,121	\$2,103	\$2,121	\$2,223	\$175	\$104	\$11,000	\$4,339	\$5,661
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B. FVO OBLIGATIONS

1. FVO Grants Fund

subtotal 1	\$0	\$313	\$313	\$313	\$313	\$313	\$0	\$0	\$4,065	\$0	\$4,065
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2. FVO Training for Institutional Strengthening

Salaries	\$22	\$22	\$22	\$22	\$22	\$22	\$0	\$0	\$132	\$0	\$132
Management/Other	\$11	\$11	\$11	\$11	\$12	\$12	\$0	\$0	\$68	\$0	\$68
subtotal 2	\$33	\$33	\$33	\$33	\$34	\$34	\$0	\$0	\$200	\$0	\$200

FVO TOTAL

	\$33	\$346	\$346	\$346	\$347	\$347	\$0	\$0	\$4,265	\$0	\$4,265
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GRAND TOTAL

	\$136	\$2,891	\$2,967	\$2,954	\$2,963	\$3,070	\$175	\$104	\$15,265	\$4,339	\$10,926
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TABLE 4.3
PVO Co-Financing (615-0236) Financial Plan
Disbursements Schedule: FY88-95

Obligations Year	Amount	Year of Expenditure							
		88	89	90	91	92	93	94	95
88	\$103	\$26	\$26	\$26	\$25	\$0	\$0	\$0	\$0
89	\$2,045	\$0	\$512	\$511	\$511	\$511	\$0	\$0	\$0
90	\$2,121	\$0	\$0	\$531	\$530	\$530	\$530	\$0	\$0
91	\$2,108	\$0	\$0	\$0	\$527	\$527	\$527	\$527	\$0
92	\$2,121	\$0	\$0	\$0	\$0	\$531	\$530	\$530	\$530
93	\$2,223	\$0	\$0	\$0	\$0	\$0	\$741	\$741	\$741
94	\$175	\$0	\$0	\$0	\$0	\$0	\$0	\$88	\$87
95	\$104	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$104
Total	\$11,000	\$26	\$538	\$1,063	\$1,593	\$2,099	\$2,328	\$1,886	\$1,462
Rounded	\$11,000	\$30	\$540	\$1,070	\$1,600	\$2,100	\$2,330	\$1,890	\$1,440

GRANTEE CANDIDATE SELECTION CRITERIA AND PROCESS

Initially, HRD will compile PVO assessment information based on the survey work completed to date. In addition, HRD will consult with the technical offices regarding their experiences with, and knowledge of, PVOs which might meet the initial assessment criteria. Subsequently, HRD will, through consultations with various PVOs and donors, expand the data base on a regular basis. This data base will be reviewed on a semi-annual basis by the Project Committee which will select a pool of PVOs from which to solicit concept papers. These PVOs will be selected on the basis of the criteria listed below.

1. PVO is a legally registered entity in the U.S. or Kenya. If it is a U.S. organization, it has properly registered with the Kenyan authorities to operate in Kenya.
2. PVO operates or intends to operate in field(s) which are of priority to Kenyan and USAID/Kenya development strategies.
3. PVO has the ability to reach grassroots PVOs/community groups either through local affiliates or branches, or through other networks.
4. PVO has a track record of successful project implementation in Kenya, and/or outside Kenya if it is a U.S. entity.
5. PVO has a demonstrated ability to manage its operations from a financial and administrative perspective.
6. If it has received grants from A.I.D. or other international organizations, it has successfully managed these funds.
7. PVO has received positive recommendations from other PVOs and/or donors.

CONCEPT PAPER AND INSTITUTIONAL STATEMENT OUTLINES

CONCEPT PAPER OUTLINE

- Date _____
- a) NGO Name _____
Address _____
Tel. No. _____
- b) NGO Director _____
Title _____
- c) Project Title _____
- e) Total Cost _____
Amount requested from USAID _____
- f) Project Locations(s) _____
- 1) Describe briefly the proposed project: Purpose of the project? Problems to be addressed? How project will work to solve identified problems? How you became involved in the proposed activity.
 2. Explain how the project will be implemented: What are the project components? Who will implement it? How will you manage it? What technology will be used?
 3. Explain how this project relates to your other activities.
 4. Which other NGOs, community group or other entities will be involved? Describe the role of each.
 5. Describe similar activities by other NGOs and the Government in the project area.
 6. Describe the involvement and approval of relevant district level authorities.

7. Beneficiaries:

- a) Who are the people to benefit from this project?
- b) How many will benefit?
- c) Describe their involvement in planning, implementing and maintaining the project.
- d) What benefits will these people get from the project?
- e) What resources will these people be expected to provide to the project?

8. Budget:

- a) Indicate how the project will be financed by filling in expected amounts from the sources shown below: (Note: All applicants are encouraged to provide two budgets in their concept paper submissions. One should indicate the ideal amount of funding required for the project. The latter should indicate what would be the minimum amount of funding necessary for successful project implementation.)

SOURCES OF FUNDS (IN KSHS. OR US\$)

Community Contributions	Sponsoring NGO	USAID	Other Donors	Total
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- b) If possible, indicate how the funds will be used by filling in the percentages next to each item below:

___% Commodities ___% Personnel ___% Administration ___% Other

*If "Other" is more than 5% please specify what is included:

- 9. Outcome: Describe what changes you expect to have taken place at the end of the activity to improve the status of beneficiaries. Describe how the activities will be sustained once this project is completed.
- 10. List other donors which have been asked to fund this project.
- 11. Assumptions: Are there any key actions (by GOK, other donors, local community) which are beyond your direct control, but which are key to your project's success?

INSTITUTIONAL STATEMENT OUTLINE

1. Indicate how you are organized under Kenyan law.
2. Indicate your tax-exemption status and status of ability to import duty-free goods.
3. Indicate whether you: a) produce annual audited financial statements; b) have an operational Board of Directors; c) produce annual reports of program activities; and d) produce an annual budget.
4. Indicate whether you have written policies and systems which cover: a) financial accounting and reporting; b) procurement of goods and services; c) property management; d) personnel; and e) travel. Please attach copies.
5. Briefly state how you are organized: a) number of staff; b) geographic location(s) in which you operate; and c) affiliations with other local or international NGOs.
6. Provide an estimate of your total annual operating and program budgets.
7. Briefly describe the project activities that your organization has been involved in over the past five years. Indicate how each project activity is/was funded.

Proposal Structure/Guidelines For Preparation

GRANT PROPOSAL OUTLINE

Date of Submission _____

NGO

Name: _____

Address _____ Tel. No. _____

NGO Director _____ Title _____

Project Manager _____ Title _____

Project
Title _____

Proposed Length of Project _____

Total Project Cost _____

Amount requested from USAID _____

Source(s) of other funds (be specific) _____

Project Location(s) _____

A. Statement of Objectives

State briefly the goal and purpose of this project. What problem(s) does it address?

B. Rationale

Explain why this project is necessary and why the approach chosen was selected. Where possible, illustrate your comments with data.

C. Background

1. Explain how the project relates to your other activities.

2. Comment on your organization's ability to carry out this project.

3. Show that this project supplements or complements but does not duplicate existing projects.

4. Describe the involvement of relevant district level authorities.

D. Description

Provide a summary description of the project. This should include stating, in general terms, how the project will be implemented and managed, who will benefit, and how.

E. End of Project Status

Indicate what concrete objectives will have been achieved by the end of the project. Indicate how the project will be sustained after A.I.D. funding ends for this particular project.

F. Implementation Plan

Describe in detail how the project will be implemented. Include a schedule of projected monthly activities and state who will be responsible for carrying them out.

If additional staff and/or commodities will be needed, state how and when they will be obtained and financed.

F. Participants/Beneficiaries

- a. Describe the people who will benefit from this project (i.e., the target group) in terms of sex, age group(s), economic status or other key characteristics.
- b. State approximately how many people will benefit, directly and indirectly, from the project.
- c. Describe in detail the involvement of the beneficiaries in planning, implementing and sustaining of the project.
- d. What benefits will these people get from the project? Indicate if and how benefits will vary among the people involved.
- e. What resources will these people be expected to provide to the project? Explain why it is reasonable to expect that these people will provide such resources.

H. Project Feasibility

1. Economic

- a. Were alternative ways other than those presented in this proposal, considered for reaching the same objectives? Why is this the least expensive way, or most appropriate for other reasons, to achieve the objectives.

- b. Show how each of the recurrent costs, i.e., supply and maintenance costs, of this project will be met after project funding ends.

2. Social

Show that the project approach is appropriate to the socio-cultural group of participant beneficiaries. For example, if an agricultural project, does it account for the role of women in farm work; if a nutrition project, does it address local food habits; etc. If changes in behavior, practices, beliefs or attitudes are expected, explain why it is feasible to expect that these will occur.

3. Technical

- a. Show either that the staff responsible for this project have the necessary technical skills, or that their training needs will be met by the project in time to help implement it.
- b. If the beneficiaries of the project are required to use technical skills, show either that they have the skills or that the project will teach them the necessary skills.
- c. Indicate that the appropriate technical people have been involved or were consulted during the design of this project. For example, a forester for a forestry project, an engineer or architect for a construction project, etc.
- d. Describe why the technical solution you propose was chosen.

4. Administrative/Management

- a. Indicate why the administrative arrangements for carrying out the project are adequate. In particular, do the staff involved have time to undertake additional work?
- b. If local groups are involved in management, do they have adequate financial accounting and management ability? If this is a problem, what measures are included in the project to upgrade their capabilities?

5. Environmental

- a. The environmental considerations for projects vary. Please incorporate the guidance you receive after acceptance of your Concept Paper.
- b. If pesticides will be used in the project, complete and attach the "Pesticide Use Checklist"

I. Monitoring and Evaluation

- a. What records will be kept during project implementation, both at project sites and by the sponsoring NGO?
- b. Indicate who will be responsible for keeping these records and how frequently project records will be updated.
- c. What arrangements exist for obtaining the input of ideas and feedback from participants as the project is implemented?
- d. Are there by any foreseeable problems in providing regular quarterly financial and narrative reports to USAID.
- e. What plans exist for project evaluation? State what assessments are planned during project implementation and at the end of the project.

