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UNCLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT

WASHINGTON, D.C. 20523

PROJECT PAPER

PHILIPPINES: PVO Co-Financing I
(492-0345)

March 11, 1980

UNCLASSIFIED

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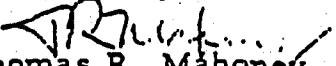
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- A - Operational Program Grants (OPGs)
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ACTION MEMORANDUM

February 22, 1980

TO : Mr. Anthony M. Schwarzwald, Mission Director

FROM :  Thomas R. Mahoney, PO

SUBJECT: Project Authorization

Your approval is required for a Grant of \$5,000,000 for the PVO Co-Financing Project 492-0345. It is anticipated that grant funds will be allotted from several appropriation categories contained in the Foreign Assistance Act of 1961, as amended.

DISCUSSION:

This project establishes a fund from which PVO sponsored development activities will be financed. U.S. PVOs registered by the Agency for International Development and Filipino PVOs that have been certified as eligible to receive U.S. Government Assistance by the Director, USAID, Manila, will be eligible to submit proposals for consideration. Grants will be for a maximum of 75% of project total costs. At least 25% must be contributed from other than U.S. Government sources. All other considerations being equal, USAID will give priority to projects with higher non-US Government contributions.

Through this project, USAID expects to be able to fund a variety of PVO projects in several sectors including but not restricted to agriculture and rural development, human rights/legal assistance, nutrition, education, health and population. We will be especially interested in activities that increase farm productivity and income in upland areas and that develop or establish the conditions necessary for the development of additional off-farm employment opportunities. Specific proposals have yet to be finally selected for funding under this project.

JUSTIFICATION TO CONGRESS:

Congressional Notification sent February 4, 1980.

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CLEARANCES OBTAINED:

- A. Gerald Johnston, Office of Nutrition 11/1/50
- B. Rodney Johnson, Office of Legal Adviser [Signature]
- C. Leon Vaughn, Comptroller's Office [Signature]
- D. Daniel Leaty, Program Office [Signature]

RECOMMENDATION:

That you sign the attached Project Authorization.

PROJECT AUTHORIZATION

Name of Country: Philippines

Name of Project: PVO Co-Financing
No. of Project : 492-0345

1. Pursuant to the Foreign Assistance Act of 1961, as amended, I hereby authorize the Private Voluntary Organization Co-Financing Project for the Philippines involving planned obligations of not to exceed Five Million Dollars (\$5,000,000) in grant funds over a three year period from date of authorization, subject to availability of funds in accordance with A. I. D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the project.

2. This project establishes a fund from which PVO sponsored development activities will be funded. U.S. PVOs registered by the Agency for International Development and Filipino PVOs that have been certified as eligible to receive U.S. Government Assistance by the Director, USAID, Manila, will be eligible to submit proposals for consideration. Grants will be for a maximum of 75% of project total costs. At least 25% must be contributed from other than U.S. Government sources. All other considerations being equal, USAID will give priority to projects with higher non-US Government contributions.

Through this project USAID expects to be able to fund a variety of PVO projects in several sectors including but not restricted to agriculture and rural development, human rights/legal assistance, nutrition, education, health and population. We will be especially interested in activities that increase farm productivity and income in upland areas and that develop or establish the conditions necessary for the development of additional off-farm employment opportunities. Specific proposals have yet to be finally selected for funding under this project.

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

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Source and Origin of Goods
and Services

Goods and services, except for ocean shipping, financed by A.I.D. under the project shall have their source and origin in the Cooperating Country or in the United States, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.

Anthony M. Schwarzwald
Anthony M. Schwarzwald
Director, USAID/Manila

Date 11 March '80

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add
 C = Change
 D = Delete

Amendment Number

DOCUMENT CODE

3

2. COUNTRY/ENTITY

Philippines

3. PROJECT NUMBER

492-0345

4. BUREAU/OFFICE

Asia

04

5. PROJECT TITLE (maximum 40 characters)

PVO Co-Financing Project

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY
 09 30 84

7. ESTIMATED DATE OF OBLIGATION

(Under "B." below, enter 1, 2, 3, or 4)

A. Initial FY 80 B. Quarter 3 C. Final FY 82

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

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	(1,300)	()	(1,300)	(5,000)	()	(5,000)
(Loan)	()	()	()	()	()	()
Other U.S.	1. *See attachment					
	2.					
Host Country *						
Other Donor(s) *	1,000		1,000	4,730		4,730
TOTALS	2,300		2,300	9,730		9,730

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) ARD&N	200			400		400		**	
(2) HLTH	500			600		600		**	
(3) EDU	600			300		300		**	
(4)									
TOTALS				1,300		1,300		5,000	

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

000 200 300 500 600 700

11. SECONDARY PURPOSE CODE

240B

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

A. Code BRW PART PVON PVOU COOP WID
 B. Amount 4.5 2.5 1.0 4.0 1.0 0.75

13. PROJECT PURPOSE (maximum 480 characters)

To engage the expertise of U.S. and Filipino private and voluntary organizations (PVOs) in the design and implementation of activities designed to meet identified needs of low income groups.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY
 09 81 03 83

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000 941 Local Other (Specify)

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

17. APPROVED BY

Signature *Anthony M. Schwarzwald*
 Anthony M. Schwarzwald
 Title Mission Director
 Date Signed MM DD YY
 03 11 80

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

MM DD YY
 X

Attachment to PVO Co-Financing Project Data Sheet

*The source of other contributions will be identified in each PVO project proposal. See Section II D Financial Plan.

**The specific appropriation source for USAID funds in the third year of the project will be determined by the nature of the PVO proposals to be funded and the availability of funds by appropriation.

PART II

PROJECT BACKGROUND, DESCRIPTION AND ANALYSIS

A. The Project

1. Project Purpose

To engage the expertise of U.S. and Filipino private and voluntary organizations (PVOs) in the design and implementation of activities to meet identified needs of low income groups.

2. Background

PVOs have been active in the Philippines since before independence. Much of their early efforts were devoted to welfare assistance and disaster relief. In recent years many PVOs have changed their focus from welfare activities to more direct development assistance designed to provide the basis on which beneficiaries can continue to improve their lives. At present more than 30 U.S. registered PVOs are actively engaged in development assistance here. To this group can be added more than a hundred Filipino PVOs devoting their resources and efforts to development. These organizations work with disadvantaged groups of Filipinos in a variety of development activities much of which seeks to satisfy basic human needs.

These PVOs possess expertise based on experience, staff skills and access to technical backstopping that is being employed for development. While their special skills and sector interest vary, many PVOs have the unique ability to work directly with groups of potential beneficiaries, motivating them to become involved in the development process.

Large scale development activity in the Philippines, e.g., rural electrification, roads and other capital-oriented activities, is planned and implemented by Government. Government development programs stress infrastructure and are generally designed to benefit the nation as a whole or at least large segments of the population. They address needs considered common among broad categories of the population and endeavor to bring benefit to as much of the population they touch as possible.

These programs are designed and implemented by national level ministries and specialized development agencies. Many of these national organizations have regional, provincial and even municipal branches. While the intent of such outreach staffs may be to move responsibility for and management of development closer to the intended beneficiaries, they are limited in their ability to adapt national programs to reflect local area needs.

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Private voluntary organizations have proven their ability to recognize and respond to local area needs with appropriate and timely assistance. Their activities are usually short-term, involve intended beneficiaries in the development process and are designed to make a direct impact that satisfies an identified need. Sometimes, in addition to the direct impact, project activities test the feasibility of an innovative technology or a new development methodology which, if successful, can be applied to the benefit of a wider target group, or incorporated into the project design of national programs.

PVOs presently are restricted from expanding their efforts principally by lack of funds. This project will add five million dollars over the next three years to the funds available to support PVO development activities.

