PN-AAV-045 45232

DEVELOPMENT EFFECTIVENESS

OF

PRIVATE VOLUNTARY ORGANIZATIONS (PVOs)

Submitted by the

Agency for International Development

February 1986

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Introduction

As requested by the House Appropriations Committee (House Report No. 99-252, p. 38), this report updates and expands an earlier A.I.D. summary of the effectiveness of Private and Voluntary Organizations (PVO) in carrying out development programs in the Third World. Copies of the Congressional request and the A.I.D. summary are attached.

A.I.D. Partnership with PVOs

United States private and voluntary organizations have been active in humanitarian work overseas for more than a century. In the past 20 years, PVOs have moved beyond relief, disaster assistance and distribution of food and have directed their energies more intensively toward development--i.e., alleviating the causes of poverty and improving the quality of life in the Third World.

Since the end of World War II, the United States Government has facilitated PVO work in an expanding way. Total A.I.D.-administered resources available to PVOs for overseas programs in FY 1986 are expected to exceed $650 million, a significant increase from $254 million in FY 1964 and $448 million in FY 1979. This increase in U.S. Government funding was accompanied by an even larger increase in privately generated resources. Private outlays for PVO relief and refugee activities in post-war Europe has grown into multifaceted, global support of over $1 billion annually, an increase from $427 million in FY 1964.

The growing cooperation with PVOs reflects the U.S. Government's belief that PVO programs embody the traditional humanitarian ideals of the American people and support a principal objective of U.S. foreign policy--to assist the people of developing countries in building "the economic, political and social institutions which will improve the quality of their lives." (Section 101, Foreign Assistance Act FAA).

Methodology

For the past decade, A.I.D. has conducted numerous evaluations of PVO performance in carrying out a wide range of A.I.D.-supported activities. These evaluations have provided important insight into the strengths and weaknesses of PVOs in promoting self-help development.

For this update of PVO effectiveness, five diverse sectors in which PVOs have been active were examined for evidence of successful and unsuccessful PVO performance. Each sector paper addresses these three basic questions:

- What are the nature and extent of PVOs' activities in the sector?
- What evidence is found for PVOs' effectiveness in carrying out A.I.D. strategies and sectoral objectives?
- What are the basic strengths and weaknesses of PVOs' performance?

The five papers constitute various sections of this report. For each sector, an independent, recognized authority in the field assisted with the technical assessment of PVO effectiveness. The sectors and the consultants who assisted in their preparation are:

- Small Enterprise: Dr. Shirley Buzzard, Takoma Park, Maryland. Dr. Buzzard has wide experience in development. Her work includes development of an income-generating strategy for Foster Parents Plan and co-directing the Private Agencies Collaborating Together (PACT) sponsored working group which is preparing a Small Enterprise Sourcebook for PVOs.
- Health and Nutrition: Mr. Nicholas Danforth, MIA, EdM. Mr. Danforth is manager of the PVO Evaluation Project at Management Sciences for Health, Washington, D.C. A specialist in design and evaluation, Mr. Danforth has experience with a wide variety of PVO health, nutrition and family planning projects.
- Water and Sanitation: Dr. Dennis Warner, Deputy Director, Water and Sanitation for Health Project, Arlington, Virginia. Dr. Warner has 19 years of experience in civil and environmental planning-engineering. He has worked in 20 countries in Africa, Asia and South America.
- Agroforestry: Dr. Frances Gulick of Chevy Chase, Maryland. Dr. Gulick is an independent consultant who, for the past five years, has been working on problems of forestry and fuelwood in Sub-Saharan Africa.
- Animal Agriculture: Dr. Will Getz, Winrock International Institute for Agricultural Development, Morrilton, Arkansas. Dr. Getz, an animal scientist, has been involved for 20 years in livestock production in the U.S. and abroad.

Overall coordination of the technical input from these consultants was provided by Gerald Hursh-Cesar, Ph.D., Vice President, Intercultural Communication, Inc., Washington, D.C. Dr. Hursh-Cesar has worked for 25 years in research/evaluation and communication in the U.S. and in many countries of Asia, Africa and the Middle East. A.I.D. benefited greatly from the assistance of these expert consultants and acknowledges their valuable contributions to this report.

SECTION 1

Common Themes

In studying PVO activities it is important to recognize that PVOs are a heterogeneous "universe"--diverse in their expertise, size, bases of support and modes of operation. Several distinct subgroups comprise this universe, including traditional voluntary organizations, cooperatives and credit unions, labor institutes, family planning organizations and other non-profit intermediaries.

As a reflection of PVO diversity, the availability of information on their activities is uneven and generalization concerning their performance is often difficult. Moreover, PVOs have tended not to devote scarce resources and manpower to documenting and sharing their experience. Nevertheless the numerous evaluations and PVO studies to date provide a substantial amount of information on which to base conclusions.

As a prelude to the five sectoral reviews, this chapter summarizes common themes drawn from the sectoral papers with respect to (1) PVO effectiveness in conducting development programs, and (2) strengths and weaknesses of PVO performance.

I. PVO Effectiveness

While PVO effectiveness can be measured various ways, for purposes of this report the measure adopted was PVO effectiveness in contributing to A.I.D.'s development assistance strategy.

A.I.D.'s Blueprint for Development is based on intended impacts of its assistance on host-country policies, institutions, technology and the private sector. These "four pillars" of A.I.D.'s strategic planning offer useful and pertinent benchmarks in assessing the overall effectiveness of PVO programs.

A. Policy Dialogue and Reform

PVOs contribute to policies aimed at helping poor people and improving prospects for more equitable development. Perhaps because of their grass-roots approach, PVOs are not generally considered to have major impact on government policies. However, in at least two sectors--primary health care and micro-enterprise--PVOs have had profound and enduring effects on national policy.

Well before large donors became involved, PVOs were showing Third World governments that rural, community-based primary health care (PHC) is more effective than urban hospitals and clinics. The result has been a significant contribution to gradually improving

national health policies throughout the developing world. In carrying out this work, many PVOs have cooperated directly with host-governments, providing important long-term assistance to PHC implementation.

PVOs pioneered assistance to the informal business sector, those small enterprises not registered with the government, often carried out in a person's spare time and most often involving one or two family members. It has been estimated that between 40%-50% of the working age population in developing countries derive their income from informal businesses. Yet, the economic importance of micro-enterprises in developing economies was essentially overlooked until the PVOs began their work. With increased PVO effectiveness in assisting micro-entrepreneurs, government policies have begun to change. Some governments, e.g. in Peru, have begun actively to explore how to minimize restrictions and strengthen favorable policies to support micro-entrepreneurs. Programming in the informal sector is now recognized as a legitimate, cost-effective development strategy.

B. Institutional Development and Training

PVOs have significant impact on institutional development at the community level, but very little in most sectors at the national level. PVOs build local institutions that help the people directly concerned and in which the beneficiary population actively participates. Many PVOs train government staff, village-level workers and community residents, strengthening local institutions in all sectors.

Several PVOs, e.g. Adventist Development and Relief Agency (ADRA), Young Mens Christian Association (YMCA), Salvation Army, implement their development programs by building local affiliates. Credit Union National Association has led the way in building primary credit associations in developing countries which are linked to both the national and international credit union movement.

With the shift in the health sector toward rural primary health care, many PVOs, e.g. Save the Children Federation, are active in strengthening the capabilities of local government and non-government institutions.

Other PVOs build local participation through village level institutions which represent the poor and disadvantaged. Many water and sanitation projects carried out by PVOs can have great impact at the community level by strengthening village development committees, local decision-making and cadres of leaders and technicians.

Improvement of information systems is another type of PVO institution-building, e.g., Winrock International's computerized global data base on animal populations which strengthens PVO and government programs in animal agriculture.

C. Technology Research, Development and Transfer

Promotion of technological change at the local level is a major PVO contribution. Because PVOs work in rural areas with staff who usually enjoy the esteem and trust of community leaders, they are in a position to introduce new technologies that might otherwise be viewed with suspicion.

In livestock, using their local community networks, PVOS are introducing and testing technological changes in biochemistry, genetics and reproductive physiology in the local communities where they are working, e.g., the Heifer Project International. Similarly, in agroforestry, using their local networks, PVOs have bridged the gap between national forest services and the peasantry, moblizing the mass popular participation needed for any program to succeed.

PVO health and nutrition projects also promote new, low-cost technologies including oral rehydration, growth monitoring, immunization and child-spacing. In water and sanitation, PVOs routinely introduce innovative simple technologies--such as gravity pipe systems, hand-dug wells, hand pumps, spring protection--and simple sanitary latrines.

D. Reliance on the Private Sector and Market Forces

PVOs have been effective in working with small-scale private enterprises which reach the poorest segments of society with local job opportunities. Through credit alone, it is estimated that PVOs have helped establish thousands of new businesses and expand many more, creating new jobs, training programs and higher incomes, and bringing goods and services to the surrounding population.

While in some areas, e.g. water projects, PVOs tend not to have strong private sector ties, in other areas they are intimately involved with both public and private groups, often serving as catalysts in bringing the groups together. For example, the Meals for Millions nutrition programs involve multiple private groups--cooperatives, farmers and women's groups, religious bodies, unions, shopkeepers--in a combined effort to improve nutrition standards.

II. PVO Strengths and Weaknesses

A.I.D. has placed considerable importance on understanding the role of PVOs in development, and the advantages they may have compared with other program vehicles. In recent years, A.I.D. commissioned a series of reviews of PVO activities to better understand these strengths and weaknesses and to integrate the lessons learned into its overall development program. The findings reviewed by the five sector reports identify a number of strengths and weaknesses which appear to be broadly applicable to PVO activities.

A. PVO Strengths

1. Reach Rural Poor in Unserved, Inaccessible Areas: PVOs are effective in reaching and improving conditions for the poor, the isolated and the disenfranchised citizens of developing nations. Although PVOs work in both urban and rural areas, they tend to concentrate on poorer communities, having few basic resources or existing infrastructure, where government programs either do not exist or are ineffective. PVOs focus on small project areas which are often remote and hard-to-reach. The PVOs play a critical role in filling such service gaps.

For example, the major donor and lending agencies heavily emphasize water and sanitation programs in urban areas. Yet, 80 percent of Third World populations live in the rural areas and about 70 percent of these lack safe or adequate water supplies. PVOs are the major force in developing water and sanitation facilities in rural areas of the Third World. Their annual expenditures of $180 million on these projects are nearly equal to what the U.S. Government spends and about triple the level of World Bank loans and triple UNICEF's spending--the most active U.N. agency in the sector.

Similarly, in health programming, most governments emphasize costly, higher-technology curative services in hospitals and clinics, largely serving the higher-income groups in towns and cities. PVOs provide basic, low-cost health services to the needy in rural villages.

Small and micro-business programs of PVOs are important, not only for the economic growth of developing countries, but because they provide income to those who are least able to find alternative work such as the non-literate, women heads of households and those with little education. Such programs also reduce the burden of dependency among the poor.

2. Promote Local Participation: To enlist broad-based community participation, PVOs work with diverse groups and interests. PVO staff usually enjoy high esteem and trust, which helps them elicit community and leadership participation. They tend to have long-term relationships with the people they serve, forging close bonds that engender support for their services. They work with community groups as partners, emphasizing local self-help initiatives and local control of programs.

