

**AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D. C. 20523**

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID

SMALL-SCALE PROJECTS FOR LONG-TERM AFRICAN DEVELOPMENT

Report of the Quarterly Meeting
December 5-6, 1985
Department of State

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INTRODUCTION

The Advisory Committee on Voluntary Foreign Aid offers to the Agency for International Development the perspectives on development issues of various private voluntary organizations involved in providing technical assistance and disaster relief in AID-assisted countries. Founded in 1946 the ACVFA provides a forum in which PVOs and officials of AID can examine key issues in development and learn from each other.

No issue has seized the conscience and claimed the hearts of U.S. development specialists more than the devastating droughts and resultant famine of the African continent over the past twelve years. The ACVFA has discussed the long-term development consequences of drought and famine in Africa in each of its last five meetings.

At its September 1985 meeting, which focused exclusively on African development, several questions concerning long-term development on the continent were raised. The December quarterly meeting was a follow-up to the September meeting and its agenda reflects AID's concern for African development, especially given the resource limitations facing the Agency. The focus on the key topic of small-scale is a direct response on the Committee's part to the Administrator, for M. Peter McPherson asked the ACVFA to focus its attention on small-scale, private sector activities in Africa that had or could potentially contribute to self-sustaining development on the continent.

The Committee responded to the request with a decision to review and assess the reports of experts and to synthesize their findings into a coherent set of action recommendations for the Administrator, and decided to dedicate the December '85 quarterly meeting to that task.

Because of the specific nature of the inquiry of this particular quarterly session, the meeting did not follow the usual format of overview and formal speakers. Instead, the Committee and PVO participants met in informal plenary sessions with resource persons to assist them in their deliberations. The Committee views its assessment of long-term African development as a deliberative process that will take more than one meeting; consequently, no set of recommendations emanated from the quarterly meeting, rather a statement of preliminary reflections was developed for presentation to the Administrator.

ACVFA Chairman E. Morgan Williams called the meeting to order at 9:00 a.m. on December 5. In his opening remarks, Williams noted that the Administrator had asked the Committee to consider the particular topic of small-scale African development and he announced that the Committee will meet in Africa in 1986 to have a firsthand, on-site view of the problems. He thanked AID Administrator, M. Peter McPherson, for making the field meeting possible.

OPENING ADDRESSES

M. Peter McPherson, Administrator, AID

Mr. McPherson began his remarks by thanking the PVO community for its outstanding work to alleviate the suffering caused by the African drought. He credited much of the success of American relief efforts to the unprecedented cooperation between AID and the PVOs active in African development work. He hoped that the partnership could be strengthened and institutionalized for a long-term involvement in improving the quality of life in Africa.

He has asked that the ACVFA devote a meeting to consideration of small-scale African development because of the Agency's realization that long-term economic growth in Africa is ultimately dependent on the role of small farmers and small entrepreneurs. PVOs, given their vast field experience, particularly in Africa in the past five years in response to the drought, can make a major contribution to strengthening indigenous capacity on a small-scale for long-term development.

Administrator McPherson went on to outline current AID priorities for long-term African development. The Agency hopes to effect change in both policy and sectoral reforms, particularly by strengthening local institutions on the policy side and improving agricultural productivity in the sectoral reform area. Reforms needed in both the policy and sectoral areas are too massive to be handled by governments alone. To be realized successfully, the reforms must have the support of the private sector as well.

The Administrator emphasized that the Agency was now looking for small-scale, private sector interventions that had been successful. AID policy now places strong emphasis on the development of a viable private sector, for officials believe that local, private sector development is a key stimulus to economic growth and necessary to meet the need to decentralize basic services. The private sector also has a role to play in developing stronger local institutions, institutions which will reduce the burden on central governments and allow the central authorities to focus on large-scale infrastructural development.

Another key component to AID strategy for Africa is the belief that long-term, self-sustained growth can be achieved only if indigenous grass-roots organizations are involved in a meaningful way. PVOs can play a major role in helping to build indigenous institutions and strengthening indigenous private sectors. PVOs have a comparative advantage through their people-to-people orientation, intimate knowledge of local situations and strong relations with indigenous PVOs.

Development cannot succeed beyond the long-term capabilities of the village level in Africa because ultimately the village and the human capacity available in it, must sustain development.

The challenge, maintained McPherson, is to bring development to the local level and to find a way to work on a small scale with maximum impact within the management and resource constraints under which AID is now operating. Staff ranks are dwindling and the pressures on the Agency to do more with shrinking dollars are mounting.

In the final analysis, the questions become how does a big agency gain the flexibility to work at the village/micro level and how does such an agency use the rich experience and resources of PVOs to achieve the small-scale involvement that everyone agrees is essential to African economic and socio-political development?

McPherson closed by leaving participants with three questions:

1) What has been learned about the funding and management mechanisms currently being tried?

2) What new arrangements do PVOs have to suggest as alternatives to present mechanisms that AID might consider?

3) What concrete suggestions do PVO representatives have to resolve the remaining operational and program issues which are preventing greater AID-PVO collaboration?

In the question and answer period that followed, three questions were raised.

Ambassador Donald Easum, president of the African-American Institute, noted the importance of involving central governments in development plans requiring fundamental social change and raised the question of AID's view of pressing governments to make institutional changes from the capital.

McPherson said that the question of political will and assessment of the economic policies of central governments was a priority concern. He said that the best way of getting a country moving is to create more jobs. Economic assistance allocations have been relocated to countries where there is a willingness to work on sectoral development and to formulate economic policies that emphasize creating sufficient wealth to enable citizens to meet needs of food, shelter, health care, etc.

McPherson noted that involvement with the private sector and local organizations really provided a new degree of flexibility in development assistance, for AID and other donor agencies can still pursue development interests at the local level, even if they do not approve of many of the policies of a central government. AID tries to determine a mix of private and public allocations in recipient countries. In Haiti, for instance, the mix is 50 percent private, fifty percent public. McPherson would like to see the mix move to 60 percent private so that

there is less dependency on the views of the central government and greater indigenous, private sector economic and political strength.

James McCracken of the Christian Children's Fund opened his comment by thanking Administrator McPherson for his personal leadership of the AID response to the agonizing problems of Africa during the recent crisis. He supported the emphasis on local institutions and indigenous capacity-building and asked about further involvement of Peace Corps in these efforts. He noted the on-going extensive work of Peace Corps volunteers at the village level and asked if these activities could be coordinated with AID initiatives at the local level.

McPherson responded that he felt further cooperation was possible. He said the AID/Peace Corps cooperative agreement of two years ago is working well and currently 20 percent of Peace Corps volunteers are working on AID projects in 40 countries. Such cooperation is sensible because Peace Corps has close community ties; volunteers living in villages can provide firsthand insights and assistance, while AID personnel can provide economic analysis capability to rationalize and codify project findings.

ACVFA member Ken Smith observed that there is general agreement that there is a paucity of indigenous and external capability to deliver needed services for either small or large-scale projects in Africa and asked if this assessment is fair.

McPherson agreed that the lack of adequate service delivery systems is a major problem in Africa and noted that it is one point at which the question of management and building indigenous capabilities becomes crucial.

Edward L. Saiers, Deputy Assistant Administrator, Africa Bureau

Deputy Assistant Administrator Edward L. Saiers provided a comprehensive overview of the current PVO programs in the Africa Bureau. The Africa Bureau has significantly increased its funding to PVOs over the past seven years, currently making available 15 percent of its Development Assistance account for PVO activities.

The Bureau recognizes the critical role that NGOs can play and has attempted to encourage PVO involvement by simplifying the grant-making process. A key instrument for simplifying the process is the umbrella grant, a mechanism which provides a mission with a significant amount of money to use for a variety of PVO projects over an extended period of time, usually five years. AID umbrella mechanisms are currently operating in Senegal, Zaire, Kenya, Somalia and Chad with a total budget of \$50 million. In addition to developing the umbrella mechanism, the Bureau has also appointed a new PVO liaison officer, Richard Whitaker, who is engaged in an assessment to see what further steps can be taken to facilitate PVO involvement in Africa.

For the Bureau, the emphasis is on small scale. Saiers noted that although we know that large-scale projects often do not work in Africa, there is no guarantee that small scale works simply because it is small. He shared four of his own observations about what makes a successful small-scale project.

First, a project must be sustainable with the resources of the people themselves. No contribution to long-term development is made when a project is dependent totally on outside resources.

Second, there are problems with projects requiring recurrent budget expenditures on the part of African governments. Without exception almost all African governments are running horrendous budget deficits to the point where the expansion of development activities on the government side just is not possible; therefore, PVOs and donors should not design projects which call for large resource outlays.