3. Project Description

The money provided for this project will establish a fund from which AID will make grants to qualified PVOs for specific development projects. U.S. PVOs registered with the Agency for International Development will be eligible to request assistance under this project. Filipino PVOs meeting certain requirements and certified as eligible to receive U.S. assistance by USAID/Manila also will be able to seek assistance under this project. (See Annex D for description of requirements for certification of eligibility for Filipino PVOs.)

Agencies of the Government of the Philippines may not receive direct grants under this project; however, they are encouraged to participate in PVO development activities. Participation may result in benefit to the Government organization through acquisition of a new appropriate technology and/or innovative development methodology to be employed in their area of responsibility.

The Co-Financing Project will focus priority on projects that are addressed to satisfying the basic human needs of disadvantaged sections of the Philippine population. Such efforts might be addressed to (1) assisting the poor to increase their income through raising their production, improving their access to productive resources, and/or expanding their opportunities for productive employment; and (2) increasing the availability of and access to goods and services such as education, sanitation, health, family planning, nutrition information, legal assistance, etc.

Effective project activity addressed to satisfying the basic human needs of disadvantaged people is most likely to be successful where the beneficiaries themselves are involved in the development process so that their needs are properly considered and their capabilities and the resources at their disposal, are employed in the efforts undertaken. PVOs will be expected to involve potential beneficiaries in planning and implementing the activities to be undertaken.

There may also be a need to test new approaches to development and innovative technical methodologies. Occasionally these tests, trials or pilots do not attract Government resources or are not suited to be carried out by major development organizations. These efforts may be undertaken by voluntary agencies in conjunction with indigenous organizations or directly with potential beneficiary groups. Usually these projects will directly benefit a limited target group and also lead toward larger scale efforts benefitting a larger segment financed by the Government or a foreign donor. The Mactan/Cebu water project proposed by the Asia Foundation (TAF) is an example. Clean water systems will be provided for a small number of rural communities. While this will provide a direct benefit, the project will also be a laboratory to test low cost techniques for developing clean water sources peculiar to these remote communities, and the development of organizations and skills necessary for maintenance of the systems within the resources of the community. If successful, the project will provide the technical and development methodology base for application to additional communities by Voluntary Agencies or the Government. The International Human Assistance Program (IHAP) sponsored Sorsogon Crop Diversification Project is another example. This project attempts to introduce additional crops (coffee, cacao and black pepper) to coconut farmers in an effort to increase the productivity of the land and increase farmer income. On completion of this project, only a small number of farmers in Sorsogon will have achieved direct benefit. However, interest already shown in project activities by people outside the project area, including Government officials, indicate this project, if successful, has a good chance of being replicated in other areas to the benefit of a greater number of farmers. PVOs are cautioned not to claim replicability of their project activities unless they are prepared to demonstrate to USAID's satisfaction that there is a need for expansion or duplication, that the particular development methodology or technical innovation to be tested shows a reasonable expectation of being successful, and that the means and method of duplicating or expanding the activity is available and can be arranged.

USAID's association with PVO activities, principally through OPGs, has shown that U.S. PVOs generally carry out their activities in cooperation with an indigenous organization. In many cases these organizations are created during early stages of the project from members of the beneficiary group. In other cases PVO's work in conjunction with established organizations. USAID will be particularly interested in projects proposed by U.S. PVOs that are joint ventures with indigenous voluntary organizations, especially those that do not have the management and/or design/implementation capabilities necessary to qualify for direct AID assistance. In this way two objectives can be achieved: (1) the particular development objectives of the project, plus (2) the strengthening of another organization's ability to design, manage and implement development activities.

The minimum contribution to overall project costs which must be secured by the PVO making the proposal is 25%. Other factors being equal, USAID will favor proposals for which the sponsoring PVO can guarantee that 50% or more of project costs will be underwritten by other than U.S. Government funds. Another consideration strengthening chances for approval is the magnitude of contribution received from the beneficiaries of the project activities. An additional important criteria will be the extent to which the proposal is consistent with the mutually agreed U.S./GOP development assistance strategy.

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Processing Procedures

(a) PVOs will send their project proposals to AID. No specific format will be required. However, the following information must be included in the proposal in order for AID to judge the project's merits. (See Annex C for full explanation of the information required.)

- (i) Project purpose and description
- (ii) Project background
- (iii) Project analysis
- (iv) Project design and implementation
 - Implementation plan
 - Measurement and evaluation of project accomplishment
- (v) Financial plan with budget
- (vi) Evidence that supporting resources other than that requested of AID will be available
- (vii) Evaluation plan and schedule
- (viii) Other information

(b) Each fiscal year will be divided into two six-month funding periods -- October 1 to March 31 and April 1 to September 30. Proposals received at USAID by August 1 will be considered for funding in the October to March funding period. Proposals received by January 31 will be considered for funding in April 1 to September funding period.

(c) If a Filipino private voluntary organization submitting a proposal is not already registered with USAID/Manila, an application for registration will be submitted at the same time. (Grants will not be made to a U.S. or Filipino PVO until its eligibility for assistance has been established.)

(d) If the proposal includes a request for a grant of \$150,000 or above, the proposing agency will submit copies of the proposal to NEDA and request their review and approval of the project. For such requests, USAID will not make a grant unless NEDA approval has been received. For PVO proposals which require a grant of \$150,000 or less over the life of the project, USAID will advise NEDA that a grant is being considered and request comments from NEDA. We will provide NEDA with the name of the requesting PVO, the geographical area in which project activities will take place, the nature of the activities and the total amount of the grant. Once the grant is approved, we will advise NEDA of the action.*

(e) Immediately after the final date for submitting proposals, USAID will review the proposals and make the decision on which will be funded.

*NEDA has advised that to be eligible for assistance under this project U.S. Voluntary Organizations must have been granted authority to operate in the Philippines by the Ministry of Foreign Affairs. Any U.S. Voluntary Organization that has not applied for this authorization may do so through USAID.

(f) No later than 45 days from the final submission date each agency submitting a proposal will be notified whether or not their proposal has been approved for funding in the period about to commence. Such notification may be in the form of a final approval or an approval on the condition that certain changes or alteration be made to the project design. For those projects which are not selected for funding, the organization will be notified whether or not to re-submit the proposal for consideration in a later funding period. If resubmitted, it will be considered as a new proposal with no guarantee of approval.

(g) After notice of approval, USAID and the PVO will start the process of negotiating a grant agreement to be signed when funds become available.

(h) After this the terms and conditions of the grant agreement will set the pattern for USAID/PVO relationship during the life of the project.

B. Project Analysis

1. Social Analysis

As with several other areas of analyses, a thorough profile of project beneficiaries and a complete examination of the socio-cultural factors influencing project choice and design must wait until PVO project proposals are received. In general, however, it is expected that PVO activities will fall into two broad categories. The first category of activities will focus on making a direct impact on a well defined group of beneficiaries. Such activities may come in response to an appeal for assistance in satisfying a pressing basic human need. These beneficiary groups are likely to be rural poor, but in addition to their low economic status, they may have other characteristics that increase their need for special development assistance. The second category of activities will be those directed toward testing a new development methodology or innovative technology. While these projects will also impact on a group of beneficiaries, their real objective will be to test an innovation for later application to a larger group or groups.

Believing that the most important product of any effort is the experience people get from working in it, in addition to socioeconomic impact, we are also interested in the learning process that takes place. Therefore, where appropriate and to the extent feasible, it is expected that beneficiaries will become involved in all phases of the development activities, including identification of needs, planning and designing of measures to satisfy such needs, mobilization of resources to carry out the activities, implementation and continuation of activities, and maintenance of the facilities and infrastructure created by

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the project. Such participation is expected from beneficiary groups in which the PVO has been successful in establishing the capacity and skills to undertake further development activities. This beneficiary involvement may be spontaneous or with reduced levels of assistance from the outside.