In livestock projects, for example, the long-term relationships between PVO staff and farm families are often a key to program success since most livestock production systems require daily attention to the animals and/or their surroundings. Large donor and government livestock programs frequently lack the ability to work with the individual farm family. Similarly, the success of PVO programs in agroforestry can be attributed to a significant

extent to the PVOs' ability to mobilize broad participation in agroforestry programs by enlisting their extensive local networks. In all countries that have been successful in slowing or reversing environmental degradation, PVOs have played a key role in mobilizing the widespread participation of individual farm families.

3. Low Cost: Often PVOs' presence in developing nations is long-term: staff may take up residence, learn the language, observe local customs and become committed to the host country, often staying in one place and laboring for years for little pay. Although initially relief-oriented, PVOs have become increasingly focused on long-term development. PVOs tend to use low-cost technology and streamlined services which, combined with low staff costs, operate efficiently on low budgets.

In the livestock and water sectors, for example, PVO staff are often found to be mission-minded and strongly committed, some of them ex-Peace Corps volunteers. In health projects, it has been found that the extra work of dedicated staff helps account for their cost-effective program strategies. In small enterprise projects, the rate of return on assistance to micro-entrepreneurs is among the most successful of all types of aid.

4. Adaptive and Innovative: PVOs adapt simple, often innovative, labor-intensive technology to local conditions. Such adaptation generally builds on existing services and infrastructure to improve technology transfer and reduce resource requirements. Because of their long term relations with the communities in which they work and their flexibility, PVOs have become skilled in identifying the actual needs of project participants. They have tried a variety of approaches to credit, health delivery, agroforestry training and technical assistance and as a result have identified effective approaches to service and technical assistance delivery.

5. Independent: Although PVOs operate within developing countries with the consent of the government, PVOs frequently enjoy a special, non-partisan status locally. Being apolitical, they tend to have greater acceptability to both local communities and the national government. This allows them to operate often in countries or in areas where bilateral aid programs cannot. Their work normally continues when local governments change, while that of the U.S. or other governments may be interrupted. For example, in Ethiopia, political problems have prevented the U.S. Government from directly working in the famine relief camps. More than a dozen U.S. PVOs, however, have been able to develop relief and rehabilitation operations in Ethiopia.

Some PVOs find that they are able to test innovative, high-risk strategies because they are independent of the U.S. and host government. Yet, many PVOs also work with and within governments

to be effective. In 13 health projects evaluated, the PVOs that work within government frameworks seem to have had most effect on local and national policy.

B. PVO Weaknesses

1. Limited Replicability: PVOs have demonstrated that their community-level approaches can have impressive results in the immediate area in which they are located. Nevertheless, many PVO projects are considered too small and localized to have important regional or national impact. In small enterprise, health and livestock, replication is found to be limited because too many projects idealize service delivery. With highly motivated and culturally sensitive staff in small, intensive local projects, PVOs frequently produce results that cannot be replicated on a wider scale. PVOs need to demonstrate whether these small projects, which are cost-effective on a limited scale, can be scaled-up and expanded to new areas and different cultural settings. Such replication requires careful documentation of project experiences so other private or public sector organizations can adapt them. Documentation is not, unfortunately, a PVO strength.

2. Sustainability: To replicate successful projects, PVOs must design those projects so that in the future they can sustain themselves with little or no external technical or financial aid. Yet, many projects have continued to be dependent on the sponsoring PVO for outside funding and technical assistance. Although this is improving in the small enterprise sector, designing fiscally solvent, self-sufficient projects has not been a priority with most PVOs. This is particularly true when it comes to the long-term maintenance requirements of water and sanitation systems and other infrastructure projects.

3. Lack of Broad Programming Context: Although it varies by sector, PVO projects often are implemented individually, not as part of a broader programming strategy. Working in remote rural areas, PVO staff can become isolated physically and psychologically, which complicates communication with the home office and hinders coordination with host government and other agencies. Too often PVOs prefer to operate their programs in isolation rather than pooling their resources and insights in a common cause with other PVOs. For example, although PVOs play a significant role in the small enterprise, water and sanitation, agroforestry and animal agriculture sectors in many countries, their generally low visibility and desire to work independently hinders the establishment of country-wide programs.

4. Planning and Management: Plans for many PVO projects are drawn with limited technical analysis, baseline studies or definition of objectives. Many of these problems derive from a lack of sufficient technical and management staff. Since low

salaries are characteristic of PVOs, many have difficulty finding staff that have the right mix of technical knowledge, problem-solving skills and the ability to work with the non-literate in subsistence cultures. Given the lean budgets of many PVOs, they frequently have weak administrative support systems and have difficulty providing sufficient back-up resources when major problems arise.

5. Weak Data Base and Evaluation: PVO programming is generally handicapped by a lack of information and evaluation of results. Too few PVOs collect baseline data before their work, or measure effectiveness upon completion. Too few "lessons learned" are shared with professional colleagues. The absence of mechanisms for dissemination of information about PVO successes and failures hampers communication and frequently leads to a "re-invention of the wheel." Because of their unusual ability to work closely with and win the trust and support of communities traditionally wary of both outsiders and innovations, PVOs are uniquely able to test solutions to changing traditional practices and behavior and to introduce new practices into the agriculture, nutrition, health or small enterprise systems. But without better information flow about PVO projects, these valuable lessons are too often lost.

Across all sectors, the root of the information problem lies mainly in scarce resources. PVO project budgets are small and strained. Staff are few and hard-pressed. Many PVOs believe that a shift of resources to information activities would detract from their delivery of services and their community activities. As a result, most PVOs are reluctant to invest more heavily in information systems.

III. Summary

Despite shortcomings, the evidence on hand indicates that PVOs are effective in conducting low-cost, rural based, innovative development programs which complement official development programs. In particular, they tend to serve the poorest, neediest and most difficult-to-reach populations in the Third World. By concentrating on this group, PVOs reach those least able to help themselves and least likely to be served by their own governments or international donor agencies. At the same time, the locations of PVO projects and their methods of operation tend to make them more difficult to replicate and their impact less visible to the outside world than that of bilateral government-to-government development programs.

SECTION 2

PVO Effectiveness in Small-Enterprise Promotion

I. The Nature of PVO Activity

The fundamental problem of the poor is, of course, a lack of money. Malnutrition, illiteracy, sub-standard housing and a sense of powerlessness are but symptoms of this core problem. For years, PVOs have tried to deal with symptoms, but always those efforts lead back to unemployment and lack of money.

PVOs have attacked the problem of low income by identifying the special needs of the very poor and designing programs which give them access to needed resources. In doing so PVOs have had to set aside some assumptions about credit, training and business management (which apply to larger businesses or to individuals with formal education) and build on existing skills, interests and management styles.

The very poor, who are always the target of PVO programs, usually are inadequately nourished, have little formal education, and suffer from severe social and psychological stress in their efforts to meet the demands of food, shelter and clothing for their families. For purposes of discussion, the poor may be divided into two types:

- Micro-entrepreneurs: Those who have the skills and interest in small-business but who lack money to buy supplies or equipment to make their businesses profitable. They operate in the informal sector and are often victims of police harassment. They are frequently indebted to loan sharks who charge as much as 20 percent <u>per day</u> interest.
- Pre-entrepreneurs: Those who, by reason of culture or personality, lack the skills to start or effectively manage a small business.

The two groups require somewhat different approaches by PVOs. Most micro-entrepreneurs can be helped dramatically with a program of fairly-priced credit, training in business skills and timely technical advice.

Pre-entrepreneurs require more attention from the PVO as, first, those who have the potential for and interest in business must be identified. Then, specialized training programs must be developed, appropriate types of businesses identified and technical assistance given until the business is viable. Working with pre-entrepreneurs requires a larger staff and more time than working with those who already have small businesses.

Because pre-entrepreneurs are often the poorest of the poor, they tend to be regarded as the most appropriate target for PVO small-enterprise projects. Working with the very poor pre-entrepreneur requires more from the PVO and fewer of the businesses are successful. On the other hand, there is a higher rate of return from projects which focus on the micro-entrepreneur. It requires fewer staff with less specialized training to work with micro-entrepreneurs, and a very high rate of assisted businesses expand.

A. Defining the Informal Sector

The main economic option for the very poor is to start a small business in the informal sector. The informal sector consists of those small businesses which are not registered with the government. They are often carried out in a person's spare time and they most often involve only one or two people or members of one family. Family finances are typically not distinguished from business funds.

The informal sector includes a number of different types of activities but it is active in both rural and urban areas. Some typical informal sector businesses might include the following:

- A woman in an urban slum of Nairobi supports herself and her six children by purchasing tomatoes, onions and greens from a wholesaler and re-selling the vegetables to other families in her neighborhood.

- A woman near Mindoro, in the Philippines, purchases scraps from a bra factory near Manila. She and two other women hand cut and sew the scraps into bras which are sold through a network of women office workers.

- A family in Yogyakarta, Indonesia, makes leather handbags for the tourist market. Starting as a family business, they now hire five young men as apprentices. The family will help the apprentices start their own businesses when they learn the trade.

- A man in Guayaquil, Ecuador, purchased a used sewing machine. Working from the front room of his home, he makes and alters clothing for others in the community.

- A woman in Tumaco, Colombia, owns a refrigerator. Through her front room window she sells cold sodas, ice cream and other snacks to supplement the family income.

- A six-year-old girl in Bombay spends 8 to 10 hours a day selling chewing gum and penny candy to passers by on a busy downtown street.

- A group of women in Sierra Leone have organized a poultry project. In addition to a small profit, their chickens will provide eggs and meat to others in the community at reasonable prices.

Until recently, the economic importance of the informal sector in developing economics had not been recognized. Now it has been established that as much as 50 percent of the GNP of a country can come from small manufacturing projects alone [1]. More importantly, the informal business sector serves the poorest, the least skilled, the least privileged--those most difficult to reach with other programs and those most in need of assistance.

It has been estimated that 40 to 50 percent of the working-age population in developing countries derive their livelihood from the informal sector [2]. With extremely high rates of population increase, the informal sector will become more vital to survival in developing countries.

Yet, governments in developing countries cannot address the problems of the micro-entrepreneur because the businesses are generally not registered, they often do not pay taxes and they may disregard government regulations. Even where governments appreciate the contribution of the informal sector, they often lack the resources to effectively assist the smallest businesses.

A recent study of small enterprises in five countries found that four out of five projects have internal rates of return of over 100 percent. This high rate of return on assistance to micro-entrepreneurs means that micro-enterprise lending programs are the most successful of all types of foreign aid programs [3].

Not only is the informal sector an important source of income for the poor, it is also their source of food, clothing, household utensils and services. In Lima, Peru, 60 percent of all the food in the city is distributed through the estimated 84,000 street vendors [4].

B. The Range of PVO Responses

Over 90 U.S.-based PVOs are carrying out small-enterprise projects in developing countries. Several, such as Partnership for Productivity, ACCION and Technoserve, specialize in assisting small businesses through an integrated program of credit, training and technical assistance.