Third, PVOs need to build better communications links with AID missions. Assistant Administrator for Africa, Mark Edelman, has sent a cable asking that PVOs and missions work more closely together. Saiers suggested that PVOs talk to a given mission specifically about its Country Development Strategy Statement (CDSS), the key blueprint for country-specific development, not with a proposal in hand, but generally, so that proposed projects are consonant with the long-term goals of the specific nation and PVOs can avoid the bottlenecks of central government blindspots that AID may be more aware of. Also, PVOs should work more closely with AID Washington in identifying those countries in which a given PVO's expertise would be welcomed and used. True development comes with integration of systems, not autonomous self-sufficiency.

Fourth, Saiers urged better evaluations so that planners and practitioners can really understand what has worked among the small-scale initiatives. The payoff for the greater investment in evaluations is a more sophisticated identification of replicable projects. PVOs should look for economies of scale so that small-scale projects can still be cost-efficient.

In the question period following Saier's remarks, Peggy Sheehan of the National Cooperative Business Association said that she had heard that AID was planning to put a cap on the number of new project starts in Africa in 1986 (only 25 new project starts would be initiated) and asked if this cap would apply to small-scale projects as well.

In response, Saiers said that the 80 to 100 new project starts of previous years were simply unsustainable. Although 25 new starts may be a low estimate, there is no magic number and there will be a decrease from last year. The Bureau hopes that PVOs will become involved in AID projects in other ways--either through on-going projects or by obtaining subcontracts with large integrated rural development projects and other large multi-

sector undertakings. Reduction of the number of new project starts was also one of the purposes of creating the umbrella grant. Under the umbrella concept, a sizeable number of projects can be begun without the intensive management involvement required by separate small-scale PVO activities.

Saiers called for a fuller integration of PVOs into ongoing large sectoral development projects. He noted a tendency for PVO grants to be perceived as peripheral to the "real" work of development. He said he saw no reason why PVOs could not be the implementing agents for projects in areas in which they have special expertise, suggesting that missions could invite PVOs to compete for contracts as implementing agents as do Title XII institutions, small businesses and various consulting groups. The Sudan mission, for instance, is inviting PVOs to discuss involvement in large projects.

The question period began with a request for identification of countries which are considered important priorities for AID in terms of overall investment and the establishment of umbrella grants. Saiers responded that priority countries are those in which the U.S. has strategic foreign policy interests as well as development interests. The Africa Bureau has categorized AID-assisted African countries into three levels of country programs: Major, Medium and Small Country Programs. Major Country Programs are nations in which AID has a significant personnel and monetary commitment. This category includes Kenya, Liberia, Senegal, Somalia, Sudan, Zaire and Zambia. Medium Country Programs are nations in which the U.S. does not have major foreign policy interests, nor are these nations recipients of large amounts of Economic Support Fund assistance. However, these countries do hold significant developmental interest to the U.S., their own economic policy frameworks are conducive to growth and investment, and there is seemingly a good use of AID development assistance dollars. Countries in this category include Botswana, Cameroon, Madagascar, Malawi, Mali, Mozambique, Niger, Rwanda and Zimbabwe. In these countries it is particularly useful to work with the missions because of opportunities to maximize impact. Nations included in the Small Country Program do get assistance, but do not have sufficient AID personnel, indigenous capacity or AID financial investment to warrant an umbrella program.

James McCracken of the Christian Children's Fund requested that AID ask host countries to convene meetings of indigenous PVOs and representatives of the public and private sectors as a way of encouraging the identification of and dialogue among African PVOs.

ACVFA members Mary McDonald and David Guyer congratulated Mr. Saiers on the talking points. Guyer observed that there is probably more dialogue currently going on between PVOs and AID officials of the Africa Bureau than at any time in the past 20 years. Noting that PVOs have special strengths to offer, Guyer wondered if the 15 percent of AID Africa Bureau monies that are allocated to PVOs might be looked at as research and development

money for planning, experimentation, evaluation and similar experimental initiatives.

Saiers responded that there was merit in the suggestion. He believed that AID was already involved in experimental programs with PVOs, particularly in evaluations of a whole set of small activities and their impact on specific development sectors. He agreed that PVOs are basically experimenters.

John Holstein of International Human Assistance Programs noted that AID can exert considerable leverage to influence governments to change their decisions vis-a-vis economic policies and specific development projects. Saiers acknowledged that the U.S. is trying to effect policy changes, particularly in the Category II Medium Country Program nations, and he noted that the policy has been relatively successful with many nations now re-assessing economic and social development policies by placing a priority on sustainability and equitable distribution of goods and services.

ACVFA member Marie Gadsden suggested that we need to look at sustainability not only from the perspective of the country in which we hope to make an intervention, but from the perspective of AID. Gadsden recommended that ACVFA members ask how steady are AID's areas of emphasis, its own sustainability in terms of staff longevity in-country and its financial commitments to see certain projects through to completion over the long haul.

Mr. Saiers responded that a study had indicated that AID priorities in Africa ten years ago overlapped with current emphasis in only two African countries. Currently AID is trying to build that level of sustainability in the Medium Country Program nations. Hopefully these nations will be buffered from wide variations in funding due to changes in strategic foreign policy importance of some of the nations. AID is attempting to sustain its commitments to these middle category nations, irrespective of foreign policy considerations.

SESSIONS I and II

The purpose of the discussion was to explore funding and managing multiple small-scale projects; operational concerns from both the AID and PVO perspectives; and program concerns of coordination, improved communications and strengthening links between U.S. and African PVOs. The discussion and findings of each session are described below.

A. Mechanisms for Managing/Funding Multiple Small-Scale Activities

The session offered an opportunity for the Advisory Committee to question PVO representatives and AID officials about their experiences to date with a variety of funding mechanisms, to identify those funding and project management strategies that have been most successful and to recommend which strategies

should be emphasized.

The discussion leader was ACVFA member Dr. Robert Marshall. Repondents were Thomas Byrne, Private Agencies Collaborating Together (PACT); James Govan, Office of Program Analysis and Budget, Bureau for Africa, AID; Thomas McKay, Office of Private and Voluntary Cooperation, Bureau for Food for Peace and Voluntary Assistance, AID; and David Shear, ORT International Cooperation.

The discussion began with definitions. Since the meeting topic was Small-scale Projects for Long-Term African Development, the first definition was of "small scale". Small scale was defined as the simple and doable. In monetary terms, small scale is under \$50,000 for AID purposes. For AID this is small scale, for the Agency is coming from a history of trying to implement many complex projects on a very broad scale. This has not lead to sustainability and there is a realization that AID must get closer to the grassroots.

The group looked at small scale from the perspectives of finances, human resources development and programmatic scale. To some PVOs present, small scale meant of a size that a community group could carry out. Attitudes toward time, traditional power structures and African means of evaluating successful performance must all be considered when evaluating small scale in the African context.

The importance of long-term planning in Africa was also raised. David Guyer commented that project planning invariably involves both the long term and the short term. However, long term may mean something very different to a PVO in the field and an AID official who has to satisfy administrative regulations and Congressional inquiries. In Africa to really make an impact in a given nation's development, one must think of planning, funding and project management from the standpoint of generations, not two-to-five year projects. We should be thinking in 20 year cycles, rather than the three-to-five year cycles in which we normally develop AID projects. AID is beginning to think in 10 and 20 year cycles, due in large part to the insistence of Administrator McPherson.

David Shear pointed out that the long term can involve several projects as delivery instruments, all moving toward the same development end. The objective may not be achieved for 20 years, but certain short-term objectives critical to the long-term success may be achieved and achieved quickly. For instance, a training component may be successfully completed in six months in a river basin project that will be ongoing for ten years. He cautioned that we should not let ourselves be trapped by the concept of a project as the only way of achieving long-term development objectives.

After definitions, the discussion turned to managing and funding projects. The umbrella grant is the new major instrument

by which AID is managing multiple small-scale projects. The umbrella is a mechanism for administering PVO funds either directly or through an intermediary organization grant program administered by AID or given to a host government. Small projects within the umbrella will still address the host country's development priorities.

The concept has been modified for use in Africa and six or eight different models are being tried. In Zaire, the AID mission has given a grant to ORT for the purpose of administering a PVO grant to the array of private organizations active in the country. ORT is basically acting as a intermediary. In Senegal, in another version of the model, two consulting firms administer a program that reaches directly into the community. In Somalia the total grant of \$18 million has a \$2 million component for small-scale grassroots projects of under \$50,000, as well as a larger \$16 million component that will offer a dozen or more PVOs the opportunity to participate in sectoral development programs of two to three years duration.

Tom McKay reassured participants that the umbrella is not the only source of PVO funds in a given mission. Other grants for specific activities may be available. The fact that umbrella grants relieve AID from the review of proposals as well as the management burden of administering grants was underscored, in addition to the willingness of the host governments to involve PVOs in sector-specific development activities such as agriculture and rural development, health and sanitation, water, environment and energy within the umbrella concept.