Because of the ingrained patron/client attitude toward development where the patron controls the resources and enjoys the authority to use them, beneficiaries may regard the PVO as a patron, a benefactor, and look to the organization to assume all responsibility for providing the resources and expertise for planning, design, and implementation of a proposed activity. However, because PVOs work directly with beneficiaries, they are afforded the opportunity to bring about greater beneficiary involvement in all phases of development with the hope that beneficiaries will begin to see themselves as full participants rather than mere recipients.

2. Environmental Analysis

The determination of the initial environmental examination of the PVO Co-Financing Project was negative; the project is not a major action which will have a significant effect on the human environment and is, therefore, an action for which an environmental assessment is not required. AA/ASIA concurred in this determination in STATE 009300, January 12, 1980.

Individual PVO subprojects co-financed under the project, however, could possibly have environmental implications, although they would tend to be localized with no significant wider environmental impact. Consequently, the USAID PVO Project Review Committee will consider environmental implications of individual PVO subprojects at the time of formal USAID review of each subproject proposal.

C. Technical, Economic and Administrative Feasibility

1. Technical Feasibility

PVOs submitting proposals will be required to thoroughly explain the technology they intend to employ in their project. Considerations such as employment effects, energy demand, the beneficiaries' ability to utilize and maintain the technology used in the project, etc. will be examined as appropriate during review of each proposal.

2. Economic Feasibility

Due to the nature of the project, an economic analysis cannot be performed prior to the design of each subproject. Each PVO proposal will include a statement of the expected economic effect of the planned activities on the intended beneficiaries and the per capita cost of

achieving this benefit. In its review of the proposal, USAID will be comparing the benefits of the project with the cost of the proposed effort. To the extent the PVO can supply information to assist the comparison, review of the project will be facilitated.

Based on evaluations conducted for previous OPG-funded projects, it is roughly estimated that the comparable co-financing subprojects anticipated under this project will favorably affect 400,000 to 500,000 targeted beneficiaries at a USAID cost of \$10 to \$13 per beneficiary.

In many areas the PVO approach is able to tap volunteer assistance and integrate valuable local private expertise, and resources into local development projects, resulting in a more cost-effective effort than regular government programs.

3. Administrative Feasibility

(a) Grant Recipients

This project will be carried out by Private Voluntary Organizations. Only those U.S. Private Voluntary Organizations that have been registered by AID/Washington and those Filipino Private Voluntary Organizations that have been registered by USAID/Manila are eligible to receive co-financing grants.

The process of registration includes an examination of the management capabilities of the organization. Registration means that AID has judged that the organization has the ability to administer AID-supported development activities.

As PVOs submit proposals for grants, the Mission will first determine whether the PVO is registered. Further, when receiving a PVO proposal, the Mission will examine local staff capabilities and administrative procedures and judge whether they are adequate to effectively manage the activities indicated.

PVO grantees will occasionally be working in association with a local institution or group who will be required to contribute services and/or resources to the project and may be responsible for certain design or implementation elements of the project. In such cases, it will be the responsibility of the grantee PVO to satisfy the Mission that their associate has the capability to provide the technical services, resources, and/or design/management inputs attributed to them in the project proposal.

The Grantee will have the sole responsibility for management of AID resources and all project activities including those performed by organizations working in association with them.

Where a project demands special organizational or staff capability such as the ability to contract for services or procure commodities and equipment, and the Mission has not already examined and determined that these procedures are adequate, such an examination will be made.

(b) AID

The project is simple in concept and its operation is well within USAID staff capabilities. However, due to the number of individual PVO proposal expected, and the 20-30 funded projects that will be implemented, the increased workload on permanent hire staff could be considerable. In order to alleviate this situation, the Mission may need to contract for certain functions in connection with impelentation of the project. The contractor(s) would be responsible to the project manager and would perform certain of the following functions:

- (1) Develop and maintain liaison with U.S. and Filipino private voluntary organizations in the Philippines.
- (2) Gather information about PVOs, including the nature of their organization, staff capabilities, resource availabilities, volume and cost of their development activities and other information as necessary to determine the number of PVOs involved in development, the nature of their efforts and resources they have committed.
- (3) As required by the project manager, disseminate to PVOs information concerning Co-Financing project provisions, development methodologies and techniques, monitoring and evaluation requirements, etc.
- (4) Prepare initial analysis of each PVO proposal pointing out issues to Mission staff.
- (5) Gather comments of Mission staff on each proposal and compile them for project director.
- (6) Make visits to project sites before or after project initiation and report on observations to project manager.
- (7) Prepare reports and gather data to track project implementation.
- (8) Provide assistance to PVOs in areas of project design, implementation and evaluation.
- (9) Serve as member of evaluation team for PVO Co-Financing and individual PVO projects as required.

- (10) Review PVO registration requests. If necessary, collect information necessary for USAID to make a determination on suitability of PVO for co-financing and/or other U.S. Government assistance.

In all of the above functions the contractor(s) will be supervised by the project manager. The contractor(s) should be knowledgeable of USAID program requirements, USAID and Government of the Philippine development objectives, PVO organization, capabilities and objectives.

D. The Financial Plan

This project will provide 5 million U.S. dollars to be used with non-U.S. Government resources in cash or in kind to defray the cost of acceptable PVO development activities in the Philippines.

At least \$4.30 million will be used to provide grants to PVOs. This will cover approximately 50% of the total costs of the PVO projects financed. It will be the responsibility of each PVO grantee to acquire non-U.S. Government resources to cover the remaining costs. Possible sources of support are:

Outside the Philippines

International agencies
Private U.S. or foreign resources by general grants or specific grants for the project
Foreign governments

In the Philippines

Cooperating agencies of the Philippine Government
Private organizations, institutions or individuals
Contributions by beneficiaries

Non-U.S. Government contributions may be in cash or in kind. PVOs are encouraged to mobilize private Philippine resources, especially from among beneficiaries, as evidence of the beneficiaries' willingness to participate in the development activities. Mobilization of private Philippine resources will result in an increase in the total resources devoted to development in the country. Dependence on Government of the Philippines contributions for these projects will put added strain on limited Government development resources and will not result in a net increase in development activity. For this reason, PVOs are not encouraged to seek GUP contributions to their activities unless it is critical to the project.

Recurring Costs: Most PVO projects will be directed toward activities in the private sector. If the activities result in a liability for recurring costs, we expect that the responsibility for underwriting these costs will be met by participating private organizations and/or groups, probably the beneficiaries themselves. We intend to examine all proposals that place a recurring cost liability on a Government organization to determine whether all possible alternatives have been examined, the recurring cost liability is understood and accepted by the Government, the action is not only appropriate but necessary to meet a government program objective and the Government will have the resources to cover the recurring costs.

Expenditures: Each grant proposal will include a budget estimate on which total grant amount will be determined. The Grant proposal will also include a schedule of expenditure of grant funds over the life of the project. Based on this and other factors, USAID will arrange Grant fund disbursements sufficient to cover expenditures. After the initial disbursement succeeding disbursements will depend on the PVOs drawdown of funds already in hand and anticipated expenditures for the forthcoming period.

Summary Cost Estimate and Financial Plan
(\$000)

	<u>AID^{1/}</u> <u>(FX+LC)</u>	<u>Other Donors^{2/}</u> <u>(FX+LC)</u>	<u>TOTAL</u>
1. Grants to PVOs	4,730	4,730 ^{3/}	9,460
2. Project Consultant ^{4/} _{5/}	150	-	150
3. Technical Assistance	40	-	40
4. Evaluation	35	-	35
5. Training	30	-	30
6. Contingencies	15	-	15
7. Inflation factor	-	-	-
TOTAL	<u><u>5,000</u></u>	<u><u>4,730</u></u>	<u><u>9,730</u></u>

1/ Until PVO proposals are submitted, it is not possible to estimate the foreign exchange and local cost requirements under this project.