However, most PVOs work with small businesses as part of an integrated approach to community development. Such organizations as CARE, Save the Children Federation, Foster Parents Plan and many others have a multifaceted approach to the problems of the poor, with assistance in several sectors including health and education. Their micro-enterprise programs include assistance in forming credit or marketing cooperatives, vocational training, revolving loan funds, business associations and entrepreneurship training.

C. What the PVOs Have Learned

Over the past 25 years most PVOs have shifted their emphasis from welfare to development programs. Recognizing that hand-outs lead to no lasting solutions to poverty, PVOs now emphasize activities which provide a framework within which people may improve their own living conditions. Because low income underlies so many other problems, PVOs have placed high priority on sharpening their skills in the small-enterprise sector.

The road to the successful small-enterprise project is not without the wreckage of failed efforts. At first, PVOs attempted to impose the values and methods of larger businesses on the micro-entrepreneur. Through trial and error, it was found that

- Pre-entrepreneurs and micro-entrepreneurs have different requirements than larger businesses.
- The very poor can be reached through small-business projects.
- Most loans need to be small, quickly processed and repaid in weeks or months rather than years.
- Program costs can be curtailed dramatically by working with groups and allowing project participants to do much of the credit screening and mutual assistance.
- Training has to be geared to the immediate problems of the business people rather than presented theoretically.
- Loans can be paid back on schedule when recipients have a support group of other business people.

And, most importantly,

- Micro-entrepreneurs can take an active role in carrying out a program of assistance when it is pertinent to their needs and is well designed. They can find solutions to their own problems when given resources and encouragement by the PVO.

II. PVO Effectiveness

PVOs have a commitment to assisting the poor. They often have a long-term relationship with the people in the communities where they work. As a result, PVOs have been especially effective in working with the micro-entrepreneur and pre-entrepreneur. PVOs have the advantage of flexibility to design programs which meet the unique needs of individual businesses or special groups of businesses. They can make frequent program changes as they identify successful or unsuccessful aspects of the program.

It is regretable that there are no statistics indicating the exact number of businesses PVOs have assisted or the economic and social impact of those businesses. It is also difficult to sort out the impact of a small-enterprise program when it is carried out in connection with education, health and other programs.

Many projects failed or had little impact as PVOs experimented with alternative approaches to credit, training and technical assistance. Now that some PVOs have devised effective models for assisting the pre-entrepreneur and the micro-entrepreneur, more projects are underway and the impact of PVO projects is better documented. There is now evidence that:

- Credit programs have enabled the number of small businesses to increase and the size of the businesses to expand.

- The expansion of small businesses has created additional jobs for those with little education or other marketable skills. The businesses provide apprentice training for young people and unemployed family members.

- The expansion of business in the informal sector has stimulated economic activity in other areas. Vending and retail businesses stimulate activity in agricultural production and small manufacturing. Manufacturing stimulates the production of raw materials and creates jobs in transportation and sales.

- The growing recognition of the importance of the informal sector has created a recognition by governments that regulations should be minimized and that government policy favoring small business should be strengthened.

- Small businesses are important for the economic growth of the country. More importantly, they provide income to those who are least able to find alternative work, such as the non-literate, women heads of households and those with little education. Thus, such programs also reduce the burden of dependency among the poor.

- The recognition that pre-entrepreneurs can be identified and trained has allowed even more of the poor into this important economic activity.

- The expansion of small businesses means that the poor can purchase food and other necessities at reasonable prices from local people.

- In rural areas, the possibility of having part time work in a small business has enabled many men and boys to remain at home rather than having to migrate to larger cities in search of work.

- In smaller towns, the stimulation of the informal sector means that people have access to more sources of food, utensils and clothing and they have to travel less to fill their needs.

- Organizations of small-business owners have had important non-economic impacts on the project participants. Women's organizations provide child-care, health services and legal aid to members.

- Because many international PVOs collaborate with local organizations, they have played an important role in strengthening local PVOs concerned with economic development.

There is no doubt that PVOs have played an important role in the recognition of the economic importance of the informal sector. Through credit programs, thousands of new businesses have started and even more have expanded. Not only have the PVOs learned the most effective ways of assisting the small business, those businesses have had a dramatic impact on local economies by stimulating activity in production and marketing and making food available at reasonable rates.

Some Examples

The range of PVO projects is so great as to make it difficult to give characteristic examples and not overlook innovative or particularly effective projects. Because there are no general statistics on PVO impact in this area, these examples serve to show the impact individual projects may have. When multiplied by hundreds of projects, they give a sense of overall impact as well as the scope of activities in this sector:

- ACCION, working with the Banco Popular in Costa Rica, placed $65,000 in a revolving loan fund. Income for the 477 businesses which borrowed from the fund doubled and 119 full-time and 48 part-time jobs were created. For each $100 to $300 in the loan fund, an additional business can be assisted [5].

- The Institute for International Development, Inc., established the Instituto para el Desarrollo Hondureno (IDH) as a non-profit Honduran organization. The objective of the IDH is to provide credit and technical assistance to micro-entrepreneurs. The IDH has created at least 2.7 jobs for each assisted business. They have found that as many jobs are created with small loans ($1,200) as with larger loans (over $5,000) [6].

- Established in 1972, the Soya Production and Research Association is a collaboration between the Methodist Church of India and the G.B. Pant University of Agriculture and Technology, Pantnagar, Uttar Pradesh. This non-profit organization produces and markets low-cost, nutritious foods made of soya beans. The foods are used in nutrition education programs, and have become an

important part of the diet of many rural families. The project has stimulated farmers to grow soya beans as well as providing jobs in the marketing and distribution of the products [7].

- The PRODEME project was created by the Dominican Development Foundation to strengthen economic development of the poor in the Dominican Republic. With assistance from U.S.A.I.D., ACCION/AITEC, The Inter-American Foundation and Appropriate Technology International, the project has become a model for the organization of the poor for purposes of credit. Most of the beneficiaries of the credit are tricicleros, the delivery men who ride tricycles tney formerly rented at very high cost. Now that credit is available, 85 groups with more than 600 members have been organized. With loans members can purchase their own tricycles and save in rental and garage fees. More importantly, the project participants are organized into "solidarity" groups which serve as collateral on other group members' loans and which have taken over much of the management of the project themselves. An autonomous Association de Tricicleros has formed. They have plans to open an ice cream factory and they respond to the emergency needs of the members [8].

- Founded in 1974, PRENANA is a series of grass-roots efforts by women in the slums of New Delhi to improve their economic self-reliance. With financial and technical assistance from Center for Population and Development Activities (CEDPA), the projects also have a hygiene, sanitation and recreational component. In one project, formerly destitute women approached a school cafeteria with an offer to take over the school cafeteria and run it more efficiently. Although none of the women had any experience in large-scale food preparation, purchasing or menu planning, they have learned on the job. They now prepare more nutritious food, present it more attractively and charge less than before. They are beginning to receive requests for outside catering of weddings and other events [9].

Because of the increased PVO effectiveness in assisting small businesses, the confidence of the organizations has increased. PVOs which had, in the past, given marginal attention to the sector are now placing greater emphasis on small-enterprise projects. Foster Parents Plan International (funded with a matching grant from U.S.A.I.D.) has a major small-enterprise project underway in the Philippines, Indonesia, Thailand, Egypt, Kenya and India. CARE and Save the Children Federation are bolstering their small-enterprise programs and are adding technical staff at their central offices to oversee the expansion.

III. Strengths and Weaknesses of PVOs

There is little doubt that PVOs have special advantages in working with very small businesses in the informal sector because the PVOs are flexible, innovative and in touch with the poor and their

problems. While PVO effectiveness in the small-enterprise sector has clearly increased, some program issues are still the focus of concern among PVO staff. Some weaknesses and strengths are as follows:

A. Strengths

- There is much more communication now among PVOs than in the past. Coordinating organizations in the U.S. such as PACT and InterAction provide leadership in this area.

- The Small Enterprise Evaluation Project (SEEP) is a consortium of 27 PVOs working together on a simple, practical book on how to evaluate the social and economic impact of the small-enterprise projects.

- The PISCES Studies (A.I.D./S&T) were case studies of seven successful small-enterprise projects from which some generalizations were drawn. The PISCES studies were widely distributed and of great value to the PVOs.

- There are an increasing number of PVO consortia evolving in those countries with a high PVO presence. Working together PVOs can increase their visibility and share their experiences.

- As more PVOs begin to work in small-enterprise projects, there is a greater demand for leadership by those PVOs with greater experience in the sector.

- PVOs can carry out their own projects or they can strengthen local PVOs and assist them in setting up sound projects.

- PVO projects can work with the informal sector and can take up where government programs for the formal sector end.

- PVOs can collaborate with banks and local financial institutions to establish fair credit systems for those needing small or short-term loans.

Not all PVOs are working in small-enterprise development but now that the precedent has been established and some PVOs have been successful in the sector, others are joining the trend. The PVOs are aware of their problems and, as has been shown, a number of organizations and projects are actively working to strengthen effectiveness in the sector. There is also a strong interest among the PVOs and the organizations which fund them for more documentation of project impact.

B. Weaknesses

- Although much has been done in identifying and training pre-entrepreneurs, particularly in India, more work is needed. Working with pre-entrepreneurs requires much staff time and training, and the "benefits" for the costs involved are low. For funding agencies which want more for their dollar, it is sometimes difficult to justify the costs of such programs. From the perspective of many of the PVOs, however, these very poor people are those who most need help in rising from the extremes of poverty.

- Some PVOs have difficulty finding staff in developing countries who have the right mix of technical knowledge, problem-solving skills and the ability to work with non-literate and pragmatic micro-entrepreneurs.

- The absence of a formal mechanism for the dissemination of information about successes and failures of PVO projects has hampered communication. Many PVOs lack the staff to document their programs and those which are written up are often not translated into the appropriate languages for field use. There have been problems of "re-inventing the wheel."

- There is a lack of systematic data collection measuring the impact of individual projects as well as any general studies assessing the number of businesses assisted or the number of jobs created. The absence of good evaluation studies and of reviews of many projects makes it difficult to quantitatively document the impact of the sector.

- While the PVOs specializing in small-enterprise projects have paved the way for better credit, training and technical assistance, the smaller and the more generalized PVOs are just beginning to develop delivery systems which fit in with their organizations objectives and mix well with projects in other sectors.

- The evaluation of projects is only in a fledgling stage. Because PVOs aim to get more from a project than just a viable business, a single indicator (such as profit) does not adequately measure the effect the program is having. Systems are now being designed which account for the impact of the project on the participants, the community and the implementing agency itself. The Small Enterprise Evaluation Project, funded by A.I.D. through a grant to Private Agencies Collaborating Together (PACT), is preparing a usable sourcebook which is aimed at strengthening PVO evaluation systems in this sector.

- Although some organizations, such as Technoserve and The Pan American Development Foundation, have made a point of setting up financially autonomous institutions to manage credit, training and technical assistance programs, many projects have continued to be dependent on outside funding sources and the sponsoring PVOs. Designing fiscally solvent, self-sufficient projects has not been a priority with most PVOs.

- There has been a lack of systematic study of the role of culture in effective programming. Many of the effective credit programs have been carried out in Latin America. There are questions about what systems work best in Africa or Asia. Similarly, more needs to be known about how training and technical assistance are best presented in different cultures.