There was general agreement that the umbrella grants provide a practical management tool for both AID and PVOs to simplify the grant-making and grant-monitoring processes. From those evaluations which have been completed, particularly in Zaire, the umbrella seems to be working in terms of administration and management.

Some weaknesses do exist with umbrellas. The projects are having limited impact in efforts to strengthen local institutions. Also, project managers find that it takes quite a long time to penetrate local societies by introducing new concepts of institution-building and organizational development. AID has been a detriment to local institution-building and decentralization because the agency has been unwilling to delegate to the executing PVO agency sufficient authority to undertake the activity and enough autonomy to function.

David Guyer described umbrella mechanisms at work in the South Pacific in which 8 or 10 countries will have no bilateral program, but a single PVO is asked to undertake whatever the task is for the country. The AID team consists of only four or five people who cover eight countries. He suggested that the Africa Bureau might look at the South Pacific as another model with potential adaptability to African countries or sub-regions of the continent.

There have been other effective funding mechanisms in addition to the umbrella grant. One of the most effective has been the matching grant which has provided an effective way to ensure program accountability.

Another mechanism which may prove to be effective in managing and funding PVO projects is the consortium. Tom Byrne of PACT said that a consortium is a good mechanism through which private organizations can communicate with each other, but not a good funding mechanism. A funding role is often a divisive one for consortia, as each organization competes for limited dollars.

However, consortia do have certain strengths. They are a strong force in helping to build indigenous organizations through training programs, international networking with other PVOs and information sharing. Byrne suggested using intermediate organizations as funding conduits because if AID funding ceases, the consortia is not drastically effected and the whole existence of the consortium threatened. Byrne also noted that consortia can aid PVOs in working out relationships with the host governments and play the important role of lining up members with donor sources.

Involvement in the development of the CDSS was mentioned as an essential conduit for PVO effectiveness in a given country. A participant representing Technoserve asked discussants to focus on the PVO role in actually helping to design the mission strategy over the next decade and the annual CDSS, and to suggest ways in which the role of PVOs could be institutionalized. AID representatives said that the Agency is moving in the direction of institutionalizing PVO input. The practical constraint is that the field staff of a given PVO may not have the same policy depth that PVO headquarters staff seem to have. Nevertheless, currently it is an established AID policy to involve PVOs in the CDSS process. Both sides acknowledged that there may be differences of opinions, but the input of the PVOs is worth the effort.

In a final question, ACVFA member Ken Smith asked the panelists to give insights on projects that worked, projects that did not work and why. In response, panelists said that AID is seeking projects that employ strategies that are cost-effective, managerially effective, useful on the ground with long-term impact and replicability potential.

David Shear discussed some projects that have not worked in Africa. The first failures are projects that did not involve the beneficiaries in terms of identification, design or implementation of the activity. A second kind of failure is projects that are technically unsound. The unsoundness problem is particularly prevalent in agricultural projects in which farmers have been given bad data and asked to plant inappropriate crops. Another set of failures is found in projects that cannot be sustained by local populations after the technical experts leave.

Fourth, sometimes governments accept projects that they really do not want as a quid pro quo for other projects that they are eager to attract or as a part of a package. Fifth, many projects with a high dependency on new technologies are accepted without an indigenous understanding of the technology.

Three major points emerged from the discussion. First, the umbrella mechanism, a response to AID administrative overload, is really working in Africa. The mechanism allows a rich blend of innovative PVO activities at the grassroots level and allows PVOs to demonstrate their capabilities to involve themselves in sector-specific development initiatives.

Second, sustainability is the key ingredient to successful projects. Several speakers cited projects which looked good as long as the AID presence remained, but the project literally disappeared along with U.S. technical assistance. Given the resource constraints under which all programs are operating, sustainability has become a critical variable.

Third, the long-term goal of most projects is institution-building and strengthening indigenous capabilities. U.S. PVOs and AID missions realize that the best way for PVOs to achieve those goals is through close cooperation with the mission through the CDSS and other country strategy formulation processes.

B. Operational Concerns Regarding Small-Scale Activities

The second portion of the session shifted the discussion from funding and management concerns of small-scale projects to focus on operational issues regarding small-scale projects. The panel was guided by a series of concerns including: limited mission staff time for PVO project negotiation, start-up and logistical support; the absorptive capacity of PVOs; the country distribution of PVOs; decentralization of authority to PVO field representatives; the qualifications of professional PVO staff in the field; and the adequacy of PVO headquarters and field-based project backstopping.

The overarching questions were what can be done by both AID and the PVO community to accommodate such concerns and what improvements could PVOs suggest regarding AID support of PVO programs.

The first operational consideration was AID staff involvement in PVO activities. From the PVO perspective, AID has managed the question of limited staff time quite well, in large part by instituting the matching and umbrella grant programs. The matching grant, extremely popular with mission directors, has assured management, accountability and program implementation. John Costello said that the matching grant had enabled Helen Keller International to make an effective move into Africa that would have taken several years under another institutional arrangement. Similarly, the representative from International Voluntary Services described the program that his organization

had started in Zimbabwe approximately three years ago with an AID matching grant as successful because of the matching grant. Currently, the program enjoys 80 percent private funding, but he reiterated that the program could not have succeeded without the matching grant in its initial phase.

Consortia undertakings are another means of limiting AID involvement with PVO project management, particularly in small-scale projects in-country. In Mali, for instance, the mission is pleased to be working with a PVO consortia at the pre-project level because it saves various mission staff's time, sources of information are expanded and economies of scale are at work. There has been a new sharing of objectives as well.

Concluding the discussion on decreasing AID staff involvements, some PVO representatives opined that AID officials are horrified by the idea of small projects precisely because of the staff time involved in administering them. However, many PVOs have experiences that prove that small projects can be monitored in a cost-efficient manner. Unfortunately, at this time there are no AID funds available to evaluate successful non-AID projects. In the same vein, PVO representatives commented that the absorptive capacity of PVOs is probably greater than AID and other government donors think.

The discussion next turned to the issue of country distribution of PVOs and constraints to PVO expansion into additional countries. Does AID encourage PVOs to go into certain areas based on the private group's interest or expertise or is encouragement based on the needs of the country? Some PVOs feel that they cannot go into certain countries because other PVOs have a hammerlock on non-governmental activities there. Currently, according to Diversity in Development, a publication of the PVO umbrella organization, InterAction, 40 percent of PVO activity is concentrated in the northeastern portion of Africa, 22 percent in West Africa, and a relatively smaller portion in central and southern Africa. The greatest amount of activity is in Kenya, Ethiopia, Ghana and Tanzania, with a few activities in Congo and Guinea. It is noteworthy that the countries with large PVO presence are countries with traditionally close links to the U.S. At present, PVO activities are concentrated in East Africa, but there is a current effort within AID to expand PVO activities in Francophone Africa. Of course, an AID-supported PVO presence in a given country depends on the size of the mission and the expertise of the PVO in relationship to the CDSS and host-country development priorities.

From the PVO perspective, entering a new nation is very risky. There are financial and institutional risks. Financially, such movement imposes a major monetary commitment for the PVO. Institutionally, it means either an expansion or diversion of resources and personnel to the new area. PVOs must ask themselves if such a move will damage the PVO's institutional capability to meet program commitments elsewhere. ACVFA member Enzo V. Bighinatti called for a cushion for the worst of these

risks and emphasized the need for upfront monies before a PVO can adequately expand into another nation.

Not only is expansion a risk for the PVO, there are also risks for AID as the funding agency. Given the plethora of projects within some countries and throughout the region, AID takes a risk with its limited resources if it supports a PVO with no track record as the PVO moves into a new nation. AID has tried to minimize this risk through use of the matching grant. If the PVO will devote its own resources, thereby demonstrating its financial viability, managerial skills and commitment to moving into the region or nation, then AID is more willing to commit its own resources.

PVOs, particularly the medium-sized organizations, need mechanisms for cushioning the the worst of the risks. AID must determine how much value it places on helping to increase and diversify the PVO presence in the majority of African nations. AID officials, acknowledging the problem, responded that PVOs might also look to foundations for funds.

John Costello said that the problem was not in the missions, for mission directors were enthusiastic, but with the central Africa Bureau itself. Two dialogues are ongoing within the Africa Bureau. On the one hand, bureau officials in Washington are asking that the missions focus and limit the programs, while on the other hand, missions themselves and host country leaders continue to identify a variety of projects that will contribute to the longterm development of the nation. Many PVOs expressed a feeling of being whipsawed by the lack of a definitive policy direction within AID.

PVOs and AID often have varying perceptions about the capabilities of PVOs. For instance, according to one AID official, there is a perception that the PVOs are currently flush with money for Africa. Therefore the Africa Bureau and other funders are currently unwilling to provide PVOs with the seed or research and development money that they need to expand their field operations into new countries in Africa.