2/ Other donors may include any of the following: (a) International Agencies, (b) Foreign Governments, (c) U.S. PVO resources, (d) Government of the Philippines, (e) Filipino PVOs, (f) Other private Philippine sources, and (g) Beneficiaries of project activities. Contributions may be in the form of foreign exchange, local currency or in kind.

3/ While the ratio between U.S. Government and non-U.S. Government contributions will vary, it is expected that non-U.S. Government contributions will cover approximately 50% of the total cost of all the PVO-sponsored projects.

(Footnotes continued on next page)

4/ Personal Services Contract

5/ Technical consultants required from time to time for specific duties relating to the project.

Amounts listed for Project Consultant, Technical Assistance, Evaluation, and Training are planning estimates. Funds not used for these purposes will be used for grants to PVOs.

6/ In-country training costs associated with improving PVO staff capability in project design, management and evaluation.

7/ Since the project establishes a fund not based on costs but on assumed levels of PVO activity, the inflation factor cannot be applied. Inflation will be taken into account for each PVO proposal received.

E. Implementation Plan

Implementation steps in the Co-Financing project are:

1. Establish Co-Financing fund - AID
2. Development of Co-Financing project proposals - PVOs
3. Review of Project Proposals - AID, NEDA
4. Prepare grant agreement for PVO project - AID, PVO
5. Implementation of PVO project - PVO
6. Monitor and evaluate PVO project and overall Co-Financing project - PVO, USAID, NEDA

These steps to be taken in each of the above phases of the project are explained in Section IIA3. When USAID has prepared a grant for a specific PVO project, implementation plans will be described and monitoring/evaluation schedules will be determined.

It is expected that 24-30 PVO projects will be initiated during the three years of this project. These projects are likely to involve 16-22 PVOs depending on the number of grants received by any one PVO.

If funds are available according to the project plan (FY 80=\$1.3 million, FY 81=\$1.3 million, FY 82=\$2.4 million) 5 to 10 PVO projects can be funded each year.

F. Evaluation Plan

This project, being a cluster of small diverse subgrants, will be evaluated on two levels. On the overall project level, we will evaluate whether or not we have been able to engage the expertise of PVOs working in the Philippines and whether or not our contribution has resulted in a net increase in PVO sponsored development activity. In

order to do this, we will collect data at the beginning of the project that will establish the base against which additional PVO activity can be measured as the project progresses.

We expect that PVO sponsored projects carried out with the involvement of groups of potential beneficiaries will help in developing within these groups the capabilities necessary to continue the development process on their own or with reduced assistance from outside. One good indicator might be that the development undertaken with PVO assistance is continuing and/or the group has branched into different activities without any outside assistance or with a lower level of assistance than previously.

In order to be able to see the evidence described above, some of the subprojects must have reached completion. It will not be until the third year or even later in some cases that a sufficient number of projects will be completed to evaluate whether target groups involved in PVO supported activities have continued project activities or branched out into additional development activities. Even at this point, it is quite likely that the evidence will not be conclusive; however, it should be sufficient to indicate the likelihood of success.

Not all subprojects will be involved in setting the conditions necessary for groups to continue development on their own. A project may test a new technology or system that is to be adopted by a government organization or other agency for broader application in the country. In this case, project results will be examined to determine whether or not the technology or system proved to be appropriate and whether it, in fact, has been or will be adopted by the agency or organization for whom it is intended. Again this sort of evidence will not be apparent until the particular subproject is completed. If success depends on the adoption of the particular strategy, system or technology, evidence may not be available for some time after this. The fact that a particular strategy, system or technology has not been adopted will have to be looked at in depth to determine if the fault lies with the sponsoring organization and the project activities pursued or it lies with factors outside the organization's control. Before entering such a project, AID and the sponsoring agency will have to rigorously examine the assumptions related to adoption of the project results.

U.S. voluntary organizations are encouraged to enter into joint ventures with indigenous voluntary organizations. Our aim is to increase the capability of indigenous agencies to plan, design, implement and evaluate development activities on their own. We also wish to see increased ability among these groups to mobilize private resources for development. A measure of successful action toward this objective will be the number of projects sponsored by U.S. voluntary organizations as a joint venture with indigenous PVOs. A positive trend here will, however, only indicate that

the U.S. PVOs are willing to try this approach. It will not be until joint ventures are completed and the capabilities of the indigenous partner can be examined that we will have some indication that our objective is attained. A partial test will be that the indigenous organization can meet the requirements for registration with the Mission. It will not be until the capabilities established have been proved by successful completion of a development project on its own that an indigenous agency can be certified as definitely qualified and our objective attained.

All of the measures indicated above are designed to determine the extent to which this project has reached its multiple objectives. The various reviews will be scheduled to take place when appropriate evidence is available. The evaluation process will begin almost immediately to examine evidence from ongoing or completed project activity funded through OPGs. Elements of this sort of evaluation have been used to develop this project. In addition, data will be collected during the first months of the project to establish the base against which additional PVO activity, increased funding, etc., can be measured in the later stages of the project. Most of the evaluation exercise during the first two years of the project will be performed by Mission staff with perhaps some local contractor assistance in gathering data.

The second level of evaluation involved in subproject specific. Each subproject will be evaluated to measure the degree to which the project purpose has been achieved. Scheduling and designing each evaluation will be the responsibility of the sponsoring PVO. Project funds will be set aside in the grant budget to cover the cost of these evaluations. USAID does not intend to require a rigid format for evaluations. However, in assessing the relative merits of individual proposals, serious attention will be given to the evaluation plan developed by the PVO.

A prerequisite for funding a proposal will be USAID acceptance of the sponsoring PVO's evaluation plan and schedule. As in all other aspects of project design, USAID will, as requested, provide assistance in preparing evaluation designs and schedules. USAID staff will be available to carry out certain aspects of subproject evaluations depending on need, availability of personnel and agreement with the sponsoring PVO.

OPERATIONAL PROGRAM GRANTS (OPGs)

In 1974 AID, with the community of voluntary agencies, developed a new approach to the programming of private and voluntary organization (PVO) activities. This approach was in response to the Congressional Mandate for an expanded participation with the PVOs in development work in the LDCs and from a growing realization within AID of the special qualifications PVOs possessed in relation to people-level needs and social equity considerations.

A special fund for a new grant mechanism, Operational Program Grant (OPG) was instituted. One of the underlying assumptions of this new thrust was that the institutional focus of the OPGs could help voluntary agencies and their counterpart organizations strengthen their efforts towards more development-oriented concerns.

USAID/Philippines has enjoyed long and mutually rewarding relationships with US private voluntary organizations and their local counterparts. The use of OPGs has further strengthened the good relationship between USAID, PVOs and the GOP. For the past four years, USAID has helped fund twelve OPGs for a total of \$991,520. These programs cover activities in agriculture, rural development, family planning, community development, training, nutrition and health.

The following are brief summaries of OPG projects funded through FY 1979:

FY 1976

Lanao del Sur Agricultural Training Center - Asia Foundation

A three-year grant for \$151,690 to the Asia Foundation to assist Muslim farming families in Lanao del Sur, Mindanao. The project trains these farmers in improved agricultural skills to increase their production and income. The training is provided by Dansalan College in Marawi City under a sub-grant from Asia Foundation.

Sariling Sikap Economic Development - CRS

A two-year grant for \$140,673 to CRS for the Sariling Sikap, Inc. (SSI) Accelerated Rural Development Program. The purpose of this project is two-fold:

- (1) To strengthen and institutionalize the capability of SSI, an indigenous PVO, to effectively design and implement programs for accelerated rural economic development among impoverished small farms;

- (2) To assist SSI to establish, through a rabbit and swine distribution program, models that will:
- (a) help increase the income of the rural poor.
 - (b) provide employment for women and older children in income-generating activities.
 - (c) set an example for replication in other rural communities.