IV. Summary

PVOs are having an increasing impact on the informal sector. Because of the PVO effort, and success, in this sector, the economic impact of the micro-entrepreneur has been recognized. Now that working with small businesses has been legitimized as a cost-effective approach to development, there have been policy changes in some countries. In developing countries there is a much greater awareness of the social, political and economic impact of the poor and of the informal business sector.

Because of their long-term relations with the communities in which they work, the PVOs have been able to identify the actual needs of project participants. Because the PVOs tend to have a long-term perspective on their work and because they are flexible, they have tried a variety of approaches to credit, training and technical assistance. Only now are some of the more effective approaches emerging from the variety of experiences.

The road to success has not always been straightforward. There has been a great deal of experimentation and with it a share of failures. Still, the news of successes and failures does not travel well and lessons learned by one organization are not necessarily learned by the others.

There is little doubt that PVOs are placing increasing importance on this sector and that the effectiveness of the projects and the impact of the sector will continue to expand.

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SECTION 3

Health and Nutrition

I. PVO Activities in Health and Nutrition

Despite decades of foreign assistance, many people in developing countries still do not have access to even minimal health and nutrition services. Millions of deaths which might have been prevented easily and at low cost, particularly among children, continue to occur each year. Prevention rests, in part, on people's improved health understanding and behavior. The main barriers to improved health/nutrition attitudes and behavior among the unserved rural majorities are common to most developing countries:

- The great majority of government health funds are spent on costly secondary and tertiary curative care, centered in hospitals and clinics, not on community-based primary health care (PHC), combining curative and preventive approaches.

- Many governments pledge to provide free health services to all, but most of the limited services available actually serve the higher-income groups in cities and towns.

- Higher cost technologies (e.g., intravenous rehydration therapy for diarrhea) are still favored over more appropriate, less-expensive technologies (such as oral rehydration therapy).

- Most government health programs are administered vertically: health, nutrition, sanitation and family planning services are often not planned in collaboration with each other or with closely related sectors such as education and small enterprise development.

- The few government health services actually available in rural areas are usually built from "top down" and do not adequately involve community members in planning and implementation.

PVOs are now in the forefront of an international effort to demonstrate to governments that these barriers can be removed, and that primary health care saves both money and lives, especially the lives of children. In the last decade, dozens of international and American PVOs, particularly those which have been selected for A.I.D. support, have begun to help show governments how to provide low-cost, community-based PHC to poor, unserved families.

As part of their assistance, PVOs often test various PHC techniques, carefully adapting them to local circumstances. Hundreds of local and international private organizations are documenting the effectiveness of PHC in different rural settings, resulting slowly but surely in improved government health policies, the spread of innovative financial and technological changes, and the development of local governmental and non-governmental institutions involved in PHC.

In FY 1986 A.I.D. will provide PVOs with food aid in MCH programs valued at $98 million. During FY 1985/86, $22 million will support approximately 35 child survival programs of 14 PVOs in 11 countries, and another $63 million will support both centrally-funded grants to American PVOs working primarily in the health sector and numerous mission-funded grants to American and indigenous PVOs.

A.I.D. grants to PVOs are particularly effective in expanding international health programs because they guarantee, in effect, that every A.I.D. dollar spent on PVO projects will also leverage private donations. A.I.D. grants to PVOs also guarantee that all projects thus funded will have been screened and approved by A.I.D. missions and A.I.D. Washington, and will satisfy certain requirements affecting project design, reporting and evaluation.

Development experts have long appreciated the many roles PVOs have played in the development process, but their conclusions about PVO effectiveness in health and nutrition have often been based more on intuition than on careful study of data from PVO projects in varied settings. In recent years, however, evaluations of 13 A.I.D.-supported PVO health and nutrition projects in 10 countries have analyzed in depth their results, their strengths and their weaknesses. Several of these projects face problems which American PVOs often face working in health and other sectors; other projects have been highly successful and have demonstrated the advantages of PVOs over the public sector in some situations. All projects evaluated helped to further our understanding of PVO effectiveness in health.

II. PVO Effectiveness in Health and Nutrition

Many PVOs supported by A.I.D. in health/nutrition have succeeded (in different settings and using varied approaches) in providing efficient, low-cost health services, often to rural families who would not otherwise have access to any modern health care. The results indicate that key targets (primarily, health services delivered and health workers trained) are being met on schedule or exceeded. Several projects have greatly reduced child malnutrition. At least half the projects have increased mothers' use of curative and preventive maternal/child-health services. Because many projects' staff are too overworked and underfunded to collect or analyze adequate baseline or monitoring data, a

project's impact on morbidity and mortality is less evident. Nonetheless, working with very limited resources, and sometimes facing formidable cultural constraints, these projects have been able to provide such innovative health services as oral rehydration, immunization and family planning in some of the Third World's poorest, most neglected and most remote rural areas.

Many PVOs promote a policy dialogue encouraging PHC by working within governments. They often have close ties to regional or central levels of the Ministry of Health (MOH), supplementing ministry staffs with the skills of local or expatriate specialists. Such PVOs have often brought fresh approaches and new managerial or technical strategies to conservative bureaucracies, proving to be effective intermediaries between the private and public sectors. They have promoted and demonstrated improved, affordable PHC approaches which have been adapted by local and national governments. For example:

- In Honduras and Thailand, Meals for Millions runs successful applied nutrition programs within a regional office of the MOH. It accomplishes its objectives by coordinating many public and private nutrition-related activities in the region, training staff at all levels in improved nutrition strategies, and fostering better planning and monitoring. This program began in one small area with the PVO providing direct services, but as it grew to cover a wider area it has concentrated solely on management improvements. Replicability and flexibility are key PVO attributes in this case. New health and nutrition-related interventions are more widely available now because of these successful efforts to strengthen the management capabilities of the host government.

- In Bolivia and the Gambia, Project Concern International has strengthened government PHC services by improving health planning and training within regional and national MOH offices. In Bolivia, it has brought the MOH into closer contact with traditional healers and other private health practitioners. In the Gambia, it launched a national PHC worker-training program and recently withdrew from it when the national government was able to adopt and sustain it.

- In the Philippines, Helen Keller International has demonstrated that primary eye care to prevent and cure blindness can be integrated into a PHC program and can enhance the program.

- In Bangladesh, Save the Children Federation trains village women as all-purpose development workers with a major emphasis on maternal/child health, to supplement the work of the local Medical Assistant, who is often limited in his ability to involve community mothers in health activities because he is male and an outsider, paid by the government, not the community.

Other PVO programs are largely separate from government. Instead of working to improve government policies, these PVOs work to strengthen their own PHC policies. They have their own network of clinics and hospitals which are increasingly used as bases for PHC outreach. PHC workers based in their home villages can be trained, supervised, supplied and often paid by the nearest clinic. For example, the Adventist Development and Relief Organization in Haiti and Tanzania and The Salvation Army in Pakistan both provide PHC in areas that cannot easily be reached by the government infrastructure.

Some PVOs provide PL 480 food supplies as part of a longer-term development or nutrition effort. Such PVOs provide a base for PHC services when supported with training and technical assistance. For example, in Bolivia, A.I.D. assists CARITAS in a program to reach 250,000 children with oral rehydration therapy (ORT) through 1500 "mothers' clubs." These clubs have long been sponsored by CARITAS as a food distribution network. The eagerness of CARITAS to add ORT to the system has led to the training of health promoters in ORT distribution and education, in program planning and management, and in public communication. The project also encourages cooperation between CARITAS, the MOH and UNICEF.

PVO effectiveness in health and nutrition can also be measured in relation to the "four pillars" of development assistance emphasized by A.I.D.:

A. Policy Dialogue

Many developing countries' health ministries cling to inefficient health policies, but A.I.D.-supported PVOs are demonstrating to governments that it is more efficient and effective to develop alternative primary care delivery systems which are community-based, not hospital-based. Such programs can become self-financing when beneficiaries are involved in planning and controlling them locally.

PVOs which work within government offices appear to have the most direct effect on local and national government policies: organizations like Project Concern International, Meals for Millions, Helen Keller International and the International Eye Foundation not only demonstrate systems for developing primary care programs and training primary care staff and supervisors; they actually provide long-term, day-to-day assistance within the ministries of health to ensure that plans are implemented and sustained over time. Some examples:

- Opthalmologists representing the International Eye Foundation are members of the National Blindness Prevention committee in the Ministry of Health in Malawi, where they determine nationwide eye care policies and are moving Malawi toward a comprehensive primary eye care system, while they build the planning and monitoring capabilities of the committee itself.

- The American director of Project Concern International in the Gambia is a founding member of the national Primary Health Care Working Group, where he plays a key role in coordinating PHC training.

- Project Concern's staff in Bolivia work in a regional MOH Office of Planning and Supervision where they work with a dozen government agencies and private groups, even traditional healers, in setting up a coordinated health and nutrition planning system.

- In Thailand, the seven staff members of Meals for Millions, all Thai, coordinate the Applied Nutrition Program activities of the provincial departments of health, education, agriculture and community development and several private agencies into a collaborative and efficient nutrition system.

Other PVOs which do not have any staff working within government offices affect health policy changes less directly by setting up demonstration projects which show governments the strengths of the PHC approach. Adventist projects in over 15 countries are good examples of that demonstration approach. Other A.I.D.-supported PVOs affect health and nutrition policies by closely involving health ministries in different aspects of their programs. Save the Children's integrated health, nutrition and development programs in over 40 countries, for example, rely heavily on existing government hospitals, clinics, immunization teams and reporting systems, thereby strengthening those public sector activities, while simultaneously demonstrating bottom-up approaches at the village level.

PVOs in health and nutrition vary widely in their ability to communicate with public policy makers. Evaluators normally give highest marks to those PVOs which work most directly with local governments. But it is also important to recognize the vital policy dialogue being carried out within large PVOs themselves. PVOs which continue to provide clinical care to millions throughout the world are now making a slow, difficult, but unavoidable transition toward increased community-based primary care. That change is taking place far more rapidly because of A.I.D.'s support, and represents a significant policy dialogue in its own right.

B. Institutional Development

Important institutional changes must take place at village, regional and national levels for PHC to work. PVOs are most effective--usually far more effective than other international assistance organizations--in building involvement at the community level where support of beneficiaries must be mobilized and organized if it is to be sustained. In all A.I.D.-assisted PVO health/nutrition programs where community action is promoted, local organizations have proven to be important in the process.

For example, village development committees, carefully organized, monitored and financed by Save the Children in many countries, are required to represent the poor, women, youth and other disadvantaged groups, and are assigned specific tasks to accomplish on schedule. Project Concern International in the Gambia has helped the Gambian Government set up village development committees with a mixture of traditional leaders and trained health workers who work together to involve community members in specified community health activities.

In contrast, other PVOs (like the Salvation Army in Pakistan) work with existing traditional community organizations in a much less structured system. Many PVOs have also helped develop indigenous copies of themselves, particularly those which have evolved from a missionary tradition (like the Salvation Army and the Adventists), and are building them into independent, self-sustaining organizations which will not depend on foreign funding or staffing.