J. Budget

- a) Provide, in a format similar to the one below, a breakdown of items to be financed annually by the project. This should include the total shilling cost of items in major categories such as the ones shown in the attached budget. (The categories shown are illustrative only, and other categories should be employed to fit the proposed project, as appropriate).
- b) Provide sufficient detail to adequately describe each item of the budget.
- c) Show the sources of funds in a format similar to the one below. If there are in-kind contributions, show how they were valued.

PROJECT BUDGET

Items	Year 1 (KShs.)	Year 2 (KShs.)	Year 3 (KShs.)
Personnel	-----	-----	-----
Equipment	-----	-----	-----
Supplies	-----	-----	-----
Communication	-----	-----	-----
Training	-----	-----	-----
Other costs	-----	-----	-----
Sub-total All Costs	-----	-----	-----
Overhead	-----	-----	-----
Grand Total*	-----	-----	-----

=====

SOURCES OF FUNDS

	Year 1 (KShs.)	Year 2 (KShs.)	Year 3 (KShs.)
1. USAID	-----	-----	-----
2. NGO Contribution (list each source)			
a.	-----	-----	-----
b.	-----	-----	-----
c.	-----	-----	-----
etc.			
Sub-total NGO Contribution	-----	-----	-----
Grand Total*	-----	-----	-----

(Note: All applicants are encouraged to provide two budgets in their concept paper submissions. One should indicate the ideal amount of funding required for the project. The latter should indicate what would be the minimum amount of funding necessary for successful project implementation.)

K. Procurement Plan

1. If you plan to make sub-grants or contracts with other organizations, identify the process which will be used to make the grants or procure services. Estimate the value of the sub-grants or contracts. Indicate the method(s) you will use to finance them (reimbursement, advance, etc.).
2. If you plan to purchase either goods or services, list them (you may group small expendable items) Indicate the following for each item: cost, country of origin, where it will be purchased, and how it will be financed.

CONCEPT PAPER AND PROPOSAL REVIEW: CRITERIA AND PROCEDURES

The following criteria will be used to assess both concept papers/institutional statements and proposals. The areas most critical for review at the concept paper/institutional statement stage are marked with an asterisk (*).

A. Mandatory Criteria

1. PVO is a private, non-profit organization of Kenyan or U.S. origin. *
2. PVO is registered with the Government of Kenya and has the ability to meet A.I.D.'s registration criteria *.
3. PVO will contribute at least one-third of project costs, in cash or in kind.
4. The project is consistent with the USAID/Kenya and Government of Kenya priorities and has the support of the relevant district authorities. *
5. The project demonstrates economic soundness (i.e., economic feasibility and positive economic benefit to Kenyans).
6. The project demonstrates social soundness through analysis of social context, participation, relationship of participation to benefits, and presents a clear plan for reaching targeted beneficiaries.
7. The project presents clear and feasible plans for administering the project and managing its finances.
8. The project presents an acceptable plan to evaluate and monitor field activities, including the collection of gender disaggregated baseline data.
9. The proposal is environmentally sound, i.e. will not result in significant adverse environmental impacts if carried out as designed. The proposal provides for environmental monitoring measures or safeguards, as required.
10. The project advances the well-being of women and promotes their participation in development.*
11. The project has a clearly stated goal and implementation plan which will result in improved lives of targeted community groups, especially the rural and urban poor. *

B. Discretionary Criteria

The following institutional and project criteria have been developed to assess both the institutional capabilities of the PVO submitting a proposal for funding, as well as the relevance of the proposal to the PVO Co-Financing Project. These criteria cannot be applied rigidly, or with consistent relative weights. It is the responsibility of the Project Committee to assess which of the criteria are most relevant to the proposal or concept paper, and whether the proposal or concept paper sufficiently satisfies such criteria.

1. Institutional Criteria:

- (a) PVO has demonstrated capability to carry out its planned program, through having a clear strategy and a strong institutional philosophy which stress the importance of responding to local needs and priorities, capable staff, independent funding, and a track record in development in Kenya.*
- (b) PVO has demonstrated capacity and creativity in working with small, grassroots, Kenyan PVOs and community groups; responding to, as well as encouraging, local initiatives; promoting beneficiary participation (including women); increasing local leadership; and pursuing activities which expand local capacity for sustainable development.*
- (c) PVO can design, implement, manage, monitor and evaluate projects, especially small development projects, and/or shows receptivity to perfecting its capabilities in these areas.
- (d) PVO is receptive to collaboration with other project activities serving similar target groups. *
- (e) PVO has demonstrated ability to mount training programs for smaller Kenyan PVOs.

2. Project Criteria

- (a) The project demonstrates the potential to increase a targeted community's capacity to plan and execute local self-help development related activities, and maintain them without U.S. Government funding beyond the life of the project. *

- (b) The project design reflects input from the beneficiary group, promotes participation during project implementation, and ensures that participants benefit from the project. *
- (c) The project demonstrates the potential to become self-sustaining, and includes practical strategies for attaining this objective (for example, by charging legitimate fees for use of services).
- (d) The project shows innovation and creativity in approach. *
- (e) The project involves collaboration with and/or strengthening of small, grassroots Kenyan PVOs and community groups. *
- (f) The project shows a clear potential for replicability elsewhere.

PROCEDURES FOR CONCEPT PAPER/INSTITUTIONAL STATEMENT REVIEW

A pool of concept papers and associated institutional statements will be solicited on an approximately semi-annual basis. For purposes of comparison, these documents will be reviewed as a group by the Project Committee (PC) under the direction of the BRD project team, headed by the Chief, Human Resources Development Office. The following procedure will be followed.

1. The documents are distributed to all members of the PC, including the technical offices, as appropriate, for review and written comments. These comments will be due seven days after document distribution.
2. The full committee will meet not more than ten days after document distribution. Utilizing the institutional and project criteria described above, the PC will rank the PVO documentation received, and decide, according to the rank-ordered list, which PVOs will be requested to submit full proposals.
3. It is expected that two to four organizations will be asked to submit full proposals in any given solicitation cycle, depending on the quality of the documentation received. If a concept paper is approved by the PC, a letter will be sent to the submitting PVO which provides it with a sense of what is likely to be the budget level that can be considered by USAID/Kenya in a proposal. If an overwhelming number of high

quality proposals are received, the PC may choose to defer requesting proposals for some of the less time-sensitive projects until the next solicitation cycle, in order to lessen the management burden.

PROCEDURES FOR PROPOSAL REVIEW

1. HRD sends copies of each proposal, as received, to appropriate technical offices, the Projects Office and the Program Office for review. Written comments from these offices will be due within two weeks.
2. Once HRD has received comments from Mission offices, the HRD project team will prepare an issues paper. A copy of the issues paper and the proposal is then sent to all members of the Project Committee (PC). HRD schedules a date for the PC to meet.
3. If the proposal is judged by the PC to be significantly weak or substantially unsound, it will be rejected. However, the PC also has the option to request the PVO to submit a revised proposal based on PC guidance. The HRD project team will provide liaison with the PVO to explain any required revisions.
4. If the proposal is judged by the PC to meet the project selection criteria, a management assessment of the PVO will be carried out by the HRD management team. The management assessment will determine whether the PVO meets A.I.D. requirements for receiving grant funds.
5. If, after a management assessment is carried out, the PVO is found to meet A.I.D. requirements for receiving grant funds, HRD will notify the PVO that the proposal has been approved. However, if the PVO does not meet one or more of the A.I.D. management requirements, then management assistance, funded by the PVO Co-Financing Project, may be offered to the PVO to help it qualify for A.I.D. grant funds. If the PVO agrees, once such assistance has been provided, the HRD management team will again assess whether the PVO meets A.I.D. requirements for receiving grant funds. If it is determined that it does, HRD will notify the PVO that the proposal has been approved. If not, the proposal will be deferred, pending a decision that adequate management improvement has taken place.

GUIDELINES FOR MANAGEMENT ASSESSMENT

A. Written Procurement System

Procurement Standards (Source: OMB Circular A-110, Attachment
Statutory Limitations cited in Handbook
Supplement B)

1. Recipients may use their own procurement policies and procedures. However, all recipients shall adhere to the standards set forth in subparagraphs 3 and 4 below.
 - a. The recipient shall maintain a code or standards of conduct that shall govern the performance of its officers, employees, or agents engaged in the awarding and administration of contracts using Federal funds. No employee, officer, or agent shall participate in the selection, award, or administration of a contract in which Federal funds are used where, to his/her knowledge, he/she or his/her immediate family, partners, or an organization in which he/she or his/her immediate family or partner has a financial interest or with whom he/she is negotiating or has any arrangement concerning prospective employment. The recipients' officers or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or potential contractors. Such standards shall provide for disciplinary actions to be applied for violations of such standards by the recipients' officers, employees, or agents.
 - b. All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The recipient shall be alert to organizational conflicts of interest or noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids, and/or requests for proposals should be excluded from competing for such procurements. Awards shall be made to the bidder/offeror whose bid/offer is responsive to the solicitation and is most advantageous to the recipient, price and other factors considered. Solicitations shall clearly set forth all requirements that

the bidder/offeror must fulfill in order for his/her bid/offer to be evaluated by the recipient. Any and all bid/offers may be rejected when it is the recipient's interest to do so.