Rabbit and Swine Distribution - Heifer International

A two-year grant for \$55,650 to Heifer International for a rabbit and swine project. The purpose of this project is to increase the availability of protein to the family diet as well supplement the family income of the impoverished, relocated squatter families of Dasmarinas, Cavite by providing rabbits and swine to the families and teaching them how to raise them.

Family Planning and Nutrition - IHAP

A one-year grant for \$52,100 to IHAP. The purpose of this grant is to assist IHAP and the Bulacan Social Action Council conduct an information, education, and motivation campaign which will orient all young women of the area on the basic facts of family planning and responsible parenthood.

FY 1977

Integrated Rural Development - IHAP

A two-year grant for \$95,000 to IHAP for the Integrated Rural Development project in Sorsogon. This project is aimed at improving the community organization, economic level, health services, nutritional status, environmental sanitation, and acceptance of family planning in 10 target barrios of Sorsogon. This project is focused on developing the organization and management capability within the community to plan, design and implement development activities, focused on these objectives,

Tulungan sa Kaunlaran - YMCA

A three-year grant for \$175,000 to the YMCA for the "Cooperative Effort to Progress" to develop an integrated community development program in 60 rural barangays throughout the Philippines, YMCA

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provided 3 months training to eight field workers who in turn work with the people of targeted barangays to develop projects that are best suited to their particular development needs.

Operation TB-Phase Out - IHAP

A two-year grant for \$83,650 to IHAP for the Operation TB-Phase Out in Masbate Island. The project is directed towards breaking the chain of transmission of Tubercular infection, screening suspected tubercular cases and treatment of patients suffering from the disease. This project operates through the existing Rural Health Units of the Department of Health with close supervision and assistance from the Philippine Tuberculosis Society.

FY 1978

Jeepney Drivers in Family Planning - Asia Foundation

A two-year grant for \$48,000 with the Asia Foundation for the Jeepney Drivers in Family Planning Project. The program is directed at the utilization of Jeepney Drivers in Metro-Manila as motivators for family planning. The project provides 1,440 jeepney drivers with information and material necessary to publicize family planning with the riding public.

Distance Study System - CARE

A one-year grant for \$53,000 to CARE to provide support for a graduate level correspondence course in nutrition for teachers in remote areas who do not have access to universities. This project will utilize correspondence packages, radio, and television and tutors at study centers for elementary and secondary school teachers who in turn can then pass on their knowledge to their students and other residents of the communities in which they live.

Crop-Diversification - IHAP

A one-year proposal for \$17,000 to IHAP for the Crop Diversification project intended to develop a program designed to promote inter-cropping coffee, black pepper and cocoa with coconut in the upland areas of Sorsogon not suited to grain production. The project thereby makes fuller use of available agricultural land and provides additional income to farmers.

Langub Human Development - ICA

A two-year grant for \$9,800 to ICA for a Human Development Program. The intention of the project is to work with the people of the community and develop projects that are best suited to their particular development needs. These projects range from making handicrafts to introducing improved farming methods.

FY 1979

Palawan Agro-Forestry Project - Asia Foundation

A two-year grant to Asia Foundation for \$59,254 to introduce crops and improved agricultural techniques that will allow rural upland people of Palawan, who depend on forest land, to increase their income without the necessity of destroying the forests.

**Table 1. Operational Program Grants (OPGs) Major Outputs and Inputs
FY 76 - FY 79**

Major Outputs and Inputs	FY 76	FY 77	FY 78	FY 79	Cumulative Totals
1. Number of new PVOs* participating	4	2	1	0	7
2. Number of OPGs initiated	4	4	3	1	12
3. Number of OPGs completed	0	0	2	2	4
4. USAID OPG dollar contribution (input)	\$400,113.17	\$400,843.85	\$ 81,309	\$109,254	\$ 991,520.02
5. PVO and other donor contribution (input)	\$326,026.00	\$302,168.42	\$106,409	\$ 71,782.90	\$ 806,386.32
6. Total Project costs (4 + 5)	\$726,139.17	\$703,012.27	\$187,718	\$181,036.90	\$1,797,906.34

	<u>OPG Funded Projects</u>
*IHAP -	4
ASIA -	3
CRS -	1
ICA -	1
HPI -	1
CARE -	1
YMCA -	1

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**PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK**

Life of Project
From FY _____ to FY _____
Total U.S. Funding \$3,000,000
Date Prepared November 21, 1974

Project Title & Number PVO CO-FINANCING

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes: (A-1)</p> <p>Increase private development activities involving beneficiaries and private development organizations to complement Government funded and managed development efforts.</p>	<p>Measures of Goal Achievement: (A-2)</p> <p>Development efforts instituted under Co-Financing are maintained by beneficiary efforts alone or at reduced levels of assistance from the outside.</p> <p>Beneficiary groups implement additional development activities on their own or with a lower level of assistance from the outside.</p> <p>Evidence that private development organizations are continuing and expanding their development efforts.</p> <p>Evidence that private development efforts are complementary to and supplement Government administered development.</p>	<p>A-3)</p> <p>Follow-up examination of beneficiary groups and the activities they are pursuing.</p>	<p>Assumptions for achieving goal targets: (A-4)</p> <ol style="list-style-type: none"> Private development efforts can be tailored to meet local area needs. Private resources from beneficiaries and cooperating private organizations can be mobilized to carry out development efforts that will supplement Government controlled development. Potential beneficiaries will be able to master the skills necessary to plan implement and mobilize resources for continued development efforts. Government attitude remains favorable to private development efforts.
<p>Project Purpose: (B-1)</p> <p>Engage the expertise of U.S. and Filipino private voluntary organizations in the design and implementation of development activities to meet the identified needs of low-income groups.</p>	<p>Conditions that will indicate purpose has been achieved: End-of-Project status. (B-2)</p> <ol style="list-style-type: none"> Increased number of U.S. and Filipino PVOs collaborating with local counterparts in local development projects. Increased capacity of PVOs to design and implement local development projects. PVOs working in increasing number of GOP and AID policy areas. Increased direct development impact on targeted beneficiaries from PVO/USAID development assistance programs in the Philippines. Increased number of locations nationwide used as sites for PVO Co-Financed sub-projects. 	<p>B-3)</p> <ol style="list-style-type: none"> USAID review of project progress Annual data collected from PVOs on their economic and social development projects financed from their own funds and/or with other non-AID donors, and with the USAID co-financing program. Assessment of the quality and content of PVO project proposals submitted for co-financing, and PVO semi-annual management and financial reports on sub-project progress. Survey of PVO annual reports for development projects program and budget allocations. Baseline data surveys before sub-project implementation; analysis of changes in the base over project life. 	<p>Assumptions for achieving purpose: (B-4)</p> <ol style="list-style-type: none"> That USAID co-financing funds will be added to, not substituted for, the PVOs own development program budgets. That voluntarism remains both a U.S. and Filipino tradition; and receives corresponding manpower and financial support from the private sector. That additional private resources are mobilized for development activities.
<p>Project Outputs: (C-1)</p> <ol style="list-style-type: none"> U.S. Registered PVOs participating in Co-Financing project. Filipino PVOs certified as eligible to receive U.S. government assistance. Filipino PVOs receiving co-financing grants. Co-Financing funded projects undertaken. Number of training interventions. 	<p>Magnitude of Outputs: (C-2)</p> <ol style="list-style-type: none"> U.S. PVOs participating: 10-20 Filipino PVOs registered: 5-10 Filipino PVOs participating: 4-6 Co-Financing funded projects: 20-30 Training interventions: 5-7 	<p>C-3)</p> <ol style="list-style-type: none"> Project proposals submitted to AID by U.S. PVOs. Grants to U.S. PVOs. Requests for certification of eligibility received from Filipino PVOs - certified one made by USAID. Project proposals received from Filipino PVOs. Grants made to Filipino PVOs Total number of grants made/projects implemented. Reports of training interventions. 	<p>Assumptions for achieving outputs: (C-4)</p> <ol style="list-style-type: none"> Philippine government will continue to allow U.S. and International PVOs to operate in country. A number of Filipino PVOs have or will be able to develop organizational capacity necessary for certification of eligibility. That training needs of PVOs will be identified and can be satisfied with resources available. PVOs will find Co-Financing grants a desirable resource whereby they can expand their development activities.
<p>Project Inputs: (D-1)</p> <p>USAID</p> <ol style="list-style-type: none"> Grant Funds Excess property Consulting services (T.A.) Training <p>PVOs</p> <ol style="list-style-type: none"> Planning, design and implementation management including evaluation Funds <p>GOP (Various Agencies)</p> <ol style="list-style-type: none"> Design, implementation, evaluation Resources (in kind or funds) <p>Cooperating local private organizations:</p> <ol style="list-style-type: none"> Design, implementation evaluation Funds and/or in kind resources <p>Beneficiaries:</p> <ol style="list-style-type: none"> Design, implementation, evaluation Funds and/or in kind resources <p>Other Donors</p> <ol style="list-style-type: none"> Funds and/or in kind resources 	<p>Implementation Target (Type and Quantity) (D-2)</p> <ol style="list-style-type: none"> USAID <ol style="list-style-type: none"> as needed as needed and available as needed as needed PVOs <ol style="list-style-type: none"> as needed GOP Cooperating local private organizations* Beneficiaries* Other Donors* <p>*The resource contributions from these sources are expected to equal or exceed the grant contribution of USAID. The nature and quantity of resources contributed will be determined by the requirements of the project to be implemented and the nature of the resources at the disposal of the participating organizations. The involvement of 3 through 5 will depend on the nature of the project undertaken.</p>	<p>D-3)</p> <p>USAID</p> <ol style="list-style-type: none"> Signed grants Commodities/equipment delivered. Consultant contracts completed Training sessions held. <p>PVOs</p> <p>GOP</p> <p>Cooperating local private organizations</p> <p>Beneficiaries</p> <p>Other Donors</p> <p>Project proposals, grant agreements, progress reports, financial expenditure reports.</p>	<p>Assumptions for providing inputs: (D-4)</p> <p>USAID</p> <ol style="list-style-type: none"> Allotments sufficient to fund project activities are available to the Mission. Excess property is available. <p>Beneficiaries</p> <ol style="list-style-type: none"> USAID through staff and/or contractor can supply TA consultative assistance not available through PVO channels. That training requirements can be met by USAID staff and contractors. <p>LEADER RESOURCES</p> <p>That beneficiaries and other private sources have resources that can be mobilized for development activities. That grantees PVOs will be able to mobilize non-U.S. Government resources in cash or in kind to meet approximately 50% of total project costs.</p> <p>That all participants in a Development project will have the resources and technical/managerial capacity to perform their part of the project as described in the grant agreement.</p>