Training is another aspect of institution-building in which PVOs have proven effective. Project Concern's core strategy for strengthening primary care in eight countries is to assist ministries of health in training community health workers; in some areas that includes training traditional healers and midwives. Helen Keller International and the International Eye Foundation have trained hundreds of paraprofessionals, nurses and doctors in eye care in several national training programs: in Malawi International Eye Foundation has trained eye care workers from six countries throughout southern and eastern Africa.

The most effective institution-building, according to independent evaluators of A.I.D.-supported PVO projects, results when PVOs are involved not only in training PHC workers but also in field testing of PHC strategies and in directly assisting governments in determining health policy. The combination of all three--policy-making, pilot testing and training--are most likely to ensure that PVO activities leave behind strong institutions which can carry on primary care programs when foreign aid is no longer available.

C. Private Sector

PVOs, like any other private organization which provide health services in the Third World, automatically demonstrate the value of involving the private sector in health care by their presence and longevity. Many PVO health services are located in areas far from any government services. Even when government health services are available, they are often not as well staffed, equipped, supervised, supplied, or financed as PVO health services, which are usually in much greater demand.

But many PVOs do more to promote the private sector role in public health than by simply providing better health services. Several A.I.D.-supported PVO programs involved in policy dialogues within various governments have been instrumental in encouraging health ministries to seek fuller participation of the private sector in health and nutrition programs. For example:

- Meals for Millions' Applied Nutrition Program in Honduras and Thailand involve many private organizations, such as agricultural and marketing cooperatives, farmers' and womens' groups, religious organizations, trade unions, plantations and shopkeepers, in joint efforts to improve local nutritional standards. In the process, new small enterprises have grown up in the region and the program has improved several existing businesses.

- Helen Keller International has helped the MOH in one region of the Philippines to establish a cooperative surgical system in collaboration with local private opthalmologists: the surgeons use otherwise underutilized hospital wards and the government's expensive surgical equipment for their private patients, and in return operate on indigent patients without charge.

- Save the Children in Bangladesh has begun to demonstrate how private sector collaboration in community development can improve the financial sustainability of health services while increasing profits to small enterprises. Village development funds are loaned to small businesses (e.g., food processing or fish ponds) which eventually return profits to the village development committee, which in turn pay stipends to community health workers.

D. Technology Transfer

All PVO health and nutrition projects assisted by A.I.D. emphasize low cost, appropriate measures like regular growth monitoring (of children to detect malnutrition), oral rehydration of children who have diarrhea, immunization, sanitation and child spacing. Many PVO programs have introduced special innovations suited to particular areas:

- In Tanzania, an Adventist nutrition program has organized volunteers in several villages to rebuild a broken irrigation system, and is providing integrated health, sanitation and nutrition education to families to ensure that the irrigation will lead to better health.

- In Honduras, Meals for Millions has helped the government and private firms to introduce new types of smokeless cooking stoves and family-size silos in addition to new farming methods, all of which will have an impact on family nutrition.

- In Bangladesh, Save the Children's village workers have introduced new types of water pumps for drinking and for irrigation, new seeds and fertilizers, and new breeds of fish and livestock, in collaboration with the MOH and UNICEF.

- In many countries, Helen Keller International and the International Eye Foundation provide Vitamin A capsules to children who might otherwise go blind. This low-cost technology may also protect children from both lung and gastro-intestinal problems.

In many projects, PVOs also introduce agricultural or small enterprise innovations which are not directly related to health or nutrition but can often have important economic benefits which lead to higher incomes, improve the roles of women and result in better health for all family members--at no cost to the public sector.

III. PVO Program Strengths and Weaknesses

A. PVO Program Strengths

There are special advantages which result from PVO projects, and which are not as likely from other types of foreign aid or from government projects. They include:

1. Using Existing Facilities: Grants to PVOs in the health sector are particularly cost-effective because most A.I.D.-supported PVO health projects have been developed on the basis of an existing organizational and physical infrastructure. Before the project starts, most buildings have already been built, vehicles purchased, cold chains set up to provide vaccines, health and administrative staff hired and trained, and support systems put in place. Frequently, additional support from A.I.D. is all that is required to enable a PVO to move in more cost-effective and more innovative directions (away from traditional food aid or costly forms of curative care, for example, toward self-sustaining, longer term assistance). Thus, A.I.D. funds to PVOs are rarely spent on infrastructure but go directly toward the most immediately productive activities such as retraining staff, outreach to needy areas and strengthening or replicating systems which have proven to be effective.

2. Encouraging Local Contributions: Because of the voluntary and participatory nature of most PVO health projects, a significant portion of the typical PVO project's resources are contributed by local donors and by the beneficiaries themselves. In projects like Save the Children's Community-Based Integrated Rural Development in Bangladesh, contributions valued at 20 percent of the total project costs are made by the beneficiaries themselves. In Tanzania, village men volunteer one work day per month to rebuild an irrigation system under an Adventist nutrition project,

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and in Pakistani villages, the Salvation Army has supervised the building of water supplies, latrines and street drainage systems by local volunteers. Such contributions are less likely to occur in large government-sponsored programs funded bilaterally.

3. Small-Scale Pilot Testing: The number and variety of PVO health projects indicate an important strength of PVO health activities in general: they reach a broad range of beneficiaries in different geographical areas with a wide variety of health-related services. PVOs have great experience in testing community-level primary health care on a small scale, providing PHC to poor communities, helping to demonstrate PHC benefits in small, focused, well-documented experiments. PVOs can demonstrate the cost-effectiveness of PHC, and document how PHC can reduce infant and child mortality.

4. Staff Commitment: PVOs are able to test and demonstrate imaginative, cost-effective PHC strategies because they are independent from the U.S. and local government, and because of the hard work of their devoted staff members. The intensity of staff efforts is often enhanced by the ability of the staff to work closely with individuals and communities in focused, controlled interventions.

Known for their commitment to service, to providing effective health care and to reaching the poor seems to characterize both PVO host country staff and PVO expatriate staff. Many PVO expatriates make the developing countries their real home, learn local languages and customs, and stay for many years, sometimes decades, even though they earn lower pay than experts in bilateral A.I.D. projects. PVOs seem less likely than governments to transfer staff to different locations where they may be less suited to the job or the situation.

5. Integrated Approach: Many PVOs are able to design integrated health projects that bring together a range of public and private health-related activities which governments have traditionally organized separately, such as primary and secondary care, nutrition, eye care, water and sanitation, and family planning. PVOs can also integrate health and non-health development activities in a synergy which few government programs are able to achieve. Some PVOs have been successful at bringing traditional practitioners into cooperative relationships with governments which had previously shunned them.

While PVOs retain their independence in many aspects of policy making, their health and nutrition activities are often integrated into government programs. Government health offices frequently are understaffed and underfunded, so they rely on PVO health workers who often have closer ties and credibility in the local community. This symbiosis between governmental and PVO health services often appears to be the best strategy in areas where neither institution works as well alone.

6. Continuity: Many PVO programs have outlasted several changes of host governments and have continued while A.I.D. bilateral programs have been cancelled. The continuity of PVOs means that they are often trusted and relied on in many communities for health services, sometimes even more than governments. Religious PVOs have often had the longest continuity: some have been in developing countries for a century. The PVOs' continuity and credibility usually help them introduce new technologies like growth monitoring, oral rehydration, or family planning services which might be looked at with suspicion.

B. PVO Program Weaknesses

Evaluations of various PVO health/nutrition projects reveal that the limited resources available to PVOs often limit their capacity to improve their management, evaluation and information systems. PVOs, like many public sector health/nutrition institutions, often seem deficient in the following areas:

1. Planning and Management: Plans for some PHC projects are drawn hastily without baseline studies, measurable objectives, technical analysis, or understanding of the existing local conditions. Planning has often lacked the participation of the host country government and, in some instances, of the recipients of services. These deficiencies often result from the PVOs' small staffs and operating budgets.

2. Information and Evaluation: Monitoring and evaluation are essential for project management, but PVOs do not always recognize their importance. PVO health information systems, which are essential for effective performance by health workers at all levels, are usually rudimentary and need upgrading in order to explain and verify project effectiveness and impact. Death by cause, important information for planning and evaluating PHC, is rarely recorded. There is often inadequate exchange of data with the official health information systems, such that activities by PVOs may not be reflected in national statistics.

Too few PVO projects in PHC have been successful in documenting and replicating their experiences. Lessons learned by PVO project managers are often lost to the wider national and international health community because the PVOs, host country institutions and USAIDs have no system for sharing and using project information. Well-designed monitoring and information systems could yield findings about effectiveness and efficiency which would be very useful to other private- and public-sector health planners. Because of their unusual ability to work closely with and often win the trust and support of communities traditionally wary of both outsiders and innovations, PVOs are uniquely able to test solutions to the problems of changing traditional health, nutrition and family planning behaviors. Without better information flow about PVO health projects, valuable lessons will continue to be lost.

3. Sustainability: To replicate successful projects, PVOs must design those projects so that in the future they can sustain themselves with little or no external technical or financial aid. If nutrition and health programs are lodged within self-managed and self-financed systems, they are more likely to outlive the support of A.I.D. or any other international donor. The more support they get from the people they benefit, the more likely they are to outlive public sector programs.

4. Replicability: PVOs have demonstrated that their community-level approach can be effective. However, PVO projects usually have small target areas, a highly motivated staff and often expatriate technical assistance--strengths which governments often claim cannot easily be replicated. Now, PVOs must demonstrate whether such small pilot projects, which are cost-effective on a limited scale, can be "scaled up," replicated and expanded to new and different areas. Such replications require careful documentation of pilot-test experiences for convincing skeptical private- or public-sector organizations to copy or adopt them. Replication and documentation are not PVO strengths, ironically, despite the variety of health/nutrition lessons learned in many countries.

IV. Lessons Learned

PVO experience to date in the health/nutrition sector indicates that much can be done, and quickly, to build upon the PVO's various strengths. To reach their full potential, PVOs must:

A. Improve Institution-Building

A major goal for A.I.D. is to build the managerial and technical skills of host-country individuals and institutions to provide PHC. While PVOs generally excel at such training, much more PVO involvement is needed. In the mid to long term, the success of PHC in either the private or public sectors will depend on the skills and commitment of local staff, not expatriates. Strengthening PHC effectiveness, therefore, will depend on:

- Training: the PVOs should select nationals as counterparts and train them to replace expatriates as soon as they are qualified.

- Linkages: PVOs, normally quite limited in size and scope, should work with public agencies as well as other private agencies to maximize their impact. Ministries of Health can learn much about PHC from non-government groups unhampered by bureaucracy, but only if those private groups are effectively linked to government.

- Participation of health consumers: the spread of PHC ultimately depends on the extent to which it is accepted by the families who benefit from it. If they have not been successfully convinced and committed to its use, PHC will never achieve its potential as a central element in a national health care strategy. PVOs have led the way toward community participation, but their efforts must continue to grow as centralized public sector programs increasingly fail to reach the neediest.

B. Improve Community Financing

To strengthen their traditional ability to reach the poor, ironically, PVOs must develop systems for charging fees for service. Private health groups like PVOs can afford to serve the poor in remote areas better than governments, which often promise, but fail to provide, "free" services. Many PVOs charge on a sliding scale in order to serve everyone, including the destitute. Such strategies can be further developed and better documented, particularly in areas where government health services are underfunded.