ACVFA member and president of the Save the Children Federation, David Guyer, responded that the idea of PVOs flush with money is a myth. He noted that the American public expects PVOs to expend quickly any monies collected for famine or other disaster relief efforts. If the monies remain in the PVO coffers for any period of time, the organization is likely to encounter severe criticism. Most of the agencies have worked hard to spend the money expeditiously to relieve the immediate problem. His organization and others have funds that are restricted to the current African emergency--often to a specific country--and no monies to spend on long-term development solutions. He also pointed out that his organization and others have no money to retain the number of staff that are currently working in the field in the hardest-hit countries to provide emergency relief. In short, as the crisis diminishes, there are no dollars for

long-term development dilemmas.

It was suggested that the PVOs develop highly visible reporting mechanisms in addition to their annual reports to counter this public perception of the monetary flushness of PVOs.

The issues of evaluation and replication of successful small-scale projects were also raised with some participants calling for more evaluations of small-scale projects in which the cost-effectiveness of the undertaking is stressed. In many cases, the true value of an evaluation lies in returning to a project after two to five years and reviewing evaluation findings from a sectoral perspective.

VITA is concerned with developing a process of identifying successful projects, determining the key people integral to the success of the project, plugging them into the PVO/AID/REDSO (AID Regional Offices) system and gleaning from them their perceptions of the key elements and decision points of successful small-scale projects. The VITA representative invited other PVOs interested in the replicability question to meet with him or others at VITA to discuss this further.

The final portion of the session focused on specific responses to the question of what improvements PVOs can suggest to AID. One recommendation was that PVOs work more closely with Peace Corps volunteers. PVOs have been very pleased when they have entered into cooperative agreements with Peace Corps. Mildred Leet of the Trickle-Up Program characterized volunteers as skilled, disciplined, with vital in-country, region-specific information that was helpful to meeting PVO project objectives.

One participant suggested that the ACVFA recommend that PVC get increased funding, particularly the success of the matching grant concept in relieving the funding and management of PVO grants.

The panel concluded with a summary statement from each participant. Jim Govan of the Africa Bureau reiterated that the Bureau is searching for management-effective ways to carry out increased PVO, small-scale programs with diminished personnel. He also underscored the reduction in new project starts. The Africa Bureau is pleased that it has been able to integrate a PVO role and to allocate adequate resources to evaluate PVO experiences. The Bureau anticipates expanding initiatives in the Medium Country Programs based on its two overarching criteria: sustainability and replicability.

Thomas Byrne underscored that one of the most important functions of a PVO is to serve as an intermediary.

Tom McKay concluded that there are creative ways for PVOs to access major sectoral projects in Africa. The focus should be on integration into ongoing projects rather than the creation of new projects. Among the variety of mechanisms available to PVOs are

the matching grant and umbrella grant. The importance of working as an intermediary to indigenous PVOs cannot be overemphasized. Finally, U.S. PVOs should aim to utilize indigenous PVOs to implement microprojects of one to five thousand dollars.

C. PROGRAM CONCERNS REGARDING SMALL-SCALE ACTIVITIES

Building on the funding, management and operational issues which had been discussed earlier, the next session focused on program concerns regarding small-scale activities.

The discussion leader for this session was Willie Campbell, ACVFA member and president of the Overseas Education Fund, International. Respondents included Phyllis Dobyns, Save the Children Federation; Nate Fields, Institute for International Development, Inc. (IID); Edward Greeley, Office of Development Planning, Bureau for Africa, AID; and Jeanne McCormack, World Education, Inc.

Three organizing questions had been developed to guide the discussion on program concerns for small-scale activities. The questions dealt with the issues of coordination in planning program priorities; improving communications among AID/Washington, U.S. PVO headquarters, AID missions and field-based U.S. PVO representatives; and forging and strengthening links between U.S. PVOs and African NGOs.

The discussion opened with a statement placing Africa in a wider development context. Participants were in general agreement that the PVO community is well organized in Africa as a result of the famine and relief efforts the community has undertaken. AID is optimistic about its own work and there is an acknowledgement that Africa will remain the developmental challenge for the rest of this century. The ACVFA role is to structure this challenge in a way that incorporates PVOs and streamlines coordination among the many groups dealing with African relief.

AID is currently recognizing the contribution that PVOs with extensive years of experience in a given country can offer and is making every effort to incorporate this expertise at the planning stage, particularly in the development of a given country's long-term development strategy and its CDSS. Sector councils organized around expertise in a particular sector also aid in providing the viewpoints of indigenous PVOs.

Nate Fields observed that the planning area is the most difficult for PVOs to work in. The formulation of a large country-wide economic development strategy usually supercedes the overall expertise of most PVOs, whose expertise is usually sector-specific. Rare is the PVO that has Africa-wide as well as country and sector-specific experience.

Both missions and U.S.-based PVOs must be reminded that European and other multilateral donors are very much in evidence

in Africa and provide important information that would be useful in the CDSS process.

David Guyer stated that he felt that U.S. PVOs had something special to offer and that their contributions should be solicited in a formal way through a specific invitation to participate in pre-CDSS discussions.

George Beecham, an independent consultant, noted an inconsistency, pointing out that incorporating PVOs in the CDSS process would increase the amount of AID mission staff time spent interacting with PVOs. Also many PVOs do not want to be identified with some elements of the CDSS.

Panelists also addressed another dilemma. PVOs have the long-term institutional memory incountry, but they are guided by their continual search for funds, not by their expertise. One panelist felt that the PVO representatives incountry with the expertise were peripheral to the CDSS process when contrasted to consultants from U.S. universities and highly trained AID program officers. PVOs who want to be involved in the process must assume an aggressive posture and be ready to impose themselves and their viewpoints and expertise on AID mission staff.

Several efforts are underway to organize PVOs--U.S., European and indigenous organizations--on a countrywide basis. Participants gave examples of such meetings held recently, particularly in Kenya and Ghana, and extolled the benefits of such meetings to AID representatives. InterAction is thinking of establishing such meetings in many African countries.

The discussion turned to communications and mechanisms to improve communications among PVOs, AID Washington and agencies in the field. Major PVO concerns include gathering new data, increasing data bases, and utilizing computer technology effectively in the process. Glen Leet of Trickle-Up said that most PVOs are not using modern communications, but are stuck in outmoded technologies. Computers can be used to improve communications, especially in linking PVOs with similar interests, but located in different countries, particularly through computer teleconferences. Since so many PVOs are inundated with information, an additional advantage is that computer conferences limit the amount of information and, therefore, cause one to be selective.

Computer conferencing is also very egalitarian. For women, stereotypes are broken because the information is sex neutral and no one knows whether the sender is male or female. The computer also minimizes the difference between large and small organizations, for each has an equal voice on line.

Phyllis Dobyns of the Save the Children Federation commended InterAction for its major contribution to aggregating data and thereby offering the opportunity for increased communications. She particularly approved its focus on small-scale initiatives,

often through coordinating councils at the country level. She noted that worldwide computer networks often offer so much information that the end goal of communicating useful, replicable data often gets lost.

Another communications issue is the relationship between the field office and headquarters of PVOs. From the AID perspective, in many efforts to negotiate a final project document a communications breakdown occurs between the field and the PVO's home office.

The communication gap raises once again the issue of decentralization and how decision-making authority should be divided between the field office, which is closer to the actual project site and has the local perspective and expertise, and the headquarters which has the policy perspective and research findings from a wider development outlook.

John Costello of Helen Keller International urged that policy decisions on small-scale projects which evolve within AID should be communicated as bureau-wide policy to PVOs from the AID Administrator. Jeanne McCormack noted that currently PVOs can get caught between Washington and the field on the changing priorities of the Bureau. These policy inconsistencies are exacerbated by the large number of field staff changes that the agency constantly undergoes.

Communications is a critical element as a cost and time-saving mechanism. There should be closer field communications among PVOs and perhaps this could happen through the umbrella so that PVOs and mission staff could all benefit from program development activities of each other. ACVFA member Marie Gadsden noted that an important form of communication is the institutional memories of both the AID mission and PVOs in a given country and that ultimately that memory rests with local employees who remain incountry for lengthy periods of time or indefinitely.

Richard Whitaker, PVO Liaison Officer in the Africa Bureau, said that PVOs and AID need to improve their incountry communications; the efforts need support from Washington at the level of the Administrator and Assistant Administrator for Africa. He stressed that early PVO communications with the desk and the mission are essential to avoid problems of PVOs working in non-priority areas.

ACVFA member Ted Connolly asked about the role of the private sector in joint ventures with PVOs, noting that in an earlier ACVFA meeting African leaders had stressed the need for trade and investment capital to fuel economic growth as a key development tool.