CO-FINANCING GRANT PROPOSAL OUTLINE

This annex describes the information a PVO project proposal should include if it is to be considered for a Co-Financing grant. While no specific format must be followed when presenting this information use of the format provided herein will facilitate USAID review of the proposal.

Project Title: _____ Life of Project: _____
(Yrs.)

PVO Name and Address: _____

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

Project Manager: Name: _____
Title : _____ Tel. No. : _____

Date of Presentation to USAID: _____

Organizations Cooperating in project: _____

Total Project Cost: _____

Amount of Grant Request: _____

A. PURPOSE

The purpose is a statement of what is expected to be achieved if the project is completed successfully and on time. It expresses in quantitative or qualitative terms (capable of verification) that which you hope to create, accomplish or change.

B. PROJECT BACKGROUND

Describe the development problems or objectives to be addressed

citing any relevant studies or other material that would help to establish that the problem exists and its effect on the beneficiaries. Explain how your organization became aware of the problem and briefly describe your experience implementing this type of activity or related activities. Describe similar activities (if any) of the Government or other development organizations and explain how your project complements or supplements these activities. Explain the relationship of your proposed project to the Government of the Philippines' development objectives.

C. PROJECT DESCRIPTION

Provide a general description of the activities you intend to carry out. Describe the group or groups who will benefit as a result of this project. If the project objective is to test a new development methodology or innovative technology, explain how you will go about testing or proving that the methodology or technology is appropriate for the problems it is to solve and how, if successful, it can be utilized to benefit additional beneficiaries in the Philippines and/or other developing countries. Describe the conditions expected at the end of the project.

D. PROJECT ANALYSIS

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

2. Technology: If appropriate, describe the technology to be used. Provide evidence that your organization has the capability to implement the technology. Indicate that the beneficiary groups or organizations have the ability to use and maintain the technology once the project is over.

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3. Socio-Cultural Feasibility: Provide a profile of the beneficiaries of the project. This profile should include the approximate number of beneficiaries that will be directly affected, and if appropriate, the approximate number of beneficiaries that will be indirectly affected. Describe other beneficiary characteristics such as income level, ethnic group, age, location, employment, sex, organization and community group membership, etc. that are known to you and will identify the groups or individuals you plan to benefit.

USAID understanding of who the beneficiaries are and what effect the project activity will have on them is crucial to review of the project. PVOs should provide as much information as possible to explain the socio-cultural factors that will affect project activities and influence the degree of benefit that will accrue to the beneficiary group and the impact the project will have on cultural traditions and values. As part of this analysis the PVO should indicate whose interests may be harmed by the project and whether their opposition will be critical.

4. Environmental Analysis: The PVO should describe (if appropriate) the impact project activities will have on the physical environment. If no negative impact is expected the proposal should contain a statement to this effect.

5. Administrative Feasibility: The PVO should include information about its management capabilities to substantiate its claim that it has the ability to manage USAID grant resources effectively and has the management and technical capability to carry out the proposed activities.

If an intermediate organization (perhaps acting as a subgrantee) is expected to manage some or all project activities, include information on this organization and its administrative and management capabilities.

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

For any project activities that result in something such as a road, water system, a business (pig raising, etc.) or a system of services that must be maintained by the beneficiary group, describe how you

will ensure that the beneficiaries have the ability to shoulder these responsibilities once the project is completed.

E. PROJECT IMPLEMENTATION PLAN

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

F. FINANCIAL PLAN

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

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

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Personnel Costs

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

Training Costs

(include transportation and subsistence by dollars or pesos and man months)

Commodity Costs

- (1) U. S. procured
- (2) Locally procured
- (3) U. S. surplus property

Other Costs

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

Proposed expenditures should also be broken down by year. It is recommended that dates (1980, 1981, etc.) not be used. Use year 1, 2, etc. to signify each full year of the project.

G. EVALUATION

Evaluation is the responsibility of the PVO grantee. USAID will assist with evaluation design and implementation as required. Each proposal submitted must include an evaluation plan. This plan should tell USAID what you plan to evaluate (end of project status) and how you plan to go about carrying out this evaluation. We are interested in identification of the indicators that you will look at to see if your project purpose has been achieved. If baseline data against which progress is to be measured is not available tell how you plan to acquire it. We are also interested in who (PVO staff, outside consultants, etc.) you plan to use to perform the evaluation and when it will be scheduled. Most projects

that extend for more than one year should be evaluated at various stages during implementation. Include an evaluation schedule supporting the timing of evaluations by indicating the facets of the project that will be examined in each evaluation.

Evaluations add to the cost of a project. In order to ensure that the costs have been included in the overall estimate of project, a separate line item should be included in the budget. This is especially necessary if outside consultants will be required to carry out the evaluation.