- c. All recipients shall establish procurement procedures that provide for, at a minimum, the following procedural requirements.
- (1) Proposed procurement actions shall follow a procedure to assure the avoidance of purchasing unnecessary or duplicative items. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical, practical procurement.
 - (2) Solicitations for goods and services shall be based upon a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such a description shall not, in competitive procurements, contain features that unduly restrict competition. "Brand name or equal" descriptions may be used as a means to define the performance or other salient requirements of a Procurement and, when so used, the specific features of the named brand which must be met by bidders/offerors shall be clearly specified.
 - (3) Positive efforts shall be made by the recipients to utilize small business and minority-owned business sources of supplies and services where possible. Such efforts should allow these sources the maximum feasible opportunity to compete for contracts utilizing Federal funds.
 - (4) The type of procuring instruments used; e.g., fixed-price contracts, cost-reimbursable contracts, purchase orders, incentive contracts, shall be determined by the recipient but must be appropriate for the particular procurement and for promoting the best interest of the program involved. The "cost-plus-a-percentage-of-cost" method of contracting shall not be used.
 - (5) Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of a proposed procurement. Consideration shall be given to such matters as contractor integrity, record of

past performance, financial and technical resources, and accessibility to other necessary resources.

- (6) All proposed sole source contracts or where only one bid or proposal is received in which the aggregate expenditure is expected to exceed \$10,000 shall be subject to prior approval of an officer of the recipient's top management.
- (7) Some form of price or cost analysis should be made in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices and similar indicia, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability.
- (8) Procurement records and files for purchase in excess of \$10,000 shall include the following:
 - (a) Basis for contractor selection;
 - (b) Justification for lack of competition when competitive bids or offers are not obtained;
 - (c) Basis for award cost or price.
- (9) A system for contract administration shall be maintained to ensure contractor conformance with the terms, conditions, and specifications of the contract, and to ensure adequate and timely follow-up of all purchases.

2. The recipient shall include, in addition to provisions to define a sound and complete agreement, the following provisions in all its contracts under an AID grant or agreement. These provisions shall also be applied to subcontracts under its prime contracts.

- a. Contracts in excess of \$10,000, or its equivalent, shall contain contractual provisions or conditions that will allow for administrative, contractual, or legal remedies in instances in which contractors violate or breach contract terms, and provide for such remedial actions as may be appropriate.

- b. All contracts in excess of \$10,000, or its equivalent, shall contain suitable provisions for termination by the recipient including the manner by which termination will be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.
- c. In all contracts for construction or facility improvement awarded for more than \$100,000, recipients shall observe bonding requirements.
- d. All negotiated contracts (except those of \$10,000 or less) awarded by recipients and subrecipients shall include a provision to the effect that the recipient, AID, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the contractor or subgrantee that are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts, and transcriptions.
- e. Subcontracts and subgrants, which involve any aspect of voluntary population planning activities, shall contain a provision on Abortion-Related Activities and Voluntary Sterilizations as required by Sec. 104 of the Foreign Assistance Act of 1961, as amended, and AID Policy Determination No. 3 and AID Policy Paper entitled "Population Assistance", dated September 1, 1982.

3. Geographical Source Requirements

- a. The geographic source policies which apply to grantee procurement of goods and services, including waiver information, are set forth in Chapter 16B of Supplement B. Handbook 1.
- b. The AID Project Officer is responsible for ascertaining the need for and obtaining any necessary geographic source waivers for the grantee's project or activity during the review of the grantee's project proposal and prior to AID's entering into a grant. This approach will reduce the administrative burden on the grantee and allow it maximum flexibility for procurement decisions during the project performance period.
- c. Set forth below is a partial listing of the more important geographic source requirements the AID Project Officer should be aware of:

<u>Category</u>	<u>*Paragraph Reference, Supplement B, Handbook 1</u>
Agricultural commodities	4C1a & 4C1d
Motor vehicles	4C2a & 4C2d
Pharmaceuticals	4C3a & 4C3d
Pesticides	4C4a & 4C4d
Rubber Compounding Chemicals and Pesticides	4C5a & 4C5d
Used Equipment	4C6a & 4C6d
U.S. Government-Owned Excess Property	4C7a & 4C7d
Fertilizer	4C8a & 4C8d
Military Equipment	4D1a & 4D1d
Surveillance Equipment	4D2a & 4D2d
Commodities and Services for Support of Police and Other Law Enforcement Activities	4D3a & 4D3d
Abortion Equipment and Services	4D4a & 4D4d
Luxury Goods and Gambling Equipment	4D5a & 4D5d
Weather Modification Equipment	4D6a & 4D6d

* The "a" paragraph sets forth the policy and the "d" paragraph sets forth the waiver requirements.

Procurement systems approved by other Federal sponsoring agencies

AID reserves the right to review and approve all or part of the recipient's procurement system for contracts and subgrants; however, if such a system has been approved by another Federal sponsoring agency, AID shall accept said system on receipt of a written certification from the other Federal sponsoring agency that the recipient system complies with the requirements of the OMB Circular No. a-110, Attachment O.

B. Financial Management System

Standards for Financial Management Systems (Source: OMB Circular A-110, Attachment F)

1. Recipients' financial management systems shall provide for:
 - a. Accurate, current, and complete disclosure for each AID-sponsored project or program. While AID requires reporting on an accrual basis, the recipient shall not be required to establish an accrual accounting system but shall develop such accrual data for its reports on the basis of an analysis of the documentation on hand.
 - b. Records that identify adequately the source and application of funds for AID-sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, and income.
 - c. Effective control over and accountability for all funds, property, and other assets. Recipients shall adequately safeguard all such assets and shall ensure that they are used solely for authorized purposes.
 - d. Comparison of actual outlays with budget amounts for each grant or agreement. Financial information should be related to performance and unit-cost data whenever appropriate.
 - e. Procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement by the recipient, whenever funds are advanced by the Federal Government. When advances are made by a Letter of Credit, the recipient shall make drawdowns as close as possible to the time of making disbursements.

- f. Procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms of the grant or agreement.
- g. Accounting records that are supported by documentation that at a minimum will identify, segregate, accumulate, and record all costs incurred under a grant or agreement and which fully disclose (1) the amount and disposition by the recipient of the proceeds of such assistance, (2) the total cost of the project or undertaking in connection with which such assistance is given or used, (3) the amount of that portion of the cost of the project or undertaking supplied by other sources, and (4) such other records as will facilitate an effective audit.
- h. Examinations in the form of audits or internal audits. Such audits shall be made by qualified individuals that are sufficiently independent of those that authorize the expenditure of AID funds, to produce unbiased opinions, conclusions, or judgments. They shall meet the independence criteria along the lines of Chapter IV, Part B of the U.S. General Accounting Office publication, Standards for Audit of Governmental Organizations, Programs, Activities, and Functions (1981 Revision). These examinations are intended to ascertain the effectiveness of the financial management systems and internal procedures have been established to meet the terms and conditions of the grants or agreements. It is not intended that each grant or agreement awarded to the recipient be examined. Generally, examinations should be conducted on an organization-wide basis to test the fiscal integrity of financial transactions, as well as compliance with the terms and conditions of the AID grants and agreements. Such tests would include an appropriate sampling of AID grants and agreements. Examinations will be conducted with reasonable frequency, on a continuing basis or at scheduled intervals, usually annually, but not less frequently than every two years. The frequency of these examinations shall depend upon the nature, size, and the complexity of the activity. These recipient self-examinations do not relieve AID of its audit responsibilities, but may affect the frequency and scope of such audits.
 - 1. A systematic method to ensure timely and appropriate resolution of audit findings and recommendations.

2. Primary recipients shall require subrecipients to adopt the standards in paragraph 1 above, except for the requirement in subparagraph 1c, regarding the use of the Letters of Credit and that part of subparagraph 1a, regarding reporting forms and frequencies.

C. Personnel/Travel Policies

1. Personnel policies: To be considered adequate, the policies must be in writing, applicable to all employees of the organization, be subject to review and approval at a high enough organizational level to assure their uniform enforcement, and contain coverage of the following:
 - a. Recruitment - including basis for determining entry level salary;
 - b. Classification - the policy should establish job descriptions and a system for classifying new positions;
 - c. Salary ranges - for each position established pursuant to (2) above; and a system for approving across-the-board changes to any or all of the position ranges;
 - d. Promotions - including merit and cost-of-living increases;
 - e. Use of consultants - including method of determining fee;
 - f. Fringe benefits;
 - g. Leave policy;
 - h. Working hours;
 - i. Holidays; and
 - j. Any other benefits, such as overseas allowances.
2. Travel policies: To be considered adequate the policies must be in writing, be applied uniformly to both federally financed and other activities of the organization, and result in costs which are reasonable and allowable in accordance with the applicable cost principles.

D. Written Property Management System

1. Property management standards for nonexpendable property -
The recipient's property management standard for nonexpendable personal property shall include the following procedural requirements:
 - a. Property records shall be maintained accurately and shall include:
 - (1) A description of the property.
 - (2) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.
 - (3) Source of the property, including grant or other agreement number.
 - (4) Whether title vests in the recipient or the Federal Government.
 - (5) Acquisition date (or date received, if the property was furnished by the Federal Government) and cost.
 - (6) Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired. (Not applicable to property furnished by the Federal Government).
 - (7) Location, use, and condition of the property and the date the information was reported.
 - (8) Unit acquisition cost.
 - (9) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates AID or its successor for its share.
2. A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with

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the inventory, verify the existence, current utilization, and continued need for the property.

3. A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented; if the property was owned by the Federal Government, the recipient shall promptly notify AID.
4. Adequate maintenance procedures shall be implemented to keep the property in good condition.
5. Where the recipient is authorized or required to sell the property, proper sales procedures shall be established that would provide for competition to the extent practicable and result in the highest possible return.

FVO CO-FINANCING
PROJECT ORGANIZATION

<u>PRINCIPAL PROJECT ACTIVITIES</u>	<u>PROJECT MANAGEMENT TEAM</u>	<u>PROJECT SUPPORT SERVICES</u>
Contracting and Contract Management/Monitoring	Project Officer (PO) - USDM	REDSO/PCO
Review of Pool of Potential Grantees	PO/PCO-1 with support from PSC -2 and 3	Project Committee
Concept Paper/Proposal Solicitation	PSC-1	
Concept Paper/Proposal Review	PO/PCO-1 with support from PSC -2 and 3	Project Committee/Inst. Contractor*
FVO Management Assessment	PSC-3	USAID/Kenya Controller/PCO and RIG/A
FVO Registration	PSC-2	REDSO/PLA
FVO Management Strengthening	PSC-3	Inst. Contractor
Grant Making	PSC-1	REDSO/PCO and RLA
Grant Monitoring	PO/PSC-1,2 and 4	
Project Financial Management	PO/PCO-3	USAID/Kenya Controller
Trainee Solicitation/Selection	PSC-2	
Trainee Placement	PSC-2 (oversight)	AID/W-SI/IE,HRD,Training Off.
Evaluation Planning-Grants	PSC-2	Inst. Contractor*
Project Evaluation	PSC-2	Inst. Contractor
Project Audit	PSC-3	RIG/A and Non-Fed Audit Contractor*

* As needed.