C. Expand PVO Role as Intermediaries to Government

Several programs have successfully demonstrated that PVOs can work with governments regionally or centrally to help strengthen government policy and planning and to improve management of PHC training and services. Upgrading the PHC capabilities of PVOs that work closely with local governments may be the best mechanism for A.I.D. to improving government health policies and implementation. Such PVOs will need to demonstrate cost-effectiveness in limited areas before the government is likely to replicate programs elsewhere. While some PVOs have taken great strides to work closely with governments, there remain numerous opportunities for increasing communication and collaboration between private organizations and governments around PHC policies and projects.

D. Receive Increased A.I.D. Support

Most PVOs are forced to devote a large proportion of their budgets and their staff time to fund-raising and related services (such as organizing sponsorship of individual children). As a result they are less able to devote sufficient resources to management of health projects in the field, resulting in some of the management and information weaknesses described above. Despite those deficiencies, however, in many situations the PVOs have greater potential to test new, cost-effective, PHC strategies and technologies. Therefore, it seems appropriate for A.I.D. to increase funding of PVO health and nutrition programs if A.I.D. expects PVOs to devote more funds and more staff to strengthening internal health planning and management capabilities, and less time to public relations and fund-raising.

V. Summary

The $45,000,000 currently provided by A.I.D. to PVOs for health-related programs has an important multiplier effect. Unlike A.I.D. support for most host-government health programs, A.I.D. support to PVOs:

- Mobilizes private sector support for foreign aid.
- Ensures that such private sector support will be spent effectively.
- Goes directly into the most productive activities by utilizing existing infrastructure.
- Mobilizes voluntary actions within the community.
- Reaches areas without government health programs.
- Often attracts highly committed local and international experts willing to work hard for low pay.

Individually, PVO health programs appear small. Most country projects affect far less than 100,000 beneficiaries and cost well under $500,000 a year. But in aggregate, many A.I.D.-assisted PVO health programs which have been evaluated are operating efficiently and effectively in many countries. Total A.I.D. support appears to be improving health standards directly for at least ten million people--who normally have no other source of modern health care. Millions of other Third World people stand to gain from the many PHC strategies now being tested. Few other channels for international health assistance are likely to obtain such effectiveness, or to be so deserving of A.I.D.'s expanded support.

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SECTION 4

Water Supply and Sanitation

I. PVO Activity in the Water Supply and Sanitation Sector

A. Types of Projects

PVO activities in the water supply and sanitation (WSS) sector are generally rural-oriented, innovative, complementary to official development programs and low cost. At the same time, the locations of PVO projects and their methods of operation tend to make their impact less visible to the outside world than that of official development programs. Although PVOs play a significant role in developing the WSS sector in many countries, their generally low visibility and basic desire to work independently of each other often hinder the establishment of coordinated, country-wide WSS programs. The overall effectiveness of PVOs in the WSS sector is, therefore, strongly affected by their unique position outside of official development channels and by the special relationships they usually establish with the host government and the local communities within their areas of activity. Unfortunately, little statistical information exists regarding the types and geographical extent of PVO projects in the WSS sector. Because most PVOs prefer to operate as independently of other organizations as possible, only a general description of overall PVO activities can be given.

PVOs typically carry out water and sanitation activities in the context of broad-based community development, mostly in rural areas. Such activities usually emphasize heavy involvement of the local population, community decision-making regarding siting and project design, and often financial and labor support. The resulting water and sanitation systems often involve simple technologies, such as gravity pipe systems, hand-dug wells with hand pumps, spring protection and simple sanitary latrines. Such systems are usually labor-intensive and are designed more for their overall development impact upon the community than for the narrow purpose of supplying water or providing a sanitary system. Because women and children are the traditional drawers of water in most rural areas, PVO projects in this sector have special impacts upon them.

Although PVOs work in both urban and rural areas, they tend to be found in poorer communities having fewer basic resources or existing infrastructure. PVOs frequently target their efforts to poor areas where government programs either do not exist or are ineffective. PVOs work throughout the world but they are especially active on the Indian subcontinent, Sub-Saharan Africa, and selected countries of Latin America. International PVOs, or

those which work in many countries, are commonly found in the poorer developing countries while PVOs having an indigenous base tend to be found in the more highly-developed countries.

B. Funding of Projects

Detailed statistics of PVO expenditures in the WSS sector are not available. Moreover, available information on the sector is often distorted by the heavy emphasis on urban WSS by the major lending institutions. Overall, most WSS expenditures in the Third World are directed toward the urban areas. The World Bank in 1984, for example, spent a total of $630 million on water supply and sanitation, of which only 11 percent, or $69 million, was devoted to rural areas. Yet, 80 percent of the world's population live in rural areas and about 70 percent of these lack adequate water supplies. Most PVO expenditures in water and sanitation are made in the rural areas [1].

In contrast to the urban areas, where the official multilateral and bilateral agencies dominate, PVOs are the major force in the development of water supplies and sanitation in the rural areas. According to the World Bank, PVOs annually spend about $180 million on rural water supplies and sanitation, which is about triple the yearly lending program of the World Bank and about triple the expenditures of UNICEF, the most active United Nations agency in the sector [2].

Although individual PVOs do not usually report their expenditures by sector, both CARE and Catholic Relief Services have recently been spending over $5 million annually on WSS. The most active PVO in the sector, CARE, has budgeted $10.9 million for 22 WSS projects affecting 1.3 million people in 17 countries in 1986, of which A.I.D. is providing 35 percent of the total. Under special circumstances, high priority programs in individual countries may receive large amounts of funds as, for example, in Ethiopia, where Catholic Relief Services has budgeted $5 million in 1986 for emergency water projects.

Worldwide expenditures by all PVOs in the WSS sector are roughly equivalent to those of the U.S. Government. As indicated above, PVOs annually spend about $180 million on rural water and sanitation. A.I.D. expenditures for all WSS between 1978 and 1982 averaged slightly over $200 million per year. During that period, A.I.D. spent $161.2 million in Development Assistance Funds and $899 million in Economic Support Funds on water and sanitation activities, for a total of $1,060.2 million. This does not include support for water and sanitation activities which are components of other types of projects, such as primary health care, rural development and disaster assistance [2].

The proportion of U.S. Government funds channeled to PVOs for WSS activities, however, is relatively small. It was estimated in 1981 that A.I.D. funding for PVO water and sanitation projects averaged less than $20 million annually [3].

II. Key PVOs in the Sector

Many PVOs provide water and sanitation services in developing countries. If all of the PVO development organizations, professional societies, church groups and cultural societies are included, there are at least fifty, and perhaps as many as a hundred, PVOs active in this field. A representative sample of the major PVOs is as follows:

* CARE
* SAVE THE CHILDREN FEDERATION
* AFRICARE
* CATHOLIC RELIEF SERVICES
* FOSTER PARENTS PLAN
* LUTHERAN WORLD RELIEF
* OXFAM
* WORLD VISION RELIEF ORGANIZATION
* NUMEROUS SMALL MISSIONARY GROUPS
* EGLISE DU CHRIST DU ZAIRE
* AGUA DEL PUEBLO

A. Measurement of PVO Effectiveness

Effectiveness in the WSS sector refers to the degree to which an organization meets its objectives. A high degree of effectiveness is likely when an organization sets clear objectives, establishes a program intended to achieve the objectives, and then directs its efforts to specifically accomplishing those goals. Where objectives are not clearly stated or where programs are not well-defined, effectiveness invariably suffers.

In general, PVOs do not see themselves as technical assistance agencies providing support to host governments, as is usually the case with A.I.D. PVOs tend to protect their independence and, while some are willing to work through host-government agencies, they normally view the recipient communities as their ultimate clients. Thus, a PVO may be highly effective in carrying out a program from the standpoint of its own objectives but not from the standpoint of official U.S. Government policies. The experience of the Water and Sanitation for Health (WASH) Project is that the following criteria are most important in assessing the effectiveness of PVO activities in the WSS sector:

- A program must be sustainable and be capable of continuing after the PVO has completed its efforts.

- The activity must be transferable to similar communities with little additional investment from outside sources.

- The local community must be involved in the activity from the initial planning of the project through implementation and into long-term operation and maintenance.

- The activity must be cost-effective and should cost no more than comparable activities implemented through official government channels.

B. Relationship to AID Development Policies

The long-range development strategy of A.I.D. emphasizes four basic programmatic components, sometimes termed the four "pillars" of development [5]. PVO activities in the WSS sector can be assessed in terms of the degree to which they contribute to these pillars, as follows:

1. Policy dialogue: In general, because of their grass-roots approach and independent modes of operation, PVOs have little impact on policy formulation or reform in the WSS sector. The main exceptions to this occur in those countries where PVOs carry out a major portion of sector development and, thus, indirectly influence national policies by allowing host governments to allocate their limited resources on a highly selective basis. This has been the case in Zaire where PVOs are very active in rural WSS.

2. Institutional Development and Training: PVOs have significant impact upon institutional development at the community level, but very little influence at the national level. Through their WSS work in villages and rural communities, PVOs help establish village development committees, strengthen local decision-making and build up a cadre of community leaders and technicians.

3. Technology Research, Development, Transfer: This is the area in which PVO activities in WSS make the greatest contribution to A.I.D. development strategy. PVO projects help transfer appropriate levels of technology, raise the technological consciousness of rural communities and provide a channel for innovative ideas for project development. The work of CARE and CRS in Sierra Leone, for example, has helped to promote simple low-cost water lifting devices.

4. Reliance on the Private Sector and Market Forces. PVO water and sanitation projects usually rely more on the private sector for long-term operation and maintenance than do government-sponsored projects. This reliance on the private sector, however, is usually informal and does not involve strong institutional links with the local communities.

C. Examples of PVO Impact

A few examples of WSS programs being carried out by PVOs will serve to show the diversity of current activities. Among the impacts frequently seen in such projects are (1) improved levels of water supply and sanitation, (2) a high degree of community involvement, and (3) relatively low unit costs.

- In Cameroon, CARE has been working with A.I.D. since 1979 on an integrated program of water supply, health education and latrine construction. In a country where few organizations have successfully implemented programs involving community participation, CARE has been able to work with the government's Community Development Department to develop integrated projects in over 100 villages. A self-help philosophy promoted by CARE helps the villages develop a strong sense of ownership and concern for the continued operation of their facilities.

- In Nepal, Save the Children Federation (SCF) and A.I.D. are co-financing an integrated development program which includes a village water supply component. Since 1981, SCF has built or repaired 16 water systems (with another 12 currently under construction) serving 4900 people at a cost of $20 per person served. The projects benefit from extensive village initiative, labor and the provision of materials in planning, construction and maintenance. The key aspects of the SCF program are a high degree of community involvement, simple technology (gravity piped flow to communal standpipes), and specific provisions for approach in Nepal is now used as a model of program management and implementation by Nepali water agencies.

- In Bolivia, CARE recently completed a two-year program of rural supply and small-scale irrigation projects in 126 villages. These projects now reach about 35,000 people and will shortly serve over 41,000 people. A.I.D. provided grant funds of $1,750,000 for the program, or about $43 per person served. It is notable that CARE provided communal water service to 126 communities in just over two years, while official government agencies in the same regions of Bolivia served only 15 to 20 villages during that same period.