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REGISTRATION OF LOCAL PRIVATE VOLUNTARY ORGANIZATIONS

Approved January 8, 1980

1. Registration is open to any philanthropic and/or public service organization that is non-profit, non-political and non-governmental in nature. To qualify for registration, an organization must demonstrate that it meets criteria outlined below, that it is financially viable and that it has sufficient management capability to engage in development oriented assistance to disadvantaged groups.
2. An organization that meets all of these conditions will be certified as "eligible to receive U. S. Government Assistance" and will be added to the register of qualified Private Voluntary Organizations maintained by the Agency for International Development in Washington, D. C.
3. Interested organizations can apply for registration by letter addressed to The Director, USAID/Philippines, R. Magsaysay Center, Roxas Boulevard, Manila. The letter should describe the type of development activities normally undertaken or intended to be undertaken by the organization and indicate in general terms the type of activity intended to be carried out with USAID assistance. Copies of the documents listed in the attached "Conditions and Documentation Requirement" should be sent with the letter. If the specific document listed is not available, alternate documentation establishing that the organization is in substantial compliance with the corresponding condition may be submitted.
4. Registration establishes an organization's eligibility to receive USAID assistance but does not guarantee it. The granting of assistance to a registered organization will be based on a separate application which must include a detailed description of the development activities the organization proposes to implement with USAID Assistance.
5. To remain registered, an organization must submit annually an audit prepared by an independent certified public accountant, a report of income and expenditures, an annual report of activities and a statement that all other conditions described in the original material remain unchanged except as noted. USAID may terminate eligibility upon receipt of information which calls into question the organization's ability to meet these criteria.

CONDITIONS AND DOCUMENTATION REQUIREMENTS

If the organization:

- A. Is a legal entity, organized under Philippine law for philanthropic and/or public service purposes.
- B. Is private (non-governmental).
- C. Is non-profit.
- D. Is engaged in or anticipates becoming engaged in voluntary charitable or development assistance operations (other than religious) including but not limited to services of relief, rehabilitation, disaster assistance, welfare, training and/or program support and coordination for such services, in the fields of health, education, population planning, nutrition, agriculture, industry, environment, and ecology.
- E. Accounts for its funds in accordance with generally accepted accounting principles and applicable Philippine Institute of Certified Public Accountants (PICPA) guidelines.

then the documentation required is:

- A. Articles of Incorporation, constitution, by laws, relevant documents establishing its legal status.
- B. Articles, constitution, by laws, other relevant documentation.
- C. Audited financial statement (see E below) or certificate of tax exemption.
- D. Annual Report (or document of similar import); third party descriptive information of what they do; letter stating reasons for seeking registration.
- E. Audit, prepared by independent Certified Public Accountant (CPA), disclosing administrative, program and fund raising costs (the latter, where applicable), and providing complete information on financial position as evidenced by liabilities and assets. NOTE: New organizations - (organizations which have been established less than a year) must provide an independent CPA's statement that an accounting and financial reporting system consistent with the PICPA guidelines has been installed, along with an

unaudited financial statement covering the period between establishment and application for registration. The Certified Public Accountant's statement for new organizations will also indicate whether the organization has installed internal controls to engage the execution of an audit in accordance with the applicable guidelines at the end of the first year of operations.

F. Exercises financial planning through submission of an annual budget for the year subsequent to that covered in the annual audit.

F. A Budget, for the year subsequent to that covered in the audit, prepared in a manner consistent with the format used in the audit.

G. Has a functioning board or governing body which is the highest authority of the organization, is legally responsible, whose members serve without compensation for such service, and that paid officers do not constitute a majority in any decision of such a body.

G. By laws/articles; non-compensation statement; names and addresses. (In the case of a Corporation Sole desiring to register, suitable evidence must be submitted to the satisfaction of USAID to ensure that the governance of the organization is such that the nature of the organization's functions and purposes shall not change during the life of any USAID assistance.)

H. Provides compensation for top five headquarters positions.

H. A list of salaries and allowances of the top five positions.

R 110211Z SEP 79
FM SMCSTATI WASHDC
TO AMEMBASSY MANILA 2298
BT
UNCLAS STATE 237737

AIDAC

E.O. 12065: N/A

TAGS:

SUBJECT: PVC CO-FINANCING PROJECT (492-0745)

REFS: (A) MANILA 16724, (B) STATE 223363

1. APAC APPROVED PID FOR SUBJECT PROJECT AUGUST 31. ACTIVITY APPROVED FOR THREE-YEAR, FIVE MILLION DOLLAR LEVEL PER REF B.

2. CONTRARY TO REF B, APAC SUGGESTS MISSION CONSIDER CARRYING OUT FUNCTIONS OF PROJECT COORDINATOR BY DIRECT HIRING PATHS THAN CONTRACTOR IF PRACTICABLE. THIS REVERSAL STEMS FROM NEED TO HAVE DE PEOPLE KNOWLEDGEABLE RE PVC ACTIVITIES AND ORGANIZATIONS IN ORDER FOR AID TO HAVE A GROWING, SUCCESSFUL PVC PROGRAM. IT ALSO MAY BE CONSISTENT WITH NEW MISSION DIRECTOR'S PLANS FOR PVC FUNCTION.

3. WHEN MISSION HAS APPROVED FP COVERING ISSUES RAISED PER B, INFORMATION FOR CONGRESSIONAL NOTIFICATION SHOULD BE SENT AID/W.

4. WOULD ALSO APPRECIATE BEING ADVISED WHEN FUNDING DECISIONS REACHED ON SANTA CRUZ MISSION OPG SO THEN INTERESTED INDUJERS CAN BE INFORMED. VANCE

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ANNEX F

INITIAL ENVIRONMENTAL EXAMINATION

Project Location: Philippines

Project Title: PVO Co-Financing

Funding: FY-80 \$5,000,000 Grant

Life of Project: 3 years

IEE Prepared by: Mission Staff

Environmental Action Recommended: Negative Determination

Mission Directors Concurrence: (See attached cable)

Decision of the Assistant Administrator:

Concur: *John H. Bellman*

Do Not Concur: _____

Date: 5/31/79

Initial Environmental Examination - PVO Co-Financing

I. Description of the Project

This project will establish a fund from which AID, with the approval of the government of the Philippines, will fund acceptable sub-projects proposed by capable indigenous and U.S. Private and Voluntary Organizations (PVOs). Sub-projects will generally be small scale community development and rural infrastructure activities. Projects which enhance local opportunity and capacity to plan and implement development activities, increase the welfare and participation of disadvantaged groups, and foster employment generation will be favored.

II. Identification and Evaluation of Environmental Impacts

The sub-projects co-financed under this project should create many beneficial impacts on the human environment through activities which will increase the standards of living of the rural poor.

Some individual PVO sub-projects co-financed under the project could possibly have adverse environmental implications, although they would tend to be localized, with no significant wider environmental impact. Also significant adverse impacts should be eliminated or mitigated by the USAID/Philippines PVO Project Review Committee which will consider the environmental implications of individual PVO sub-projects at the time of formal USAID review of each sub-project proposal.

III. Recommendation for Environmental Action

Since the above analysis has determined that no significant adverse impacts should result from project implementation, the Mission recommends the project be given a Negative Determination.

24 March 1980

Mr. Anthony M. Schwarzwald
 Director, USAID Mission
 Manila

Dear Mr. Schwarzwald,

We are pleased to return signed copy of AID letter dated 11 March 1980 covering NEDA's endorsement of the final draft of the PVO Co-Financing Project Paper.

Sincerely,
 B.G. Villavicencio

B.G. VILLAVICENCIO
 Director, External Assistance Staff

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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
Manila, Philippines

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Telephone: 56-80-11

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The Honorable
Gerardo P. Sicat
Minister of Economic Planning
National Economic & Development
Authority
Padre Faura St., Manila

Dear Minister Sicat:

This refers to your letter of February 19, 1980 commenting on the PVO Co-Financing Project Paper. In consultation with your office, we have made changes in the project paper to reflect the concerns mentioned in your letter. A copy of the revised project paper is enclosed.