PSC - Personnel Services Contractor

Responsibilities of the Project Management Team

The project management team will consist of 5 individuals: a USDH Project Officer, three personal services contractor officers, and a secretary. The responsibilities and division of labor shown below are derived from the chart on the preceding page. The division of labor is illustrative, and will be modified as circumstances dictate during project implementation.

Project Officer

The USDH Project Officer will be the Chief of the Human Resources Development Office, USAID/Kenya. The PO will have overall monitoring responsibility for the project and will supervise the 3 PSCs working on the management team. The PO will also monitor all other contracts for services to the project. The individual will oversee, in particular, the review of potential grantees, the proposal review process, monitoring of grantee programs and the financial management of the project.

PSC-1

The first personal services contractor will take the lead in organizing documentation received from potential grantees at the grantee search stage, the solicitation of concept papers, organizing concept paper reviews, as well as proposal reviews. The individual will take the lead, in association with PRJ and REDSO/RCO, on grant preparation. This PSC will share in grant monitoring responsibilities.

PSC-2

The second personal services contractor will take the lead in organizing PVO registration and will organize, in association with the HRD training office, the trainee solicitation and selection process. The individual will also monitor trainee placement. This PSC will also monitor the evaluation aspects of the project, including preparation of grantee evaluation plans and the two major project evaluations. The individual will participate in the concept paper and proposal review processes and will share in grant monitoring responsibilities.

PSC-3

The third personal services contractor will focus primarily on financial matters: reviewing proposals from a financial perspective, assessing the strength of financial systems of potential grantees, and advising grantees (with assistance from the Controller's Office)

on the proper management of A.I.D. funds. The individual will be the principal liaison with grantees and RIG/A on audit questions. This PSC will participate in concept paper and proposal reviews and will share in grant monitoring responsibilities.

Secretary

The secretary will support the project management team above with typing, record-keeping, filing, scheduling, appointments and general clerical and analytical assistance services, as required.

DRAFT SCOPE OF WORK FOR FINANCIAL MANAGEMENT SPECIALIST

1. BASIC FUNCTION OF POSITION

The incumbent of this position (FMS) will carry out management assessments of PVOs whose proposals meet the project selection criteria. In addition, he/she will serve as the focal point in the HRD office to deal with USAID's Controller, the Regional Financial Management Center (RFMC) and PVOs on all fiscal related matters. In this capacity, the employee will perform a full range of advisory, monitoring and information gathering and evaluative services in all areas related to project management: budgets, financial planning, monitoring and reporting on all components of the PVO Co-Financing Project. The incumbent will liaise with the PVOs funded or requesting funding from USAID on all financial matters.

2. MAJOR DUTIES AND RESPONSIBILITIES

The FMS will be the principal advisor on all budget and fiscal matters related to the PVO Co-Financing project and will develop and manage a system to compile and track financial obligations and disbursements to PVOs. This system will fully utilize the Controller and the RFMC accounting work, and will supplement and be complementary to them. The Specialist will actively assist PVOs in preparing of PVO Co-Financing project-related budgetary documentation. His/her specific responsibilities will be as follows:

- a) In consultation with Controller/RFMC, carry out assessments of the financial and accounting systems of potential grantees, with special emphasis on internal control and vulnerability in accordance with USG Payment Verification policies and procedures. In cases where systems are deficient and in need of improvement to meet minimum requirements, the FMS will give instruction or make appropriate recommendations for technical assistance.
- b) Analyze and forecast budgetary levels for Mission's PVO Co-Financing Project and provide advice, assistance and planning in negotiation and execution of project agreements.

- c) Analyze the budgetary aspects of proposals received from PVOs for assistance, and with Controller/RPMC develop budgets and financial plans for PIO/Ts, and A.I.D. contracts and grants.
- d) In close collaboration with PVO finance officers, prepare and review preliminary PVO annual budget estimates and try to ensure that the PVOs have budgeted funds in amounts to facilitate prompt and full funding of all costs of USAID and Grantee project activities.
- e) Prepare written reports to advise the Mission of any anticipated or existing problems with respect to funding levels or implementation delays revealed through his/her analyses.
- f) With assistance from Controller/RPMC, advise and assist USAID, contractors and PVOs in developing financial accounting and reporting procedures that are consistent with USC fiscal requirements.
- g) Assure proper and timely preparation of contractor and PVO financing proposals, billings and supporting documents.
- h) Review all invoices, billing and support payment documentation received from the contractors and PVOs to verify their propriety and consistency with Project Agreement and contractual payment provisions. He/she will deal with counterpart accounting offices to resolve differences and discrepancies before processing the documents to Controller/RPMC for payment.
- i) Assist Controller/RPMC to develop quarterly accruals, by establishing procedures with counterpart accounting officers in contractor and PVO offices.
- j) Receive financial and fiscal reports from Controller/RPMC and the various implementing agencies and review and implement these reports in terms of the adequacy of funding levels to meet current and projected program needs, as well as the review status of implementation vis-a-vis planned activity.
- k) Design and monitor contract and/or special studies and analyses of the management and financial aspects of the Project, as directed by the USAID Chief, Human Resources Development (HRD).
- l) Liaise with RIC/A/Nairobi and grantees on questions related to the financial aspects of any audit

- m) Monitor other components of the PVO Co-Financing Project, as requested by the Mission's HRD Chief.

3. DESIRED QUALIFICATIONS

a) Education

Will possess a collegiate degree in Accounting, Business Administration/Management or a closely-related degree. CPA Certificate and training in computer science/systems analysis preferred.

b) Prior Work Experience

Be familiar with PVO budgetary processes. 5-7 years at the Senior Accountant level with a major CPA firm, or progressively responsible experience in public and/or private sector as a financial or systems analyst, senior accountant or controller.

c) Post Entry Training

Rapid familiarization with a wide range of USG fiscal policies and directives. Training in AID Project Design and Implementation will be arranged, if possible.

d) Language Proficiency

Must read, write and speak fluent English and Kiswahili

e) Knowledge

Ability to gain knowledge of AID regulations and procedures which bear on financial and project management. Broad knowledge of accounting, internal control, financial analysis and systems. Basic knowledge of computer applications.

4. POSITION ELEMENTS

- a) The incumbent will be supervised by the Chief of Human Resources Development Office. He/she will be provided with information regarding the objective to be achieved and any priorities or deadlines that must be met in carrying out the work. The incumbent will handle work assignments independently with very limited supervision according to established policies, previous training and accepted practices. He/she will be expected to develop own work schedule, procedures for accomplishing tasks and independently resolve problems which may arise during

accomplishment of those objectives. Within six months, the incumbent will be expected to provide finished, accurate, concise reports as required, without day-to-day assistance in the preparation of such reports.

b) Available Guidelines

Also within 6 months, the incumbent will be expected to be fully aware of AID procedures and policies, and all relevant sources of information (USG fiscal handbooks, etc.). In addition, he/she will have intimate knowledge and understanding of PVO Co-Financing Project Agreement, contracts, and financial analyses.

c) Exercise of Judgment

In carrying out the responsibilities noted above, the incumbent must exercise considerable judgment in deciding between alternatives and in interpreting, adapting and possibly recommending new guidelines. In addition he/she must exercise professional judgment about the adequacy of accounting systems and internal control procedures of PVOs, contractors, and USAID. He/she will also determine the correctness and propriety of charges and invoices to USAID.

d) Authoritativeness

The incumbent will speak with authority on USG fiscal and project, budgetary requirements, and must be able to recommend to his/her superior changes and improvements in PVO and USAID systems to meet USG and PVO requirements.

e) Nature, Level, and Purpose of Contacts

The incumbent will be dealing independently with specialists and higher level officials of PVOs. He/she will participate in meetings with Senior PVO Officers and have day-to-day working level contact with senior level fiscal officers of contractors and PVOs.

f) Time Required to Perform Full Range of Duties After Entry Into the Position

The employee will be expected to work a full 40-hour week and be available on an as-needed basis to deal with emergency situations and during times of heavy work load. It is expected that 90 to 180 days will be required for the incumbent to become fully familiar with and proficient in all the tasks outlined for this position.

DRAFT SCOPE OF WORK FOR INSTITUTIONAL CONTRACTOR

I. OBJECTIVE

The objective of this contract is to obtain technical services for the support of the PVO Co-Financing Project which cannot be obtained from A.I.D.'s own staff resources. The following services will be required on an intermittent basis only: management strengthening of PVOs selected to obtain grants; technical reviews of proposals; and assistance to grantees in the formulation of evaluation systems and plans.

II. Scope of Work

A. Management Strengthening

A.I.D. staff will be responsible for reviewing the management capabilities of prospective grantees. Areas to be assessed include: financial management and accounting, procurement systems, inventory and property management systems, personnel policies and travel policies. The A.I.D. team will determine where major weaknesses exist which, if not strengthened, will make it impossible for A.I.D. to make a grant to the entity in question. A.I.D. will then synthesize its findings in a report which will be used as a basis to formulate a work order under the contract. Each work order shall cover management strengthening services required for a particular grantee, defining the weaknesses observed, and defining the scope and magnitude of the effort required to correct the problem(s).