Nate Fields of the Institute for International Development, Inc. (IIDI) described the work of his organization in encouraging joint ventures of local PVOs and the private sector through

indigenous capacity-building initiatives. In non-AID programs IIDI brings businesses and venture capital together in joint ventures. He observed that the most important part of this partnership is not technical assistance, but building individual relationships. Those relationships ultimately determine whether or not a project will be successful, so it is important to focus on establishing an open communications network between the indigenous PVO and the funders.

The effects of AID decentralization on PVOs emerged as another major program concern. There was general agreement that AID funding is shifting from central bureaus to the missions and that this decentralization is a growing trend. There is a need to assess decentralization and obtain data on PVOs' experiences as they have moved into decentralized programs.

Decentralization is particularly difficult for middle-sized and small PVOs to deal with. Africa Bureau staff may interpret regulations differently from mission directors who have almost total autonomy in the field. Policy differences about the how and why of decentralization lead to innumerable complexities for PVOs. Acknowledging the difficulty, AID representatives present reported that AID is trying to coordinate its efforts in a more comprehensive way at the country level. Consequently, not only are there new efforts to encourage PVC coordination in the field, but new donor efforts at coordination as well.

Participants agreed that AID can help PVOs by pledging its support to their efforts for the long term. ACVFA member Julia Taft commented on the need to underscore sustainability and look at the positive impact on indigenous PVOs of long-term institutional support to U.S. PVOs from AID. Sustainability can be achieved best by strengthening local organizations. Taft emphasized that the matching grant has been useful in terms of enabling PVOs to sustain a long-term involvement in various countries, even when AID priorities and interests in given countries are changing. In addition, matching grants demonstrate the long-term commitment of U.S. PVOs and lead to the sustainability of indigenous groups.

AID officials responded that AID is committed to strengthening indigenous agencies. One feature of the umbrella grant is its ability to directly assist local NGOs. Through the umbrella, a wide range of services can be offered to indigenous agencies. Alternatively, umbrella grants put U.S. PVOs in direct competition with indigenous groups. Decreased funds raise questions of the very survival for many U.S. PVOs who could receive much bigger grants under the matching grant program.

PVC, for FY 86 funding, has established a policy of having PVOs look to AID missions for funding first. This is a policy change that reflects the new decentralized funding trend of the agency. The matching grant has a limited scope; once a PVO has established a track record, it must also compete for other AID resources.

Sustainability can be achieved more easily if the indigenous PVO is linked to an American PVO. There is a need for long-term institutionalized twinning relationships. Decentralization does not have to threaten indigenous groups, rather it should encourage flexibility and innovative approaches to cooperative undertakings.

Phyllis Dobyms cautioned about U.S. PVOs moving too fast with indigenous groups to try to meet an artificial timetable through the umbrella. The U.S. group may pour resources into a given indigenous PVO for a short period of time, but leave at a time when the indigenous group has not yet achieved sufficient organizational maturity to survive without the support of the U.S. group. When that happens, there is bitterness on both sides and the original indigenous capacitation goal is lost.

In the discussion of integrating U.S. and indigenous PVOs, Jeanne McCormack recommended that AID provide as much flexibility in funding as possible so as to encourage U.S./indigenous cooperation. Nate Fields suggested adapting the matching grant concept to a match between a U.S. PVO and an indigenous institution.

At the conclusion of the session, there was general agreement that the umbrella is an innovative funding and management instrument that allows flexibility and a greater number of small-scale projects to operate simultaneously. We should be careful that it does not become a mechanism that makes AID more remote from small-scale field activities. The umbrella will work if PVOs are involved in the development of the umbrella through definition of priorities for the umbrella in a given country, determination of criteria for certifying project eligibility, and having a role in the allocation of resources.

Also, the umbrella is not the only source of AID funding to PVOs. The matching grant is still important and the two mechanisms should reinforce each other.

INCREASING PVO PARTICIPATION IN P.L. 480 DEVELOPMENT PROGRAMS

The second topic of the ACVFA meeting focused on moving PVOs from participation in emergency food aid programs to participation in more developmentally-oriented food assistance activities. There were two organizing questions of the session. The first asked for an assessment of mechanisms which permit the relief-to-development transition and the second initiated a discussion of skills and resources needed by PVOs to design and manage development projects using P.L. 480 commodities.

David Guyer was the discussion leader, while the three respondents included Walter Bollinger, Bureau for Food for Peace and Voluntary Assistance, AID; Richard Carr, World Vision Relief Organization; and Peggy Sheehan, National Cooperative Business

Association.

In his introduction, David Guyer summarized the P.L. 480 program as a response to U.S. food surpluses. The African famine has brought a new set of agencies into P.L. 480 food distribution in Africa. Now these agencies must determine whether they want to use P.L. 480 as a resource for development activities or return to the level of their pre-famine African programming.

Walter Bollinger opened the discussion with an overview of food aid programs and PVO involvement. The basic idea of food-related development activities is to use food aid to finance development work. Food for Work is a natural starting place. Health and child survival, land management, reforestation, on-farm water improvement and other water management initiatives are other program areas amenable to PVO involvement and can be carried out with a food aid component.

Two criteria are important in making the transition: first, PVO development proposals should be consonant with a nation's overall development plan and its CDSS; and second, the PVO must be able to make good use of complementary resources, both human and financial.

Richard Carr of World Vision said that many of the relief-focused PVOs are overwhelmed by the possibilities presented by the enormous response to the African famine crisis. These groups have proved that the answer is not money or technology, but compassionate people with the right resources in the right place at the right time.

He shared observations about PVO concerns in the new-found interest in Africa and in long-term development project opportunities. The first was the inability and unwillingness of the PVO community to share information, personnel and other resources, because of their concern with keeping individual PVO constituencies. Second, there is a perception that there has been a monopoly of PVOs involved in food aid projects and that other PVOs cannot get into that work. Third, many PVOs are ambivalent because they want to protect their own privateness, independence and integrity. Fourth, many PVOs have not been in the field in Africa and are apprehensive about making that type of long-term commitment.

Peggy Sheehan said that the distinction between food aid and development aid is a false one. Food aid is a valuable resource and it is good that people now see it as a development resource as opposed to a giveaway. Food aid has many dimensions; food for work and relief distribution, as well as the local currencies component of Title I. PVOs must look at the P.L. 480 programs in their entirety in their efforts to devise ways in which to use the food aid resource as a means to move into development programs per se.

Sheehan recommended specific steps to PVOs interested in

taking the leap from food aid into development projects. First, the PVO should have sectoral expertise, in addition to technical and logistical experience which has been developed through food aid delivery. Second, the PVO must have clear development objectives shaped within the guidelines of the CDSS. Third, the PVO should think ahead to long-range use of the infrastructure that has been developed for food aid distribution and plan to use it in a specific development sector.

As a rule of thumb, never give food away, for food in exchange for service builds a sense of dignity in the recipient and may also contribute to his/her learning new skills.

Opening the general discussion, ACVFA member Mary McDonald noted that when the crisis in Africa first arose, the decision was made to give those organizations already working in Africa the bulk of responsibility for food distribution. In the next phase, she suggested that the responsibility should be given to any PVO with the demonstrated capability to deliver sector-specific technical assistance. No organization should have a monopoly in delivery. No organization should have more than 50 percent of food distribution in any given country.

Describing the current situation, Walter Bollinger said that in Africa, aside from those PVOs already involved, there are very few proposals from would-be new entrants into food aid programs; however, at present PVOs should be encouraged to submit development-oriented proposals. In Africa food aid will continue to be important and distributed in large amounts. There are resources available so that PVOs who are interested can become involved.

Carr responded that many PVOs do not know how to do what AID wants done in long-term development programs. While PVOs need development education themselves, Carr said that AID must also ensure that the message reaches the field that this is an expanding program with room for all PVOs willing to do their homework and demonstrate African expertise.

Julia Taft asked if each PVO must have total expertise in getting the food shipment from the U.S. to its ultimate village destination or does AID approve collaborative efforts. Such informal relationships do exist and often they involve indigenous PVOs as well. In these situations, one PVO functions as an umbrella and many other groups are sub-grantees. Ethiopia has many such programs operating at present. Ultimately, however, if the PVO is in for the long haul, it must develop its own expertise with a corps of management and field project personnel.

Glen Leet maintained that while PVOs have experience with indigenous groups and expertise, there is a reason that so few PVOs are involved with food aid. Leet said that it is difficult for small PVOs to get a toehold in the AID system and they will continue to have difficulty as long as it takes a long-term commitment and the investment of substantial start-up monies on

the part of the PVO. Leet asserted that an AID policy that encouraged missions to support small PVOs would yield results within a short time.