The funds provided by A.I.D. for this project will be obligated by grant agreements with PVOs whose project proposals have been reviewed and accepted under the procedures described in the paper.

In order for there to be an understanding that the project as described in the enclosed project paper is acceptable to your government, please so indicate by signing in the space provided below. USAID will not make changes to the conditions described in the project paper without prior consultation with and agreement by NEDA.

We appreciate your cooperation in providing assistance to Private Voluntary organizations to expand their involvement in development activities in the Philippines.

Sincerely yours,

Anthony M. Schwarzwald
Anthony M. Schwarzwald
Director

Gerardo P. Sicat
Gerardo P. Sicat
Minister of Economic Planning
(Director-General) NEDA

x
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SC(2) - PROJECT CHECKLIST
A. GENERAL CRITERIA FOR PROJECT

ANNEX H

1. FY 80 App. Act Unnumbered, FAA Sec. 634A, Sec. 651(b). (a) Describe how authorizing and appropriations committees of Senate and House have been or will be notified concerning the project. (b) Is assistance within (Operational Year Budget) country or international organization allocation provided to Congress (or not more than \$1 million over that figure)?
- (a) Via Congressional Notification submitted by AID on February 4, 1980.
- (b) Yes
2. FAA Sec. 611(a) (1). Prior to obligation in excess of \$100,000, will there be (a) engineering, financial, and other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?
- (a) Yes
- (b) Yes
3. FAA Sec. 611(a) (2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?
- N/A
4. FAA Sec. 611(b); FY 80 App. Act, Sec. 501. If for water or water-related land resource construction, has project met the standards and criteria as per the Principles and Standards for Planning Water and Related Land Resources dated October 25, 1973?
- Yes
5. FAA Sec. 611(e) If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project?
- N/A
6. FAA Sec. 209. Is project susceptible of 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.
- No
7. FAA Sec. 601(a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (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.
- (a) Not expected to influence international trade.
- (b) Yes, on a small scale
- (c) Yes
- (d) Yes
- (e) Yes, on local basis
- (f) Not expected to influence development of Free Labor Union.

d. FAA Sec 601(b) Information and conclusion on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

N/A

9. FAA Sec. 612(b); Sec. 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 to meet the cost of contractual and other services.

At least 25% of project costs expected to be underwritten by local private sector.

10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

No

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

Yes

12. FY 80 App. Act 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. producers of the same, similar or competing commodity?

No

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a. FAA Sec. 102(b); 111; 113; 281a. Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading

(a) Poor potential beneficiaries expected to be involved in all aspects of development through this project. Individual projects will have positive effect on many of these concerns;

investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions;

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

b. - FAA Sec. 103, 103A, 104, 105, 106, 107.
Is assistance being made available: (Include only applicable paragraph which corresponds to source of funds used. If more than one fund source is used for project, include relevant paragraph for each fund source.)

(1) (103) for agriculture, rural development or nutrition; if so (a) extent to which activity is specifically designed to increase productivity and income of rural poor; (103A) if for agricultural research, full account shall be taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made; (b) extent to which assistance is used in coordination with programs carried out under Sec. 104 to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value, improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs; and the undertaking of pilot or demonstration programs explicitly addressing the problem of malnutrition of poor and vulnerable people, and (c) extent to which activity increases national food security by improving food policies and management and by strengthening national

Activities are expected to range across most, if not all, concerns corresponding to these funding sources. Specific effect cannot be forecast for any section until PVO proposals are received and accepted for funding.

food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production, building national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution.

(2) (104) for population planning under sec. 104(b) or health under sec. 104(c); if so, a. extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems and other modes of community research.

(4) (105) for education, public administration, or human resources development; if so, extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, or strengthens management capability of institutions enabling the poor to participate in development; and b. extent to which assistance provides advanced education and training of people in developing countries in such disciplines as are required for planning and implementation of public and private development activities.

(5) (106) for technical assistance, energy, research, reconstruction, and selected development problems; if so, extent activity is: (1) (a) concerned with data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and (b) facilitative of geological and geophysical survey work to locate potential oil, natural gas, and coal reserves and to encourage exploration for potential oil, natural gas, and coal reserves.

(11) technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;

(iii) research into, and evaluation of, economic development processes and techniques,

(iv) reconstruction after natural or man-made disaster,

(v) for special development problems, and to enable proper utilization of earlier U.S. infrastructure, etc., assistance;

(vi) for programs of urban development, especially small labor-intensive enterprises, marketing systems, and financial or other institutions to help urban poor participate in economic and social development.

(d) (107) Is appropriate effort 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

c. FAA Sec. 110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or has the latter cost-sharing requirement been waived for a "relatively least developed" country)?

Support will come mostly from local private sector and is expected to exceed 25% of total cost by a significant amount.

d. FAA Sec. 110(b). Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country "relatively least developed"?

No

e. 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 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.

Assistance through Private Voluntary Organizations will primarily make use of in-country technical assistance capability. Project activity will depend primarily upon identification of development needs by potential beneficiaries and their capacity and interest in contributing to the design and implementation of development activities.

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

f. Yes

2. Development Assistance Project Criteria
(Loans Only)

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

N/A

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

N/A

3. Project Criteria Solely for Economic Support Fund

a. FAA Sec. 531(a). Will this assistance promote economic or political stability? To the extent possible, does it reflect the policy directions of section 1027?

N/P

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

N/A

5C(3) - STANDARD ITEM CHECKLIST

A. Procurement

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

Yes

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

U.S. and Philippines

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

Yes

4. FAA Sec. 604(e). If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity?

Yes

6. FAA Sec. 608(a) Compliance with requirement (in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 per centum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and takers) financed shall be transported on privately owned U.S.-flag commercial vessels to the extent that such vessels are available at fair and reasonable rates.

Project complies

7. FAA Sec. 621. If technical assistance is financed, to the fullest extent practicable will such assistance, goods and professional and other services from private enterprise, be furnished on a contract basis? If the facilities of other Federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

Yes

N/A

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

Yes

9. FY 80 App. Act Sec. (505) Does the contract for procurement contain a provision authorizing the termination of such contract for the convenience of the United States?

Yes

B. Construction

1. FAA Sec. 601(d). If a capital (e.g., construction) project, are engineering and professional services of U.S. firms and their affiliates to be used to the maximum extent consistent with the national interest?

Yes

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

Yes

3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million?

N/A

C. Other Restrictions

1. FAA Sec. 122(b). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter? N/A
2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? N/A
3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries? Yes
4. FAA Sec. 636(f). Is financing not permitted to be used, without waiver, for purchase, sale, longterm lease, exchange or guaranty of motor vehicles manufactured outside the U.S. Yes
5. Will arrangements preclude use of financing:
- a. FAA Sec. 104(f). To pay for performance of abortions as a method of family planning or to, motivate or coerce persons to practice abortions; to pay for performance of involuntary sterilization as a method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization? Yes
- b. FAA Sec. 620(g). To compensate owners for expropriated nationalized property? Yes
- c. FAA Sec. 660. To provide training or advice or provide any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? Yes
- d. FAA Sec. 662. For CIA activities? Yes
- e. FY 80 App. Act Sec. (504). To pay pensions, etc., for military personnel? Yes
- f. FY 80 App. Act Sec. (506). To pay U.M. assessments? Yes
- g. FY 80 App. Act Sec. (507). To carry out provisions of FAA section 209(d) (Transfer of FAA funds to multi-lateral organizations for lending.) Yes
- h. FY 80 App. Act Sec. (511). To finance the export of nuclear equipment, fuel, or technology or to train foreign nationals in nuclear fields? Yes
- i. FY 80 App. Act Sec. (515). To be used for publicity or propaganda purposes within U.S. not authorized by Congress? Yes