The Contractor shall be responsible for organizing a work plan, a staffing plan and budget for executing each work order. These plans will be approved by the HRD Project Officer and the responsible A.I.D. Contracts Officer prior to execution. Once approved, the Contractor shall carry out the plan to correct management deficiencies. The Contractor shall work jointly with each PVO in developing improved systems to assure that all improvements made are compatible with the PVO's overall pattern of operation and are acceptable to the PVO. All products and systems developed by the Contractor shall also be presented to USAID/Kenya (the responsible project officer) for review to determine if they meet A.I.D.'s management requirements for grantees. Once all products are received and approved by both the PVO concerned and A.I.D., the work order shall be considered completed.

The Contractor shall be called upon to undertake such work orders on a periodic basis as the need arises.

B. Proposal Review

From time to time, there will be requirements for specialized expertise to review proposals which cannot be met from A.I.D.'s own staff. Such requirements, for example may include expertise in a particular agricultural speciality, wildlife management, conservation, or other specialized field. In such instances, the Contractor shall be called upon to supply an individual or individuals with the necessary expertise to: review the proposal in question, make a site visit if necessary, interview PVO staff and other actors associated with the project, and prepare a brief written assessment of findings. The individual(s) will participate in review meetings held by the project committee to assess the proposal, as requested by the Office of Human Resources Development project team. Personnel for these short-term assignments (approximately 5 to 10 days duration) will either be drawn from the Contractor's own staff, where possible, or will be recruited specifically by the Contractor for the job.

A.I.D. will issue work orders covering each of these assignments as the need arises.

C. Evaluation Planning and Systems

In order for each grant and the overall project to be effectively evaluated, proper evaluation plans and systems must be in place at the beginning of each grant. Provision must be made for the collection and analysis of baseline data and the necessary follow-up survey work and other actions required to measure progress and identify constraints, if any. A.I.D. recognizes that such evaluation planning and systems development skills may not be available to all grantees. Therefore, on an as-needed basis, A.I.D. will call upon the Contractor to provide evaluation specialist(s) who can assist grantees in the development of detailed evaluation plans and systems. The Contractor will not execute the plan, but only assist the grantee into putting into place evaluation mechanisms which its own staff can use. These will be short-term (approximately 2 to 3 week) assignments. Again, A.I.D. will use a work order to define each task. The Contractor will propose an individual or individual(s) to A.I.D. to carry out the task, indicate the amount of time needed, and state the cost. Once approved, the Contractor will carry out the work and report the results of the consultancy to A.I.D. for review and approval prior to payment.

III. Personnel

This is a requirements type contract, therefore no long-term technical personnel are needed for its successful execution. However, there will be need for a contract manager who will be responsible for receiving work orders, recruiting short-term specialists or assigning in-house staff as required, submitting brief proposals to A.I.D., overseeing execution of the work orders, supervising all products prepared to meet work order requirements, and submitting any general reports and financial documentation required by A.I.D. The time required of such an individual is estimated at 3 months per year.

Other than management staff, the Contractor must be prepared to supply the following types of specialists:

<u>Specialists</u>	<u>Amount of Time Per Year</u>	
	<u>Approx. Minimum</u>	<u>Approx. Maximum</u>
Financial mgmt./accounting	2 wks.	2.5 mo.
Procurement systems/ Property mgmt.	2 wks.	2.5 mo.
Personnel	2 wks.	2.5 mo.
Other mgmt. systems & policies	2 wks.	2.5 mo.
Technical specialists for proposal review*	1 mo.	5 mo.
Evaluation specialists	<u>1 mo.</u>	<u>5 mo.</u>
Total	3.5 mo.	17.5 mo.

* While it is not possible to define specifically the types of skills required at this point, they may include: soil science, water conservation, wildlife conservation, engineering (if REDSO personnel not available), forestry (if REDSO personnel not available), agricultural specialities related to production of specific crops, agricultural or other types of marketing, handicrafts, technical specialities related to small-scale manufacturing or processing activities, and energy-related specialities (solar, wind, jikos, etc.).

IV. Other Allowable Costs

Other than personnel and associated overhead or G&A charges, other costs chargeable to the contract will include: per diem, vehicle rental or operating costs, and report production costs.

V. Duration of Contract

The initial contract period will be two years, with a provision to extend the total life of contract up to five years without further competition, if the Contractor's performance is satisfactory.

VI. Contracting Method

Full and open competition will be required to obtain the services of the Contractor. Competition will be open to any U.S. or Kenyan entity, joint-venture, or consortium of such entities which wishes to put forward a proposal. Private firms, registered PVOs, academic institutions or any other entity will be eligible to bid. Due to the diverse nature of the work, joint-ventures or consortia are encouraged.

Due to the short-term, in-country nature of the work, it will be necessary for the Contractor to have a Kenyan office, the ability to recruit staff locally, and the ability to manage the project from Kenya. Therefore, any bidding U.S. entity which does not have a presence in Kenya is strongly encouraged to link itself to another entity or entities with a strong Kenyan presence.

Factors which will weigh heavily in contractor selection include:

- ability to manage a requirements type contract;
- ability to field the types of specialists as shown above;
- previous experience working with PVOs, particularly Kenyan PVOs;
- presence and work experience in Kenya.

This will be a requirements type contract. Each task will be defined in a work order. The work order will be executed and the Contractor paid according to the budget established in the work order, on completion of the task. A minimum dollar amount of business under the contract will be guaranteed to the Contractor. The maximum amount will be governed by the project budget for this type of technical assistance, and funds availability.

PROCUREMENT PLAN

Except for approximately \$220,000 which will be de-obligated from the VADA cooperative agreement and re-obligated back into this project, all activities under this amendment will be financed from the Development Fund for Africa (DFA) appropriation. Procurement with DFA funds will be in accordance with the Special Policy Rules Governing the Development Fund for Africa (DFA) approved by AA/AFR on April 1, 1988 (the "DFA Rules"), as amplified by the DFA procurement plan contained in this annex. Procurement with Sub-Saharan Africa, Development Assistance (DA) funds will follow normal A.I.D. procurement rules.

Procurement under the amended PVO Co-Financing Project will cover: grants to PVOs, training of PVO staff, evaluation, audit, one additional personal services contractor and one institutional contractor. All procurement will be handled directly by A.I.D., either through USAID/Kenya or by the Regional Contracting Office of REDSO/ESA, as specified below. The nationality of grantees will be U.S. or Kenyan only, as will the nationality of the personal services and institutional contractors. Evaluation and audit services will also be obtained from the U.S. or Kenya only. The sources of short-term training financed with DFA funds will be the U.S., Kenya and other countries included in code 899, in accordance with Operational Recommendation No. 8 of the DFA Rules; no long-term training is contemplated at this time. Code 935 is authorized for procurement of commodities with DFA funds under this amendment, including commodities procured by contractors who must be of U.S. or Kenyan-only nationality, subject to any special restrictions (such as regarding motor vehicles) imposed by the DFA Rules. However, any procurement by grantees will be subject to the order of preference of HB IB Chapter 16 B1 b(1). It is anticipated that any commodity procurement by contractors will be minor, and that there will be no commodity procurement outside the service contracts and grants to PVOs. All payments will be made by the Controller's Office, USAID/Kenya.

1. PVO Grants

Procurement Method:

PVOs will be selected as grantees following the selection procedures outlined in the main body and annexes of this PP amendment. Proposal reviews will be conducted as outlined in this amendment; institutional reviews will be conducted on the basis of Handbook 13 requirements. Grants will be made following Handbook 13 procedures. Grant documentations will be prepared by the USAID/Kenya HRD project team and the Projects Office. Grants will be executed by REDSO/ESA/RCO.

Anticipated Amount:

Approximately 25 grants are expected to be made over the life of the project. Total cost: \$8,350,000.

Procurement of Goods and Services Under Each Grant

Each grantee's procurement system will be reviewed and approved prior to grant award to assure use of acceptable competitive practices and fairness in making procurement awards. Each approved grantee proposal must contain a procurement plan for goods and services. For DFA-funded grants, procurement by grantees shall follow the order of preference contained in HB IB, Chapter 16, irrespective of the size of the grant's procurement element, and any special provision of the DFA Rules. Each grantee will be responsible for the execution of its own procurement. USAID/Kenya, through a Memorandum of Understanding with the Government of Kenya, will obtain duty and tax free status for materials and services purchased by grantees which are financed by the project.

2. Training

Procurement Method

Trainees will be solicited through direct advertisement to the PVO community. Each training program will be covered by a separate PIO/P to define and cover the full cost of the program. Each PIO/P will be a separate obligating document. In the U.S., placement will be handled through S&T/IT. Funds for U.S. based programs will be transferred by the USAID/Kenya Controller's Office to AID/W under the usual procedure for U.S. training. Placements in Kenya or in 3rd countries will be handled directly by USAID/Kenya and payments will be made directly to institutions by USAID/Kenya.

Anticipated Amount:

Approximately 90 to 180 person months of training are expected to be made available under the project, depending on the amount of more costly U.S. training which is used. On average, assuming half the training is U.S. source, 135 person months of training will be provided. Total cost: \$600,000.

3. Evaluation

Procurement method:

If suitable contractors are available under AID/W's IQC contracts for evaluation services, these contractors will be utilized. Otherwise, full and open competition will be used. Any IQC contract will be executed by SER/OP in AID/W.

Anticipated Amount

Two major evaluations will be conducted over the life of the project. One in FY 91 at an expected cost of \$50,000, and one in FY 93 at an expected cost of \$75,000.

4. Audit

All PVO grantees are required to conduct annual audits of their overall operations including funds provided by A.I.D. (see Standard Provision 2, AID Handbook 13, Appendix 4C and 4D). Overall audits of the total project will be under the direction of RIG/A/Nairobi. Any assistance required by RIG from non-federal sources will be obtained from an IQC for services related to financial matters, maintained by RFMC. Any contracts under the IQC will be executed by REDSO/ESA/RCO.

Anticipated Amount

\$25,000 has been reserved for audit purposes.