Walter Bollinger responded that the financial commitment was not nearly as important as the demonstration of the PVO's long-term commitment to development activities. Without a demonstration of that commitment and the capability to deliver, the PVO will not win AID support. These are long-term development challenges and the time horizons must be adjusted accordingly. Bollinger reiterated AID's commitment to increase the number of PVOs working in Africa and described the enhancement programs available to PVOs to help them to develop the capabilities to work in food aid programs and long-term development programs.

Another participant made the distinction between a substantial PVO contribution and a small start-up contribution. Speaking as a former AID official, he said that AID philosophically felt that if the PVO expended some of its own funds, it would have a larger stake in the project. Making the distinction between a grant and a contract, he said that when AID was contracting, officials looked for cost sharing and at the track records of individuals who were implementing the project. When a grant was given, one looked at the track record of the agency. To encourage smaller agencies to become involved in development utilizing P.L. 480, AID officials should ask who is going to do the work and if the record is good, take a chance in lieu of demanding monies upfront.

Bob Marshall, noting that at some point many nations reach a point of development at which food aid becomes a disincentive to local production, raised the issue of identifying a threshold point when the AID mission and the PVO should discontinue food aid. He also commented that in budget projections for FY 87 the assessment and needs of African nations seemed to be lower than PVO assessments and queried the likelihood of AID budgeteers incorporating PVO findings into their calculations.

Walter Bollinger responded that AID food aid programs target pockets of underdevelopment, while AID tries to be flexible and responsive in a given country. Provisions within P.L. 480 prohibit the granting of food aid if that aid will be a disincentive to local farmers.

Peter Davies, president of InterAction, raised the issue of inland transportation costs in African famine relief efforts. At present, 50 percent of these transportation costs must be borne by PVOs. The time and effort involved in raising these funds is enormous and also takes funds away from rehabilitation and development activities.

AID officials have decided not to seek a supplemental appropriation for Africa and, therefore, the issue of defraying costs for inland transportation cannot be raised. Davies asked if there is opportunity for dialogue so that the AID decision

could be reconsidered. If AID changes the policy and asks for a supplemental to defray some of the inland transportation costs, PVOs could use those resources for seeds, tools and other infrastructural development and self-help instruments.

Again Bollinger responded. Until 1985 AID had no authority to make any contribution to inland transportation except to the extent that funds were available under OFDA programs. Bollinger pointed out that defrayment of inland transportation costs necessitates a resources trade-off. Every dollar spent on inland transportation is a dollar less that goes into direct food aid. The African supplemental of 1985 had \$100 million earmarked for inland transportation costs, which was used by the Agency to match the 50 percent PVO requirement. AID will continue to contribute 50 percent to inland transportation through the provisions of Title II.

Peter Davies requested that the Advisory Committee go on record as opposed to the policy of the administration with regard to its decision not to provide supplemental monies to defray the costs of inland transportation. Davies further urged the ACVFA to ask the Administrator to reconsider the decision not to seek a supplemental appropriation for Africa for FY '86.

David Guyer summarized the discussion, saying that he heard consensus about the need to expand the number of agencies involved in food aid delivery on a longterm, sustained basis. Noting that the U.S. can look forward to 30 years of agricultural surpluses, the question becomes how to expand food aid and the number of U.S. PVOs involved in its distribution. Related questions ask how can AID be more receptive to innovative PVO ideas and how can AID overcome the perception that it is a closed shop.

ACVFA BUSINESS SESSION

ACVFA chairman E. Morgan Williams called the meeting to order at 9:15 a.m. on December 6, 1985. Several items of business were raised: an ACVFA award, dates for 1986 meetings, further discussion on inland transportation costs and the report of the Taft subcommittee preparing recommendations for the Administrator pursuant to the previous day's discussions.

Julia Taft discussed the Committee's desire to establish an ACVFA award to recognize those AID staff members or units that have been particularly helpful to PVOs. A subcommittee has been working to have this award integrated into the Agency's award system. Such an award will also reward mission directors and others in their performance evaluations for working with PVOs. 1986 offers a unique opportunity to establish the award because that year will mark the fortieth anniversary of the ACVFA and the attention of the anniversary will highlight the award for PVO service as well.

Questions of nominations, selection criteria, the role of

PVOs in determining nominees and the forum for presentation were also discussed. A committee of David Guyer, Mary Keegan, Mary McDonald, Enzo Bighinatti and Julia Taft as chairperson was established to pursue these questions and report back to the ACVFA.

In other business, dates for ACVFA meetings in 1986 were set. An eleven day Africa trip was set for May 27-June 7, approximately the last week in May and the first week in June. The ACVFA will meet Thursday, March 6 for a one day meeting which will concentrate on followup and readying for the Africa trip. The last of the 1986 meetings will be held October 9-10 in Washington, D.C.

Peter Davies asked the ACVFA to register its concern that the Administration did not believe that an African supplemental appropriation for relief and recovery in Africa was necessary. Calling it a shocking posture, Davies urged an Agency request of \$300 million, which is less than one third of the needs for Africa projected by the United Nations. The Select Committee on Hunger and the Africa sub-Committee are strongly in favor of a supplemental appropriation.

Davies urged members of the PVO community to read carefully the new InterAction publication, Diversity in Development, noting that it made a strong case for expanded aid in Africa and described in detail PVOs activities on the continent.

Julia Taft had been asked to chair a small group to develop recommendations for the Administrator on small-scale PVO initiatives in Africa based on the first day's discussions. Taft and others had developed eleven recommendations which were the basis of the follow-up discussion. *

1. The first issue addressed was umbrella funding and other funding mechanisms. The Committee expressed its support of AID interest and commitment to small-scale programs. However, the ACVFA wanted to ensure that other funding mechanisms such as the matching grants and Operational Program Grants (OPGs) would be maintained and that umbrellas would not be the only instrument through which U.S. PVOs could work in a given country. They felt that a mix of mechanisms would allow a sustained partnership between U.S. PVOs and indigenous partners as well as provide the financial flexibility that would encourage U.S. PVOs to undertake new initiatives in currently under-served countries.

Noting that AID would be scaling back its operations in many countries, David Guyer again urged examination of the Fiji model

*As a result of the discussion of Julia Taft's draft, a set of preliminary reflections was developed and is included in this report as Appendix A. These preliminary reflections will serve as the basis for further exploration of African development issues at the June 1986 ACVFA meeting in Togo.

in which a small AID mission of five or six people administers grants through PVOs to eight or more countries of the region.

2. The ACVFA also further defined small scale. "Small-scale projects are those where the individual project component is grassroots oriented, involves local leadership in the design and implementation of human resource development efforts, has a simple evaluation component, and ranges in funding from \$50.00 to \$50,000."

Small scale is defined in terms of amount of money, simplicity of the project and longterm sustainability with indigenous resources.

Several ACVFA members said that small scale really impacts primarily on women in Africa. Instances abound in which women have been refused small loans, being told that the sum of money is too low. Having a definition that ranges from \$50 to \$50,000 covers these women's groups.

Small scale can also be measured by the simplicity of the undertaking. If the project is not complex, but simple, requiring little monitoring and management, then it may be classified as small scale.

Sustainability is the final component of small-scale projects, but should be measured in general trends over a long period of time rather than by the replicability of individual projects.

3. The ACVFA noted and applauded the expanded Peace Corps, AID, PVO cooperation and expressed its willingness to further the process with the Administrator's guidance.

4. The Administrator had specifically asked the ACVFA to comment on the utility of the umbrella mechanism in small African countries. The Committee concluded that the umbrella concept is an important new innovation for AID and the size of a country should not preclude its consideration of the umbrella mechanism. Members felt that multiple small-scale programs established by U.S. or local PVOs under the umbrella mechanism would be useful in any African country.

5. Since AID funding priorities change and there is a tendency for AID support to shift to the new priority, it is important to remember that development is multi-faceted and that a diverse project portfolio is desirable in any nation. Funding for PVOs with diverse projects should be maintained.

6. One of the major concerns of the meeting is CDSS coordination with PVOs in a given country. In terms of CDSS coordination, U.S. PVO participation in the CDSS process from the beginning of the process should be mandated rather than optional

and measures should be institutionalized to allow AID to benefit from the capabilities, experiences and information available from these organizations. Efforts should also be made to gain the experience of local and international PVOs as well for CDSS input, although their involvement does not have to be formalized.

Peter Davies supported the institutionalization of U.S. PVO involvement, adding that the impetus and the mandate must come from Washington before some missions will act to involve non-governmental groups.

Local consortia with country-specific expertise should be encouraged and funding made available to them if possible. Umbrella mechanisms may encourage these consortia by encouraging U.S. PVOs to cooperate for funding purposes.

Noting the importance of sectoral data in the CDSS and longterm development, Taft said that PVOs should organize themselves so that they will be able to provide sectoral input to a given country's CDSS.