- Not all PVO-implemented projects, however, are fully successful. Where one or more of the key elements of good management, appropriate technology, or community involvement are lacking, project effectiveness often suffers. For example, in Haiti, where some 20 PVOs have been responsible for most of the water supply development in the country, one PVO spends about $150,000 annually operating water systems in three areas. The villages assisted by this organization draw their water from protected springs and pipe it by gravity to

communal standpipes. Although these villages now have convenient access to safe water, the projects have suffered from inadequate engineering expertise and a failure to fully involve the local communities in the planning, implementation and maintenance of the systems. The approach used by this PVO does not use local human resources extensively and is not well organized to carry out project development or to accept ultimate ownership of the projects. Since the government of Haiti is unable to take over all completed PVO water projects, the organization in question is required to provide continuing operation and maintenance services to its own systems.

III. Conclusions

A. Strengths of PVOs

The special strengths of PVOs are most evident in their field operations, as follows:

- Many PVOs have developed a long-term presence in various countries. They often are apolitical and, therefore, tend to have greater acceptability to both local communities and the national government. This allows them to sometimes operate in countries or in areas where the U.S. Government cannot provide direct development assistance itself. For example, in Ethiopia, political problems have prevented A.I.D. from working directly in the famine relief camps. More than a dozen U.S.-based PVOs, however, including Catholic Relief Services, CARE, World Vision Relief Organization, Save the Children and Adventist Development and Relief Agency, have been able to develop WSS operations in Ethiopia.

- PVOs have leaner administrative organizations than government agencies, which allows them to mobilize quickly when conditions require.

- PVOs often have highly motivated people working on their international staffs. PVO personnel, many of whom are former Peace Corps volunteers, frequently accept assignments in areas with only minimal facilities for housing and support.

- PVOs tend to use indigenous staff very effectively and to give them proportionately greater responsibilities than do international development agencies.

- Because of their organizational flexibility and knowledge of local conditions, PVOs are especially well-suited for providing certain types of disaster-related assistance such as WSS, food distribution and medical care. This has recently been borne out throughout the Sahelian zone of Africa, where PVOs have been used by A.I.D. as the primary channels for emergency drought-relief assistance.

- PVOs are particularly effective in countries where the governmental infrastructure is weak or even non-existent. In Zaire and Haiti, for example, PVOs provide the bulk of WSS services in the rural areas.

- By emphasizing WSS projects in rural areas, PVOs have direct impact upon the welfare of women and children.

- PVOs generally have low overhead and administrative costs and usually can implement WSS projects at lower unit costs than government agencies.

- And finally, because PVOs have long-term presence and good acceptability by local governments, they are an ideal vehicle for piloting innovative ideas and development methods.

B. Weaknesses of PVOs

PVO weaknesses tend to be found in their management and administrative structures, as follows:

- PVOs sometimes lack sufficient technical expertise to carry out the more complex WSS programs. There often is a shortage of engineers and hydrogeologists, which is partially a reflection of the low salaries paid by most PVOs. This shortage of technical personnel affects PVO operations primarily at the field level.

- PVOs occasionally have weak administrative support and frequently are unable to provide sufficient backup resources if a major problem arises.

- Because of limited staff resources, PVOs rarely monitor their field operations closely and, as a result, are usually unable to carry out detailed evaluations of completed projects.

- In many cases, PVO water and sanitation projects are found in remote rural areas which hinders communication with home offices as well as complicates coordination with other organizations, including both other PVOs and host government agencies.

- Too often, PVOs prefer to operate their programs in isolation rather than pooling their insights and resources in a common cause with other PVOs.

- PVOs tend to overlook the long-term maintenance needs of WSS systems. They often fail to develop or strengthen an institutional capacity to care for major maintenance problems.

- Finally, PVOs are not well organized and staffed to respond effectively to U.S. Government proposal and program reporting requirements. For this reason, many smaller PVOs avoid working with the U.S. Government because of the attendant complications such involvement entails. As a result, only the larger PVOs have sufficient staff to regularly prepare project proposals for A.I.D. and to subsequently carry out the necessary paperwork involved in project implementation.

C. Potential for Future PVO Involvement in the WSS Sector

U.S. Government support for PVOs is particularly relevant in the following situations:

- Where PVOs are well-established and have a strong field presence, they offer a ready-made channel for development assistance. Such a presence is especially useful in areas where the U.S. Government, for various reasons, may not be able to work directly. Established field presence and administrative flexibility are further features which make PVOs particularly useful in disaster relief operations, such as have been occurring during the current drought in Sahelian Africa.

- PVOs provide a useful complement to established government programs and to programs involving United Nations activities. In such a role, the PVOs are particularly effective at the grass roots level where highly motivated field personnel are required.

- One of the most useful roles PVOs can play is to pilot innovative approaches in technologies and projects, such as integrated water, sanitation and health activities, village cost recovery systems and community maintenance systems. Because of their administrative flexibility, PVOs can rapidly undertake such ideas and more easily experiment with them in the field in search of workable procedures and methods.

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SECTION 5

PVO Effectiveness in Agroforestry

I. Summary and Introduction

Although it has long been practiced in pioneering agricultural societies, including the U.S., agroforestry as a deliberate intervention to improve soils, conserve water and raise farmer incomes is a relatively new and revolutionary component of donor projects in the developing world.

It is revolutionary because it largely runs counter to conventional agricultural wisdom promoted by many advisors from developed and temperate zones, where trees are considered to be competitors with food crops for soil, nutrients, water and sun. Hence, land needs to be cleared of trees before crops can have room to grow. In the developing world, land clearing to plant new crops coupled with the need for fuelwood has resulted, almost unnoticed, in soil degradation and denuding of watersheds at an accelerating rate.

If left unchecked this process of degradation could result in the destruction of close to one-third of the world's arable land and one-half of the remaining area of unlogged productive tropical forest in the next 20 years [1]. During the same period, populations in the developing world will double, further accelerating the demand for more agricultural land and more fuelwood to cook what food is made available.

The rural populations--as farmers, herders and/or woodgatherers--are mainly responsible for this massive degradation of soils and watersheds, and their widespread support and labor will be essential to reverse the trend in any given country.

Throughout the developing world, trees have generally been considered "free goods" when growing relatively dispersed on the "commons", or part of the "crown" lands, and therefore reserved to the state. Forestry agents were trained as guards, usually armed, not as extension staff.

Belatedly, donors and developing countries have turned their attention to the emerging environmental bankruptcy that now threatens to undermine many decades of agricultural and other developmental assistance. However, most of the still minimal donor effort in the past 10 years has been devoted to large scale, costly and so far generally unsuccessful publicly-managed fuelwood or timber plantations, or to village woodlots to "solve" the fuelwood problem.

The most critical gap in all national forestry programs has been the neglect of programs promoting agroforestry, encouraging farmers to plant and protect trees themselves together with their crops, as soil improvement and water conservation measures and to provide supplementary fuel and fodder. The physical results of such practices can be dramatic: Increases in cereal crop yields of from 20 to 150 percent; doubling of organic material and nitrogen in the soil; reduction of wind speeds by up to 80 percent; doubling the effective availability of rain by slowing runoff [2].

PVOs--and particularly U.S. PVOs--have very recently stepped in to fill that gap with pilot test and demonstration agroforestry projects. To date, these appear to be almost universally successful in the revolutionary tasks of enlisting widespread farmer participation, providing seeds and seedlings when and where they are needed, and giving on-the-job training for a new corps of forestry extension agents able to promote the interplanting of food crops and trees.

Given the magnitude of the problem, qualitatively PVO projects have the potential for providing cost-effective models which can be quickly replicated on the country-wide scale needed if the progressive and dangerous worldwide deterioration of the watersheds and top soil is to be arrested and reversed.

II. PVO Activities in Agroforestry

Despite the seriousness and extent of the problem of soil degradation, donor concern is not yet reflected in the priority given to programs designed to reverse these trends.

As measured by the volume of funds committed or number of projects currently underway, the scale of the effort appears quite small. Average annual lending for forestry and related environmental efforts by all the international development banks--IBRD, the Inter-American, African and Asian Development Banks--was only half of 1 percent of total outlays, about $100 million a year. Only a fraction of this went for agroforestry projects [3].

A.I.D.'s record is better. As a percentage of total outlays, excluding PL 480 projects, A.I.D.'s environmental outlays worldwide are expected to average about $135 million a year in 1984-1986, or about 2 percent of overall economic aid [4]. However, agroforestry --which has great potential for reversing soil degradation on agricultural land--is still only 37 percent of these efforts: about $5 million a year for ten projects currently active in Africa; $31 million a year for sixteen projects in Asia and the Near East; and $14 million a year for 25 projects in Latin America [5].

PVOs manage half of A.I.D.'s agroforestry efforts worldwide. PVOs manage nine of the 10 A.I.D.-supported agroforestry efforts in Africa, whose life-of-project (LOP) funding totals $21.6 million. PVOs manage 11 out of 25 agroforestry and related upland watershed projects in Latin America. LOP funding for PVO projects is $25.5 million or 46 percent of the total agroforestry LOP commitments of $55.7 million. In Asia and the Near East, PVOs manage five of the 16 agroforestry and related projects. LOP funding for all ANE agroforestry projects is estimated at $123 million, of which PVO's account for about $14 million, or 11 percent.

Among PVOs, agroforestry is a relatively new activity. Many came into the sector during famine or refugee emergency programs, when shortages of food, fuelwood, fodder and water dramatically documented the accelerating deterioration of the agricultural resource base. U.S. PVOs which have in recent years stepped up their agroforestry and related tree-planting activities include:

* CARE, Cooperative for American Relief Everywhere
* CRS, Catholic Relief Services
* CWS, Church World Service
* SCF, Save the Children Federation
* AFRICARE
* LWR, Luthern World Relief
* ADRA, Adventist Development and Relief Agency

CARE alone has expanded its agroforestry activities at an almost exponential rate. At the end of 1985, CARE had 24 projects underway or planned in 19 countries, about half of them in Africa.

III. PVO Effectiveness

It is not surprising that there are few PVO agroforestry programs, given the low priority attached to rehabilitating basic soil and water resources and the very recent attention given to agroforestry interventions by donors and host governments. However, it is significant that among the few projects which have been started, nearly all PVO interventions in agroforestry have been very effective, as measured by their success in galvanizing local initiatives, diffusing innovative practices and adoption of their test-and-demonstration approaches by the host country or by other donors.

A. Institutional Development and Training

In all countries in which agroforestry programs are underway, A.I.D.-funded PVO projects provide a training base for local tree nursery managers, project supervisors and forestry technicians. These trained persons are the base from which the new agroforestry extension agents urgently required to multiply agroforestry activities on a national scale are being drawn.

- In Somalia, A.I.D.'s CDA Refugee Reforestation project has provided on-the-job field training and experience for 24 new graduates of the Afgoi Forestry School at four PVO managed sub-projects, already quadrupling the number of trained Somali managers available for the expanding national program.