5. Personal Services Contractors

Procurement Method

Two existing PSCs will be financed under the project to support its operations. Two additional PSCs will be required, one with expertise in financial systems and management, and one to provide secretarial services to the HRD team (see Annex D.2). These PSCs will be recruited locally and must be either U.S. or Kenyan nationals. Once selected, standard PSC contracts will be executed by USAID/Kenya/EXO.

Anticipated Amount:

Total contract life will be up to five years. Expected total cost for all four PSC staff associated with the project:
\$850,000.

6. Institutional Contract

Procurement Method

One contract for technical services is expected (see Annex D.3). Competition will be full and open to all U.S. and Kenyan entities that may choose to bid. The contract, once negotiated, will be executed by REDSO/ESA/RCO.

Anticipated Amount:

An initial contract of 2 years' duration is anticipated, extendable to a total of 5 years without further competition if performance warrants. Total expected cost over the full life of the project; \$980,000.

7. U.S.-Non-U.S. Breakdown of DFA-Funded Procurement

Grantees will submit this information with their proposal as part of the procurement plan. Information will be collected by the HRD project team and reported to AID/W under procedures being developed by USAID/Kenya.

IMPLEMENTATION CALENDAR

This calendar lays out a proposed plan of action in detail through December, 1989. It includes the necessary contracting actions, grant solicitation and grant making and training actions. After December 1989, only major events and milestones are shown. Grant making and training will continue as per the pattern established during the early implementation period.

<u>Expected Date</u>	<u>Action</u>	<u>Action Office</u>
1988		
July	<ul style="list-style-type: none">. Approval of FP Amendment. Approval of MOU by GOK. Review pool of potential grantees. Prepare educational material on project	<ul style="list-style-type: none">DIRDIR/MOFHRD/PC*HRD
August	<ul style="list-style-type: none">. Advertise for new PSCs. Request for Prequal. statements- inst contract. Issue educational materials on project. First solicitation for training. First solicitation of concept papers from PVOs	<ul style="list-style-type: none">HRD/EXOHRD/RCOHRDHRDHRD
September	<ul style="list-style-type: none">. Contracting new PSCs. Receipt of prequal. statements inst. contract. RFP for inst. contract complete. Training applications reviewed	<ul style="list-style-type: none">EXOHRD/RCOHRD

* PC -- Project Committee

<u>Expected Date</u> <u>1988</u>	<u>Action</u>	<u>Action Office</u>
Oct.	. PSCs begins contract	HRD/PSC
	. Short-list for inst. contract issue RFP	HRD/RCO
	. First participants sent for training	HRD
	. First concept papers received and reviewed	HRD/PC
Nov.	. First PVO grant proposals solicited	HRD
	. Additional trainees solicited	HRD
Dec.	. Inst. contract proposals arrive and are evaluated	RCO/Review Committee
	. Review pool of potential grantees	HRD/PC
	. Training applications reviewed	HRD
<u>1989</u>		
Jan.	. Contracting for inst. contract begins	RCO
	. First PVO proposals received/evaluated	HRD/PC
	. Second request for concept papers from PVOs.	HRD
Feb.	. Inst. contractor on-board	Contractor
	. First mgmt assessments conducted	HRD/CONT
	. Second group of participants leave for training*	HRD

<u>Expected Date</u> <u>1989</u>	<u>Action</u>	<u>Action Office</u>
Mar.	. Second set of concept papers received and reviewed	HRD/PC
	. Registration/mgmt. strengthening for first group of potential grantees	HRD/Contractor
Apr.	. Second set of PVO grant proposals solicited	HRD
	. Registration/mgmt. strengthening for first grantees completed	HRD/Contractor
May	. Grant documents for first grantees prepared	HRD/PRJ/RCO
	. Review pool of potential grantees	HRD/PC
June	. Second set of PVO proposals received/evaluated	HRD/PC
	. Grants made to first group of grantees	RCO
	. 3rd request for concept papers.	
	. Milestone: up to 5 grants made . Milestone: 15-30 pm of training completed	
July	. Second group of mgmt. assessments conducted	HRD/CONT.
Aug.	. Registration/mgmt strengthening for second group of grantees	HRD/ Contractor
	. 3rd group of concept papers received and evaluated.	HRD/PC

<u>Expected Date</u>	<u>Action</u>	<u>Action Office</u>
<u>1989</u>		
Sept.	. Registration/mgmt strengthening completed for 2nd group of grantees	HRD/Contractor
	. 3rd request for proposals	HRD
Oct.	. Grant documents for 2nd group of grantees prepared	HRD/PRJ/RCO
	. Review pool of potential grantees	HRD/PC
Nov.	. Grants made to second group of grantees	RCO
	. 3rd group of proposals evaluated	HRD/PC
	. 4th request for concept papers	HRD
Dec.	. 3rd group of mgmt. assessments conducted	HRD/CONT
<u>1990</u>		
Jan.	. 3rd group of registrations/mgmt strengthening activities	HRD/Contractor
	. 4th group of concept papers received.	

* Training will proceed on an ad-hoc schedule depending on available training opportunities and PVO requirements.

<u>Expected Date</u>	<u>Action</u>	<u>Action Office</u>
<u>1990</u>		
June	<ul style="list-style-type: none">. Milestone: 5 more new grants made. Milestone: 15-30 additional pm training completed	
Nov.	<ul style="list-style-type: none">. Solicit IQC contractor for mid-term evaluation	HRD/RCO
<u>1991</u>		
Jan.	<ul style="list-style-type: none">. Contracting for evaluation	AID/W
Feb.	<ul style="list-style-type: none">. Review inst. contract - extend, if warranted	HRD/RCO
Contractor	<ul style="list-style-type: none">. Mid-term evaluation begins	IQC
Mar. Contractor	<ul style="list-style-type: none">. Mid-term evaluation completed	IQC
June	<ul style="list-style-type: none">. Milestone: 5 more new grants made. Milestone: 15-30 additional pm training completed	
<u>1992</u>		
June	<ul style="list-style-type: none">. Milestone: 5 more new grants made. Milestone: 15-30 additional pm. training completed	

<u>Expected Date</u>	<u>Action</u>	<u>Action Office</u>
<u>1992</u>		
Oct.	. Solicit IQC Contractor for final evaluation	HRD/RCO
	. Contracting for evaluation	AID/W
<u>1993</u>		
Jan.	. Final evaluation begins	Contractor
Feb.	. Final evaluations ends	Contractor
June	Milestone: 5 more new grants made (last)	
	. Milestone: 15-30 additional pm training completed.	
Dec.	. Potential full five year life of inst. contract ends.	
	. PSC Financial Specialist completes work	
<u>1994</u>		
June	. Milestone: 15-30 additional pm training completed.	
<u>1995</u>		
April	Project Assistance Completion Date	

DRAFT MEMORANDUM OF UNDERSTANDING WITH GOK

MEMORANDUM OF UNDERSTANDING

ON PVO CO-FINANCING PROJECT (615-0236)

Between

THE AGENCY FOR INTERNATIONAL DEVELOPMENT

of

THE UNITED STATES OF AMERICA

and

THE REPUBLIC OF KENYA

The U.S. Government acting through the U.S. Agency for International Development and the Government of the Republic of Kenya acting through the Ministry of Finance have entered into the following understanding:

I. The PVO Co-Financing Project

The PVO Co-Financing Project is directed at the goal of increasing the income, quality of life and self-reliance of the rural and urban poor in Kenya through support to the PVO (NGO) community. Its purpose is to increase the development impact of NGO activities in Kenya. The project is designed to enable NGOs to more effectively assist local community organizations to achieve their development aims, and help local community organizations to better manage and sustain their own development. The amount of USAID/Kenya funding for the project is \$12 million in grant funds, subject to the availability of funds to USAID/Kenya.

It is agreed that the project will involve two major components, as follows:

A. PVO Grants Fund

The Project will establish a fund which will be used to make grants to qualified Kenyan and U.S. NGOs for a broad range of development activities. Such development activities will be consistent with Kenyan and USAID/Kenya development priorities. Only those organizations which are properly registered with USAID and under the laws of Kenya, have tax free status in Kenya, and meet the management and organizational criteria established by USAID/Kenya

will be eligible for grants under the project. It is anticipated that approximately five grants per year will be made over the next five years. Each grant is expected to cover a period of one to three years.

Each grantee must be able to demonstrate that its project is economically, financially, technically, socially and environmentally sound and that it will provide positive benefit to its target population among the rural and urban poor of Kenya.

B. Training for Institutional Strengthening

The demand is great for training of Kenyan staff of NGOs operating in Kenya. To date, USAID/Kenya has been able to satisfy only a very small portion of that demand. Therefore, the PVO Co-Financing Project will provide a limited amount of funding (approximately \$600,000) for training in subjects where training opportunities are limited in Kenya. Training from these funds will be conducted in the U.S. or third countries. Training in Kenya will be provided through the Grants Fund described above. It is expected that fifteen to thirty person-months of training will be provided per year over a six year period.

II. Implementing Methods and Responsibilities

- A. USAID/Kenya will request the Ministry of Finance to review and approve a list of proposed NGO activities for financing under this Project. This list will be submitted biannually. In addition, consistent with the Government of Kenya's District Development Policy, the approval of the appropriate District Development Committee will be obtained by the NGO before any USAID funded project activity is actually implemented in each district affected.
- B. USAID/Kenya will obligate funds directly to each of the implementing entities through direct grant agreements, contracts and individual training arrangements. None of these obligations will be reflected in the Government of Kenya budget. The Government of Kenya will not be responsible for the financing of any aspect of the project.
- C. USAID/Kenya will be directly responsible for the overall implementation of the project. Nationality of suppliers of services under the project shall be U.S. or Kenyan, except as USAID may otherwise agree in writing. Primary responsibility for implementing the individual activities will rest with the assisted organizations themselves. Each will be expected to comply with the terms of the grant agreements signed between USAID/Kenya and itself, as well as all the applicable laws of the Government of Kenya. USAID/Kenya agrees to keep the Ministry of Finance fully informed of the overall status of the project.