7. ACVFA encourages evaluation surveys to share information and enhance collaboration with PVOs.

8. PVOs should be encouraged to decentralize authority to the field in much the same way that AID has done. Seemingly, PVO field offices are unable to commit their agencies to action. Missions are concerned about this lack of authority, for it imposes particular difficulties when quick decisions are necessary.

9. Another dominant issue raised at the meeting was increased PVO involvement in P.L. 480. Taft recommended that the ACVFA support AID's decision to encourage more PVOs to join the program, but stress to AID officials the fact that incentives are badly needed.

In regard to the controversy over inland transportation costs funding, Taft suggested that new agencies just moving into African food aid should be funded for 100 percent of inland transportation costs. Taft elaborated that agencies newly entering this field would find it difficult to absorb all the expansion costs, including the sizeable amounts that inland transportation requires. In emergency programs, 100 percent of inland transportation costs should be funded by AID.

A sunset provision on the duration of food aid projects should be considered. Some programs that are established live beyond their urgency and usefulness.

In the discussion, Committee members felt that AID should aggressively seek to further the entry of other agencies into food aid programs, particularly those with innovative ideas about the uses of food for long-term development. It was suggested that a special officer be attached to PVC to help agencies newly

entering the food aid programs.

It was clarified that the Committee wanted to recommend paying 100 percent of inland transportation costs for emergency food aid and that in non-emergency development projects a mechanism for paying the inland freight, either through monetization or through another means should be identified.

Tom McKay said that there are two trade-offs if the Committee were to suggest massive resource transfers: first, AID could purchase less food and pay for more transport or second, enhancement grants could be increased, but the increase would be at the expense of matching grants and other PVO funding.

PVO spokespersons said that they, too, have trade-offs; if they pay for inland transportation, then another development service will be decreased.

There was general agreement that a survey should be commissioned to determine what large and small agencies are doing in the distribution of food aid and to ascertain recommendations of PVOs for improvement in food aid programs.

10. In a call for either more resources or more flexibility for the Africa Bureau, Taft recommended that the Agency identify one or two countries in which to develop flexible, PVO-inclusive programs over a five-year period. She recommended that a mechanism be written into each new project start in Africa that would insure the incorporation of indigenous institutions and the involvement of local PVOs and private sector entities in each new project start. The African bureau is currently exploring the feasibility of the recommendation.

Taft asked Julia Bloch, Assistant Administrator for Food for Peace and Voluntary Assistance, AID, if there were ways in which experimental projects with PVOs could be run with five-year goals and greater autonomy than is normally the case. Bloch replied that there are interlinking safeguards and evaluation instruments that makes such experimentation difficult.

Bloch also said that AID is trying to reduce the number of Congressional notifications to one from the current rule of notification on each amendment on large projects. She said that the Congressional response to the AID request will provide an indication of the possibility of experimenting in the innovative collaborative programming that Taft suggested.

11. Lastly, Taft raised the question of five-year country plans and suggested that there can be both local-level input in-country and a mechanism in the U.S. that can tap the expertise of corporations or others that may have country-specific expertise and may not work with AID.

There was general agreement among the Committee that Taft had developed comprehensive recommendations. David Guyer

suggested that the opening paragraph emphasize the long-term development challenges that Africa poses and will continue to pose for the next 15 to 20 years and highlight the ACVFA's commitment to long-term African development through strengthening indigenous channels.

The ACVFA also endorsed the recently released Compact for African Development written by a committee co-chaired by the Overseas Development Council and the Council on Foreign Relations and its request that AID allocate a \$3 billion increase for an African initiative. Taft also applauded the Africa Bureau for its work with PVC and particularly its work in preparation for this meeting.

Lastly, the ACVFA reiterated that although the umbrella is an important mechanism that should be retained, other mechanisms are equally important. The goal is the involvement of both indigenous and U.S. PVOs in small-scale activities and that can be achieved through a variety of instruments. We must caution that alternative avenues of entry other than the umbrella remain open, particularly to small PVOs, both indigenous and U.S., and to those which concentrate on involving women in development projects.

The meeting closed with statements of appreciation to departing ACVFA executive director, Sherry Grossman. Julia Chang Bloch applauded Grossman's leadership of the ACVFA, saying she believed that the access the ACVFA enjoys to the Administrator and other assistant administrators was due, in large part, to Sherry's efforts. On behalf of FVA, Bloch wished her well and welcomed Judi Fox as the new executive director.

On behalf of the ACVFA, Chairman E. Morgan Williams thanked Sherry Grossman for her commitment and talent and superb organization of the Committee.

ACVFA Quarterly Meeting on Small-Scale Initiatives
for Long-Term African Development

December 5-6, 1985

Preliminary Reflections

1. UMBRELLA FUNDING MECHANISMS

The Committee is pleased with the AID interest in and commitment to small-scale programs. We view the variety of new funding mechanisms as a positive effort to promote indigenous PVO development, U.S./PVO and local PVO cooperation and to facilitate AID administrative oversight. These mechanisms represent an opportunity to foster local PVO consortia and to encourage U.S. PVOs to provide technical assistance to local agencies.

At the same time, however, we feel it is important to maintain a strong matching grant program and other mechanisms such as OPGs because they:

- allow a sustained partnership with U.S. PVOs over the long-term with local agencies;
- maintain opportunities for U.S. PVOs to work directly with AID Missions outside of umbrella arrangements;
- retain financial flexibility for U.S. PVOs to take new initiatives in currently under-served countries.

We urge that AID continue to emphasize (and fund) a variety of funding channels, and that PVC be tasked by you to monitor mission umbrella efforts to ensure that these funding mechanisms are not the singular way U.S. PVOs can work in a country on programs using USG funds. In addition, the ACVFA recommends that AID examine the South Pacific model which has been effective in utilizing PVOs to enhance programming as primary implementors where a smaller USAID has had limited capacity.

2. DEFINITION OF SMALL SCALE

We offer the following definition: "Small-scale projects are those where the individual project component is grassroots oriented, involves local leadership in the design and implementation of human resource development efforts, has a simple evaluation component, and ranges in funding from \$50-\$50,000." A single agency under this definition could simultaneously operate several small-scale projects, but each of the component projects should meet the definition. In addition, AVCFa strongly believes that "small-scale" has significant impact on women in Africa; e.g., in obtaining small loans. The definition, with a range of \$50-\$50,000 covers these women's groups.

With regard to sustainability and replicability, we believe the standards of performance set for PVOs should not be more stringent than for the major large-scale bilateral projects.

In fact, the independent evaluation of each small project is not as important as the general trends toward self-sufficiency and the overall capacity building of local agencies over the long-term. Where umbrella projects support similar development objectives, the collective progress toward measurable goals is the important aspect of evaluation -- not the success of every single component. The overall assessments should be able to identify ingredients of projects which enhance sustainability and those which detract from it. Collaboration from all PVOs working together in such assessments will enhance information exchange, cooperation, and improve prospects for replication. It is also important to note that African PVOs or private organizations should include parastatals, e.g. select host government owned businesses or companies, in some of their project initiatives and in helping them make the transition to privatization.

3. COUNTRIES IN WHICH "UMBRELLA" FUNDING MECHANISMS ARE APPROPRIATE

To date, it is our understanding that "umbrella" funding mechanisms have been instituted in countries where there are major AID programs. We have been asked to comment on the advisability of these mechanisms in medium and small-sized AID program locations. After considering this issue, it is our opinion that the size of a country-AID plan/program is irrelevant. Multiple small-scale programs established by local or U.S. PVOs are useful in any African country. In countries where there is minimal AID staff presence, umbrella funding mechanisms can enhance the U.S. development objectives. With regard to this point, we offer the example of the several countries where PVOs funded by AID are the only U.S. presence -- surely this is a cost-effective way of maintaining good ties. In this context, umbrella funding or the use of matching grant funds for small-scale efforts should be considered.

4. AID FUNDING PRIORITIES

During the course of our meeting several speakers stated that AID's priority in Africa is agricultural development and that the PVOs should seek compatibility in their program thrusts with this priority. ACVFA recognizes that AID funding priorities change and there is a tendency for AID support to shift to a new priority. In addition this is further exacerbated by the normal staff rotation process which inhibits

continuity of program oversight and follow through of objectives. However, development is multi-faceted and long-term and ACVFA believes a diverse project portfolio is desirable in any nation. Therefore, ACVFA recommends that funding for PVOs with diverse projects be maintained.

5. CDSS COORDINATION

One of the major concerns of the meeting is CDSS coordination with PVOs in a given country. ACVFA recommends that in terms of CDSS coordination, U.S. PVO participation in the CDSS process from the beginning and should be mandated rather than optional and measures should be institutionalized to allow AID to benefit from the capabilities, experiences and information available from these organizations. Efforts should also be made to gain the experience of local and international PVOs as well for CDSS input, although their involvement does not have to be formalized.