- D. The Government of Kenya agrees to exempt all commodities specifically financed by USAID/Kenya under this project from all customs duties and sales taxes. The Government's usual DA-1 process will be followed to obtain written approval of all specific exemptions.
- E. The Government of Kenya agrees to exempt from income tax and National Social Security contributions all the income or other emoluments received by persons performing services contracted by USAID under the project, other than citizens or permanent residents of Kenya. NGOs shall be responsible for obtaining their own such exemptions.
- F. The Government of Kenya agrees to approve work permits for persons employed by the project, for the period of the project.

III. Interpretation and Modification

This Memorandum of Understanding in English constitutes the agreement of the parties hereto with respect to the PVO Co-Financing Project. This Memorandum of Understanding may be amended in writing by mutual agreement of the parties.

THE GOVERNMENT OF KENYA

THE UNITED STATES OF AMERICA

By: _____
Minister of Finance

By: _____
Director, USAID/Kenya

Date: _____

Date: _____

REPORT OF SITE VISIT

<u>Report Number</u>	<u>Related Project Title</u>
<u>Date of Report</u>	<u>Project Number</u>
<u>Grantee</u>	<u>Project Officer</u>
<u>Grant Number</u>	<u>Contract or Grant Officer</u>

Officials Participating in Site Visit:
(names and titles, if inspection made by a team)

Discussions Held With:

1. Key Grantee Staff: (names and titles)
2. Other Officials: (names and titles)
(Host Country Officials; Officials of other organizations or institutions)

* * * * *

I. Summary of Grantee Progress

(This section should discuss briefly actual versus planned progress of the grantee. Major issues or problems identified should be highlighted. Particular attention should be given to issues or problems which would adversely affect achievement of the related project objectives).

II. Conclusions and Recommendations

(This section should be a concise summary discussing the overall performance of the grantee, together with the remedial actions needed, by whom, and by when. Recommendations requiring the attention of the Mission Director, or other senior vs AID officers should be included when warranted by the circumstances.

III. Substantive Elements of the Grant

(This section of the report should discuss briefly the nature of the progress and/or problems noted with respect to each of the following elements, if applicable, under the terms of the related grant. Indicate whether the services or commodities required are being provided satisfactorily and on schedule. Where serious delays have occurred or are anticipated, identify the reason(s) therefore and the action proposed, if any, to offset slippage or to re-schedule. Remedial action proposed should identify who is expected to take such action and by when. Note particularly delays or problems which may substantively affect the terms of the contract or grant).

1. Advisory Services and Reports
2. Engineering and/or Construction
3. Procurement of Commodities
4. Training Services
5. Logistical Support

(Whether to be provided by the contractor/grantee; AID; or the recipient country).

6. Other (specify)

IV. Financial Status of the Grant

(This section should summarize the status of commitments and disbursements and the extent to which disbursement reflect satisfactory or lagging process. Problems relating to the establishment of letters of commitment or credit; advances, progress payments; or other financial arrangements should be identified).

V. Grantee Organization and Management

(This section should include a brief assessment of the general competence and efficiency of the grantee, with particular emphasis upon staffing problems, if any. Awareness by the grantee of the relationship of their activities to the broader objectives of the related project, if any, should also be noted and discussed).

VI. Grantee Relations

(This section should identify briefly the nature and effectiveness of the grantee relations, as indicated below).

1. Relations with AID/W, USAID, or both were involved

2. Relations with Assistance Recipient

(Recipient country agency; other organization/institution)

Note:

Distribution of Site Visit Reports should include, as a minimum, the AID official to whom the Project Officer reports, the Contract or Grant Officer involved, the heads of offices responsible for taking action on the specific issues or problems identified, and the related contract or grant file. Copies should also be sent to the Mission Director where the substance of the report so warrants.

STATUTORY CHECKLIST

A. GENERAL CRITERIA FOR PROJECT

1. FY 1988 Continuing Resolution Sec. 523; FAA Sec. 634A. If money is sought to be obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified?
A Congressional Notification regarding an FY 1985 obligation for this Project was submitted to Congress on May 13, 1985, and expired without objection on May 28, 1985
2. FAA Sec. 611(c)(1). Prior to an obligation in excess of \$500,000, will there be (a) engineering, financial or other plans necessary to carry out the assistance, and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?
(a) Yes.
(b) Yes.
3. FAA Sec. 611(a)(2). If legislative action is required within recipient country, what is basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?
No further legislation is required.
4. FAA Sec. 611(b); FY 1988 Continuing Resolution Sec. 501. If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.)
N/A
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional
N/A

Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively?

6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs.

The Project is not regional or multilateral in nature.

7. FAA Sec. 601(a). Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce and (f) strengthen free labor unions.

The Project expects to develop appropriate human resource skills in various aspects of agriculture, family planning, health, energy social services, natural resource utilization & management and institution building. It will foster private initiative and may encourage the development of cooperatives.

8. FAA Sec. 691(i). 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 service of U.S. private enterprise

The Project will support private U.S. participation and contributions to foreign assistance programs through private voluntary organizations (PVOs). Grant funded management and training assistance will draw on U.S. private sector expertise.

9. FAA Sec. 612(b), 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.

Financial and in-kind contributions from both U.S. and Kenyan non-governmental organizations are an integral part of the Project budget.

10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? N/A
11. FY 1988 Continuing Resolution Sec. 521. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. procures of the same, similar or competing commodity? N/A
12. FY 1988 Continuing Resolution Sec. 553. Will the assistance (except for programs in Caribbean Basis Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work clothes or leather wearing apparel? N/A
13. FAA Sec. 119(g) (4)-(6). Will the assistance (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and (a) Yes. The Project targets one million dollars to support among other activities training and education efforts in the area of biological diversity/natural resources. (b) Project funds will be granted to PVOs involved in natural resource management

survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas?

whose programs have been recognized by the GOK.
(c) Project funds may be used to support planning & survey efforts.
(d) No.

14. FAA Sec. 121(d). If a Saleh project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (either dollars or local currency generated therefrom)?

N/A

15. FY 1988 Continuing Resolution If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government?

Yes. All U.S. PVOs eligible to receive funding under this Project will meet this requirement.

16. FY 1988 Continuing Resolution Sec. 514. If funds are being obligated under an appropriation account to which they were not appropriated, has prior approval of the Appropriations Committees of Congress been obtained?

N/A

17. FY 1988 Continuing Resolution Sec. 515. If deob/reob authority is sought to be exercised in the provision of assistance, are the funds being obligated for the same general purpose, and for countries within the same general region as originally obligated, and have the Appropriations Committees of both Houses of Congress been properly notified?

These procedures will be followed for the approximately \$220,000 to be deobligated from the VADA cooperative agreement and reobligated elsewhere in the project.

18. FY Continuing Resolution

Sec. 541. If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.?

The Project will only provide grant assistance to A.I.D. registered U.S. and Kenya PVOs that provide documents necessary to meet A.I.D. auditing requirements.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

(a) FY 1988 Continuing Resolution Sec. 558 (as interpreted by conference report). If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities (a) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in the third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (b) in support of research that is intended primarily to benefit U.S. producers?

N/A

(b) FAA Secs. 102(b), 111, 113, 281(a). Describe 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, dispersing investment from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development

This Project has been specifically designed to address items (a) through (d). The Project will directly benefit the poor and disadvantaged by directly involving the poor in design and implementation of activities, Project activities to be supported

on a sustained basis, using appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries.

will emphasize increasing the income, quality of life and self-reliance of the rural and urban poor.

- (c) FAA Secs. 103, 103A, 104, 105, 106, 120-21. Does the project fit the criteria for the source of funds (functional account) being used? Yes
- (d) FAA Sec. 107. Is emphasis placed 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)? Yes
- (e) FAA Secs. 110, 124(d). Will the recipient country provide at least 25 percent of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)? While the Project is not a bilateral activity thus the GOK is not required to "cost-share" per se. However, all Project funding provided under the Grants fund will be matched by the recipients with a contribution of one-third of grant-funded costs.
- (f) FAA Sec. 128(b). If the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority? Yes. The Project will finance the development activities & institutional strengthening needs of PVOs in Kenya. Project activities to be selected for funding under the project must demand state clear plans for resulting in improved lives

of targeted community groups, especially rural and urban poor.

(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.

The Project's emphasis is on addressing local development problems identified by Kenyans. Emphasis is also placed on enhancing Kenyan institutional competence in the areas of training, management, planning and evaluation.

(h) FY 1988 Continuing Resolution Sec. 534. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions?

No.

Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilization?

No.

Are any of the funds to be used to pay for any biomedical research which rates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?

(i) FY 1988 Continuing Resolution. Is the assistance being made available to any organization or program which has been determined to support or participate in the management of a program of coercive abortion or involuntary sterilization?

No.

If assistance is from the population functional account, are any of the funds to be made available to voluntary family planning projects which do not offer, either directly or through referral to or information about access to, a broad range of family planning methods and services?

No.

- (j) FAA Sec. 601(c). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

Yes. Full & open competitive selection procedures will be used to obtain proposed contractual services.

- (k) FY 1984 Continuing Resolution. What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 20 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)?

No set-aside of Project funds is specifically designated for the groups cited. However, because full & open competitive selection procedures will be used to obtain contractual services, these groups will be eligible to apply. In addition, AID registered U.S. FVOs are eligible to apply for grant financing assistance.

- (l) FAA Sec. 118(c). Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16? Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible:
- (a) stress the importance of conserving and sustainably managing forest resources; (b) support activities which offer employment and income alternatives to those that otherwise would cause destruction and loss of forests, and help countries identify and

Yes. A categorical exclusion was approved by the Africa Bureau Environmental Office for the activities financed under this Project. Environmental threshold decisions for specific grants & training activities to be funded by the Project will be approved by the Regional Environmental Officer once the specific activities have been identified. Because the Project targets financing of \$1 million in the area of "biological diversity"/ natural resource management,

implement alternatives to colonizing forested areas; (c) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (d) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (e) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded; (f) conserve forested watersheds and rehabilitate those which have been deforested; (g) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (h) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (i) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (j) seek to increase the awareness of U.S. government agencies and other donors of the immediate and long-term value of tropical forests; and (k) utilize the resources and abilities of all relevant U.S. government agencies?

any activities proposed for assistance in this area will be assessed in relation to items (a) through (k), as applicable.

(m) FAA Sec. 118(c)(13). If the assistance will support a program or project significantly affecting tropical forests (including projects involving the planting of exotic plant species), will the program or project (a) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land, and (b)/take full account of the environmental impacts of the proposed activities on biological diversity?

Yes. Any assistance sought for "biological diversity"/natural resource type activities will be considered in relation to items (a) and (b), as applicable.

(n) FAA Sec. 118(c)(14). Will assistance be used for (a) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; or (b) actions which significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas?

(a) No.

(b) No.

(o) FAA Sec. 118(c)(15). Will assistance be used for (a) activities which would result in the conversion of forest lands to the rearing of livestock; (b) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undegraded forest lands; (c) the colonization of forest lands; or (d) the construction of dams or other water control structures which flood relatively undegraded

Because the specific activities to be funded under this Project have not yet been identified, it is not possible at this point to determine whether assistance will be used for activities cited in items (a) through (d). An environmental review will be conducted once the activities have been identified.

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

(p) FY 1988 Continuing Resolution If assistance will come from the Sub-Saharan Africa DA account, is it (a) to be used to help the poor majority in Sub-Saharan Africa through a process of long-term development and economic growth that is equitable, participatory, environmentally sustainable, and self-reliant; (b) being provided in accordance with the policies contained in section 102 of the FAA; (c) being provided, when consistent with the objectives of such assistance, through African, United States and other PVOs that have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in sub-Saharan Africa; (d) being used to help overcome shorter-term constraints to long-term development, to promote reform of sectoral economic policies, to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning services, education, and income generating opportunities, to bring about appropriate sectoral restructuring of the Sub-Saharan African economies, to support reform in public administration and finances and to establish a favorable environment for individual enterprise and self-sustaining development, and to take into account, in

(a) Yes. The Project's targeted beneficiaries are rural & urban poor who will participate in the identification & implementation of activities.

(b) Yes.

(c) Yes. The Project is designed to finance development & training activities through Kenyan & U.S. PVOs.

(d) Yes. Project Financing will support PVO activities in priority areas such as agricultural production, natural resource management, health and population, education & income generation, with particular emphasis on improving the quality of life of the poor majority (the rural & urban poor), and the status of women.

(e) Yes. Project financing selection criteria give emphasis to these criteria and aims depending on the sectors selected for intervention & assistance.

assisted policy reforms, the need to protect vulnerable groups; (e) being used to increase agricultural production in ways that protect and restore the natural resource base, especially food production, to maintain and improve basic transportation and communication networks, to maintain and restore the nature resource base in ways that increase agricultural production, to improve health conditions with special emphasis on meeting the health needs of mothers and children, including the establishment of self-sustaining primary health care systems that give priority to preventive care, to provide increased access to voluntary family planning services, to improve basic literacy and mathematics especially to those outside the formal educational system and to improve primary education, and to develop income-generating opportunities for the unemployed and underemployed in urban and rural areas?

memorandum

DATE: June 3, 1988
REPLY TO: Derek S. Singer, HRD
ATTN OF: *[Handwritten initials]*
SUBJECT: Final Project Review Committee Meeting: PVO Co-Financing Project
TO: Files

The final PVO Co-Financing Project Redesign Committee meeting was held on May 27, 1988 at 10:00 a.m. in the Director's Office. The purpose of the meeting was to discuss and reach a consensus on the final draft of the Project Paper Amendment for the PVO Co-Financing Project. The following major issues were discussed.

1. Discussions with PVO Community:

Has USAID discussed, or does it plan to discuss, the final PP Amendment with the PVOs which were surveyed? It was thought that the needs and desires of the PVOs surveyed were sufficiently incorporated into the redesign of the project and, therefore, there is no need to systematically discuss again the final design document with all the PVOs surveyed. However, during the approximately six-month period that may pass until the PP Amendment is approved, and the project becomes operational, the HRD management team will inform selected PVOs about the final redesign.

2. Registration:

At what stage in the approval process will a PVO be required to register with USAID? The PP Amendment states that a PVO will be required to register with USAID by the time its proposal has been reviewed and approved by the Project Committee (PC). However, the PVO's institutional statement, required at the concept paper review stage, will give the PC a good indication of whether or not a PVO seems registrable. If the PC determines that a PVO seems not registrable, its grant concept paper will not be considered further.

3. Relationship of Grants to Mission Strategy:

Should USAID consider only those concept papers/proposals which are compatible with the Mission strategy? It was determined that while PVOs will be encouraged to submit concept papers/proposals that are compatible with the Mission strategy and priority areas (as specified in the project selection criteria, Annex C.4), other concept papers/proposals will be considered by the PC as well. This is because the PVO Co-Financing Project should not rule out any PVO whose project is otherwise worthwhile and of developmental benefit to the local communities.

4. Maximum and Minimum Grant Levels:

Should there be a maximum and minimum limit imposed on the monetary value of a grant? It was decided that there should be "in-house" maximum and minimum monetary limits imposed on grants. A minimum of \$50,000 and a maximum of \$1,000,000 were proposed and accepted. However, it was the consensus of the Committee that firm monetary limits for grants should not be specified in any document that may be distributed to the PVO community.

5. Points System:

Should there be such a system in the review of grants proposals? It was decided that one of the first tasks of the PC will be to develop a points system, based on the selection criteria already developed, to review concept papers and proposals. It was agreed that the selection process during project implementation should be carefully documented to ensure the fairness and consistency of the competitive process.

6. GOK Sensitivity:

Will the GOK be sensitive if U.S. PVOs receive the bulk of project funds? It was pointed out that U.S. PVOs will, in most cases, be able to absorb more grant funds than Kenyan PVOs. Therefore, U.S. PVOs will most likely be the recipients of a greater proportion of grant funds. It was suggested that the GOK might question such a result. Therefore, consortia (made of U.S. and Kenyan PVOs) will be encouraged to submit concept papers/proposals. The brochure, which will describe the PVO Co-Financing Project and be circulated to interested PVOs, will make it clear that such PVO linkages are strongly encouraged. Also, the selection criteria will give advantage to U.S. PVOs that link-up with Kenyan PVOs in the design and implementation of their project.

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7. Long-Term Training:

Should long-term training be available under the international training component of the project? A case was made that long-term training should be included in the project so that outstanding candidates can receive training in areas where training opportunities are unavailable in Kenya. Also, the Training for Development Project has demonstrated that there is a demand for long-term training of PVO personnel. Further, there is presently no project in the Mission's portfolio where such training is available. However, it was agreed that more staff work needs to be done to make a firm case for including long-term training in the project. If a strong case can be made and accepted by the PC, then the PP can be amended to include it. If so, specific criteria must be developed for the selection of long-term training candidates.

8. Memorandum of Understanding:

- (a) Should the Memorandum of Understanding (MOU) cover duty-free services as well as commodities? For example, if a U.S. citizen (who is not a U.S. direct-hire spouse) were to be hired under the institutional contract (or as a PSC), such a clause would make him or her exempt from Kenyan tax. In such cases, these exemptions are often a precondition for someone to accept employment with the U.S. Government in Kenya. Therefore, it was decided that the MOU should include both duty-free goods and services.
- (b) Since CORAT (a Kenyan PVO supported by PH) and its grantees do not have duty-free privileges, should the MOU for the PVO Co-Financing Project include such privileges for them? It was decided that CORAT and its grantees will not be incorporated specifically into our MOU; however, on page 69, paragraph II.D of the draft MOU, the reference to "under this project" will be deleted. This could allow the application of the MOU to CORAT and its grantees.
- (c) Finally, it was decided that reference to the Ministry of Finance Committee (page 69 paragraph II.D of the MOU) should be deleted from the document.

9. Proposal Development Costs:

Should proposal development costs be partially reimbursed under the project? It was decided that, since the cost of developing proposals can be high, such costs can be partially reimbursable if and when a PVO's proposal is approved by the PC. An amount of not more than \$10,000, or 10% of costs (whichever is less), was agreed to. Criteria will be developed to explain to PVOs this proposal.

10. Staffing:

It was decided that additional secretarial staff is needed to implement this project. The project budget will be adjusted accordingly.

11. Next Steps:

The PC recommended approval of the PP Amendment subject to:

- (a) revision of the MOU to broaden the provision for duty-free services and goods;
- (b) including reference to AID's intent to partially reimburse proposal development costs for grantees; and
- (c) adjustment of the project budget to provide for additional secretarial staff.

It was agreed that once these changes were made, the amended PP should be given to the GOK for their review and comment. USAID/O/DIR will request that a meeting be held with the GOK no later than August 1 to discuss the PP amendment.

In the meantime, an Action Memorandum and final PP Amendment will be circulated to the appropriate USAID offices for final clearance. Prior to project implementation, HRD will also develop a brochure for potential PVO grantees describing the overall project, including the responsibilities of the PVOs and USAID. Finally, HRD will work on refining the pool of PVOs from which to solicit concept papers/institutional statements and begin the recruitment process for the third PSC, the project secretary and the institutional contractor.

(Note: The following persons attended the meeting):

SSinding, DIR
LHausman, D/DIR
DOot, PH
EMcGowan, REDSO
GBertolin, PRJ
BMacDonald, PRJ
CBarbiero, PRJ
SHaykin, PROG
KDanart, RLA
DSinger, HRD
TRay, HRD
VMasbayi, HRD
MMills, HRD
BKline, HRD

Distribution

DIR: SSinding
D/DIR: LHausman
PROG: NMariani
 SHaykin
PRJ: KBarbiero
 GBertolin
HRD: DSinger
 VMasbayi
RCO: PShirk
RLA: BBarrington
 KDanart
RFMC: AHullung
AGR: JGingerich
 MMullei
PH: DOot
 MGingerich
REDSO: EMcGowan