In addition, a less formalized mechanism should be encouraged for communicating with local PVOs and international PVOs. Perhaps multi-nationality consortia could be funded through PACT, INTERACTION or ICVA as vehicles to promote these consortia. It is possible that informal consortia will emerge from participating agencies involved in "umbrella" projects, particularly if the programs funded through these mechanisms are sectoral or geographic-specific. In the course of providing communication, coordination, and technical assistance, the managers of the umbrella project could serve as catalysts for such consortia.

6. PL 480

We support AID's interest in encouraging more PVOs to become involved in the PL 480 programs. To do this, however, AID should aggressively seek entry through creative programs and staff support. Several formats are suggested:

- a) Assign a special agent to provide technical assistance to new PVOs.
- b) For new agencies willing and able to establish collaborative efforts with large existing PVOs, provide grants to cover all inland costs for both agencies as an effective "carrot". This would recognize that all agencies should supplement the food with additional resources (i.e., tools, training and extension work, livestock, etc.) but would provide the PVOs with resources to cover the huge expense of inland transportation.

- c) Consider a legislative change which would allow 100% funding for Title II inland transportation costs which would give AID the flexibility to entice new agencies to initiate food programs, and ensure that existing agencies can sustain their programs.
- d) Encourage PVOs and assist them in utilizing food from other donor countries and agencies.

Contrary to popular belief, the PVOs are not flush with money. Most of the famine contributions focus on "emergency" aid and are country specific. If the goal is to engender developmental aspects of food aid, PVOs and AID need to promote this understanding through public education and solicitations for funding. With regard to Federal funding, ACVFA supports the INTERACTION proposal that there be a supplemental of \$300 million for African food. Current allocations would provide less than 1/3 of the projected food requirements in the next year, thus a supplemental is essential to save lives. If such an amount is not feasible because of extreme budget constraints, AID should consider reprogramming existing food from countries which have attained, or approach self-reliance.

7. FOOD AID DISTRIBUTION

It would be extremely useful to have a survey on the experiences of both small and large PVOs in terms of their most creative food programs. Also, some smaller agencies may be able to offer suggestions regarding how they could enhance small-scale projects with small amounts of food should these be made available in-country without the agency having to mount a full-scale food program (including freight forwarding, port receipt, storage, inland transportation, etc.). There is a wide-spread perception that a few agencies hold monopolies on PL 480. Such a survey could mitigate this perception if the findings are that many agencies, in fact, are involved. If the facts prove otherwise, agencies wishing to participate could use the survey as an opportunity to express their interest in creatively participating in the program.

8. OTHER PROGRAM OPTIONS

The pervasive problem of administrative complexity in program accountability plagues so many of the AID programs, as you well know. One suggestion you may wish to consider is negotiating with Congressional committees on an experimental, developmental approach in one or two African countries. Under this scheme you would identify 1-2 countries where you would like broad executive flexibility in achieving a few 5-year goals which the

committees would approve. Upon approval, AID would reduce its contracting, granting, administrative burdens to a bare minimum and report annually on progress toward those goals. With creative programming, and multi-nationality program cooperation, it may be that AID can demonstrate that the current administrative burdens are unnecessary in achieving policy and program goals over a 5-year time period.

Another option you may wish to consider is to study the Canadian CIDA model for non-governmental organization collaboration in Third World development. CIDA funds flexible programming by NGOs for both large and small scale programs with a minimum of administrative oversight.

According to reports from participants in the ACVFA meeting, CIDA is quite pleased with the creativity and variety of programs they are able to support through their foreign assistance approach. ACVFA will review CIDA documentation over the next few months to identify any specific aspects you may be able to integrate into the current AID approach.

Finally, it was stated that only a few "new" starts will be funded by the Africa Bureau this year in support of major sectoral programs. We strongly urge that each "new start" incorporate indigenous involvement, private sector and parastatal roles in the criteria for funding. Without such a mandate, it is possible that small-scale components of any initiative would be overlooked.

ACVFA recognizes and continues to encourage expanded Peace Corps, AID, PVO cooperation and it is available to further this process with the Administrator's guidance.

ACVFA recommends that PVOs increasingly decentralize authority to the field in much the same way that AID has done to facilitate implementation and management. We hope these ideas are useful and look forward to working with you and your staff.

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AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D. C. 20523

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID

Loy Henderson International Conference Room
Department of State

AGENDA

THURSDAY, DECEMBER 5, 1985

TOPIC I: SMALL-SCALE PROJECTS FOR LONG-TERM AFRICAN DEVELOPMENT

8:30-9:30 a.m. INTRODUCTORY REMARKS

E. MORGAN WILLIAMS, Chairman, Advisory Committee

M. PETER MCPHERSON, Administrator, AID

EDWARD L. SAJERS, Deputy Assistant Administrator for Africa, AID

Brief Question and Answer Period

SESSION 1

Discussion Leader: DR. ROBERT MARSHALL

Respondents: THOMAS BYRNE, Private Agencies Collaborating
Together (PACT)
JAMES GOVAN, Bureau for Africa, Office of
Program Analysis and Budget, AID
THOMAS MCKAY, Bureau for Food for Peace and
Voluntary Assistance, Office of Private and
Voluntary Cooperation, AID
DAVID SHEAR, ORT International Cooperation

9:30-10:45 a.m.

MECHANISMS FOR MANAGING/FUNDING MULTIPLE SMALL-SCALE ACTIVITIES

1. Given our experience to date with mechanisms such as co-financing (umbrellas), matching grants, and PVO components of larger bilateral projects, what are the advantages and constraints of these funding methods and what would improve their effectiveness?
2. What is the current and potential role for consortia and in-country coordinating councils with regard to multiple small-scale activities and what would improve their effectiveness?
3. What are some new ideas regarding funding/management of multiple small-scale activities?

10:45 - 11:00 a.m. COFFEE BREAK

11:00-12:15 p.m.

OPERATIONAL CONCERNS REGARDING SMALL-SCALE ACTIVITIES

1. What can be done to accomodate such AID concerns as:
 - * Limited mission staff time for PVO project negotiation, start-up, and logistical support
 - * Absorptive capacity of PVOs
 - * Country distribution of PVOs
 - * Decentralization of authority to PVO field representatives
 - * Qualifications of professional PVO staff in the field, e.g., technical, managerial, and language
 - * Adequacy of PVO headquarters and field-based project backstopping
2. What improvements can PVOs suggest regarding AID support of PVO programs?

12:15 - 1:30 p.m. LUNCH BREAK

SESSION 2 1:30 - 3:30 p.m.

Discussion Leader: WILLIE CAMPBELL

Respondents: PHYLLIS DOBYNS, Save the Children Federation
NATE FIELDS, Institute for International Development, Inc. (IID)
EDWARD GREELEY, Office of Development Planning, Bureau for Africa, AID
JEANNE MCCORMACK, World Education, Inc.

PROGRAM CONCERNS REGARDING SMALL-SCALE ACTIVITIES

1. COORDINATION IN PLANNING PROGRAM PRIORITIES

What steps can be taken to better coordinate PVO activities submitted for mission funding with mission CDSS priorities?

2. COMMUNICATION

How can we improve the four-way communication flow among AID/Washington, U.S. PVO headquarters, AID Missions, and field-based U.S. PVO representatives?

3. FORGING AND STRENGTHENING LINKS BETWEEN U.S. PVOS AND AFRICAN NGOS

In the context of AID funding of U.S. PVO activities, what is the role of local PVOs? What can be done by AID and U.S. PVOs to promote and strengthen indigenous, self-sustaining capacity?

3:30 - 3:45 p.m. COFFEE BREAK

3:45-4:45 p.m. TOPIC II

INCREASING PVO PARTICIPATION IN P.L. 480 DEVELOPMENT PROGRAMS

How can PVOs which have been involved in emergency food aid programs be encouraged to participate in more developmentally-oriented food assistance activities??

What skills and resources do PVOs need to design and manage development projects using P.L. 480 commodities? Where can they be acquired?

Discussion Leader: DAVID GUYER

Respondents: WALTER BOLLINGER, Bureau for Food for Peace and
Voluntary Assistance, AID
RICHARD CARR, World Vision Relief Organization
PEGGY SHEEHAN, National Cooperative Business
Association

4:45 - 5:30 p.m. ACVFA BUSINESS SESSION

During this session, Advisory Committee members will discuss the implications of day's discussions and recommendations for AID and PVOs.

FRIDAY, DECEMBER 6, 1985

9:00 - 12:00 noon N.B.: ROOM 1107

ACVFA BUSINESS SESSION

Review and finalize recommendations
Discuss agenda for next meeting
New Business