- In Haiti, the Agroforestry Outreach Project has provided grants to three PVOs, among them the Pan American Development Foundation (PADF) and CARE who are responsible, either directly or through the administration of sub-project grants, for the training and supervision of a network of extension workers who promote the distribution, and oversee the planting and care, of the tree seedlings. CARE and PADF are also involved in field trials and applied research designed to increase the effectiveness of their agroforestry activities. More than 50 local PVOs have received subgrants under the project enabling rapid expansion of a trained extension service.

- In Bolivia, under the Integrated Natural Resources Management Project, CARE supports the activities of the Regional Development Corporations of Chuiquisaca and Tarija (CORDECH and CODETAR respectively) in southern Bolivia. The project will benefit approximately 5,000 small farm families by promoting micro-irrigation, reforestation and soil erosion control. It integrates the activities of several departments of the Regional Development Corporations that, until now, had implemented projects separately. The focus of activity is small farms and communal lands of the two provinces. At each project site, a production committee is organized to provide leadership for community decision-making.

B. Using the Private Sector

In all the least developed countries, farmers make up the largest portion of the "private sector". Increasing farmer incomes and agricultural productivity, as all PVO managed agroforestry projects do, increases private sector contributions to the longer range development goals.

- In Bolivia, CARE has provided the needed inputs of improved seeds and fruit tree seedlings which are purchased by the participants through existing agricultural credit systems.

- In Mali, CARE's Village Agroforestry Project assists about 4,000 small-holder farmers in Mali's Fifth region, Mopti. Farmers are aided in planting and raising a variety of tree species in conjunction with their traditional agricultural practices. The nurseries provide seedlings of indigenous and exotic species grown in response to local demand. Most of the seedlings are being planted by small holder families and

villages on their own fields or homesteads. The project model of community-managed resources with an emphasis on private, on-farm plantations is unique in Mali, contrasting with a nearby bilateral Village Reforestation project which has emphasized village-controlled woodlots and State Forest Service-managed nurseries.

- In Somalia, in the Gedo region, virtually all refugee camps are greening with new leucaena trees, spread through the area by a unique women's "cottage industry" sponsored by Interchurch Response, a consortium which includes LWR, CRS and CWS. Each woman tends 10 to 15 or more seedlings for the local nursery, at a fraction of the cost of nursery-grown seedlings and with modest cash return for her family's needs.

  Of equal or greater significance is the auto-diffusion among Somali farmers living nearby who asked for help and seedlings for their own private planting. One farmer harvested his plot of leucaena trees after 14 months, selling them as poles in high demand. The plot is already regenerating from the old roots. At the Quorioli nursery, run by Save the Children, the Somali manager started an extension service for farmers who have newly established their own small woodlots, "living" fences and on-farm plantings. Some 20 farmers have organized themselves as "Friends of the Forest" and help arrange visits by other farmers to spread the seedlings and the program. Similar developments have been reported from the CARE-managed Eastern Refugee Reforestation project in Sudan.

- In Senegal, a recent UNDP workshop found that more trees had been planted by 33 local PVOs, many with multiple local sub-groups, during 1984 than by all government projects combined: namely, some 5000 hectares as compared to about 4000 hectares under much more expensive government programs.

C. Technology Research, Development and Transfer

PVOs have led in agroforestry technology development and research transfer. They have had access to good seeds, and they have been able to instill effective extension approaches by working with local nursery technicians and foresters--a "transfer" technique not available to most developing countries' forestry corps, since they usually lack the local network of PVOs.

- In Niger, the Majjia Valley windbreak project financed by A.I.D. and managed by CARE has pioneered in providing tests and demonstrations of the effectiveness of neem tree shelterbelts to reduce soil erosion from wind and rain and also to provide the community with a supplementary source of fuelwood by pruning the trees. The windbreaks occupy some 15 percent of the arable land. Crop yields in these locations have risen by about 20 percent above pre-windbreak levels.

In response to the demonstrated improvement in crop yields, farmers have requested that the government plant 170 kilometers of additional windbreaks during the coming year, equivalent to half of the past 10 years of windbreak planting. CARE and the forest service have begun to replicate the windbreak program elsewhere in Niger and are beginning the process of shifting the management of the Majjia Valley program to local residents.

D. Policy Dialogue and Reform

Policy functions are usually reserved to official bilateral and multilateral donor discussion. However, the subject of tree tenure and other forestry and land management reforms have not yet been included on A.I.D.'s policy dialogue agenda. In a few cases PVO initiatives, at a local level, have pioneered the way for changes in land and tree tenure practices.

- In Niger, farmers were quite suspicious of the Majjia Valley agroforestry project at the outset in 1974, because the windbreaks occupied land previously available for planting millet. However, when the practice of growing neem trees and millet demonstrated the utility of the technique, CARE managers and local elders began to discuss the disposition of the culls and other prunings from the trees. It was only at this point that the customary rules and practices as to who "owned" the trees and their resultant income was discussed and resolved to the satisfaction of the farmers and the village elders.

- In Cameroon, CARE's Community Forestation project is assisting small holder farmers to plant fruit and forest trees on their own land. A major policy issue arose regarding the private ownership of tree plantations, due to unresolved questions of land tenures and ownership of trees once they have matured. Progress has been made toward an agreement with the relevant institutions to legally recognize the rights of farmers to trees they have planted. Future tree distribution will be accompanied with an authorized certificate of private ownership.

IV. PVO Strengths and Weaknesses

A. PVO Strengths

The most important strength that PVOs supply for agroforestry is their demonstrated preference and capability for working at the local, village level [6]. This capability is lacking in many government forest services in developing countries.

Government forest services have traditionally been structured, staffed and equipped to deal with a rather limited clientele: those who have been concerned with industrial exploitation of the forest resources--often defined in the developing countries as those state forest lands under direct control of government.

The community forest/farm forestry approach means that the forest services must, suddenly, attempt to take on the largest clientele group in the country--the peasantry. This they are as yet unprepared to do. Furthermore, because of the strong conservation and control ethic implicit in many forestry sector policy approaches in the LDCs, foresters have been cast in the role of policemen, in direct conflict with rural people. Despite good intentions, it seems unlikely that forest services will either quickly acquire the necessary means to reach the farmers or be able to convince rural people that their antagonists have suddenly become their benefactors. Here is a fundamental role for PVOs--bridging the gap, both physically and programmatically, between the forest services and the people.

B. PVO Weaknesses

Despite the local advantage, PVO involvement in agroforestry has not been free of problems, several of them reflecting remedial weaknesses. Chief among these are:

- Inadequate technical staffing, both on projects and in providing technical backstop expertise.
- The lack of adequate feedback systems for continuing reporting of site-specific accomplishments or failures.
- Lack of quality control over both seeds and seedlings supplied. PVOs have access to seeds, but exert little quality control over their distribution and use.
- Overproliferation of projects without the necessary continuing policy reviews and reforms that may be needed mid-stream to correct technical or managerial weaknesses.
- Short-term duration of most projects - two to four years. Agroforestry projects by their nature need to be pursued over a much longer time frame, probably at least five to ten years in order to achieve the best prospect for successful diffusion through tests and demonstration.

None of these weaknesses is unique to PVO activities. Many bilateral and World Bank projects share these problems, particularly the need for a longer time frame for planning and implementation.

These weaknesses, in the main, stem from the fact that agroforestry is a relatively young initiative, but one with great potential for reversing the dangerously accelerating rate of desertification and deforestation which threatens to undermine all other economic investments in the developing world.

All of the weaknesses can be overcome if donors, developing countries and PVOs recognize the crucial importance and long-term nature of the task.

V. Conclusion

Although still modest in number and scale, virtually all of A.I.D.'s PVO-managed agroforestry projects have been demonstrably effective and successful. They have mobilized widespread popular participation in their agroforestry programs which is required if the country-wide efforts needed to reverse, or even catch-up to, the dangerous trend of deterioration of watershed and top soil are to be undertaken. This quite remarkable success record deserves closer attention and continued support to provide replicable models for the larger nation-wide programs so urgently required.

References

[1] A.I.D., FY 1986 Congressional Presentation, Main Volume p. 253.

[2] A.I.D./AFR/TR, a summary of quantitative results for several sites in Africa and the research studies from which they were derived is available in a briefing paper "Trees and Agriculture in sub-Saharan Africa", by F. Gulick, February 28, 1985, 6 pp.

[3] Cited in Tropical Forests: A Call for Action, Part I, The Plan, Report of an International Task Force convened by the World Resources Institute, The World Bank and the UNDP, October 1985, p. 17.

[4] Agency for International Development, FY 1986 Congressional Presentation, Main Volume p. 259.

[5] These figures were compiled from various A.I.D. regional and FVA internal working project lists, documentation for which is available from the author.

[6] These points and those following in this section are drawn from a paper prepared by T. M. Catterson, A.I.D., AFR/TR/SDP, subtitled "The Role of U. S. Based Private Voluntary Organizations (PVOs) and Non-Governmental Organizations (NGOs) in Forestry Development Activities in Third World." June 14, 1984, 6 pp.

SECTION 6

Animal Agriculture

I. Nature and Extent of PVO Activity

There are very few farming systems in the developing world which do not include animals (Winrock International, 1982). Census figures (FAO, 1984) indicate that A.I.D.-assisted developing countries account for 73 percent of all cattle, 96 percent of all goats, 56 percent of the sheep, 72 percent of all water buffalo, 7 percent of the swine and 15 percent of all poultry worldwide.

Animals provide their owners and other beneficiaries many, varied products. Two of the major products are cash income and food. In addition to food, livestock provide much of the gross domestic product produced in the agricultural sector in developing countries. Figures range from 17 percent in Asia to 21 percent in Africa, and 30 percent in Latin America. Hence, any organization working to improve food production and agriculture should, at some point, have to deal with livestock and their interaction with other components of the farming system.

Since livestock are components of larger agricultural systems, animals compete with other farming system components for limited resources. Therefore, livestock interventions are difficult to design; they must provide a net benefit to farm productivity or family well-being or they will be rejected. The complexities of livestock projects make them challenging and demanding interventions:

- Most livestock production systems require daily attention to the animals and/or their surroundings.
- Although the benefits can be significant, they can take a relatively long time to pay off, because of factors such as reproductive rate, sex ratio, mortality rates and rates of maturity.
- Animal production systems in the tropics require location-specific management which is not always well-understood.
- Relatively large amounts of money and time are required to initiative and maintain programs over the long term.

Livestock projects require skill, experience, patience and dedication to be successful.

It is estimated that there are 10,000 to 20,000 PVOs working in developing countries responsible for spending $3.5 to 4.0 billion--nearly 10 percent of all development assistance funds. Of these, about one-third is allocated to integrated rural development activities which include food production and agriculture. Roughly two-thirds of all food production and agricultural assistance programs include an animal husbandry component.

American-based PVOs have included animal agriculture in their programs at least since the 19th century. Yet the number of organizations which undertake livestock projects exclusively is relatively small. As is generally the case for livestock projects, PVO livestock activities are part of broad-based food production and agricultural programs, or even broader based rural or community development programs. It is not uncommon to find livestock projects linked to human health or small enterprise projects.

In preparing this sector analysis, 26 U.S. PVOs were surveyed. PVOs were contacted about their activities in animal agriculture. Responses included personal experiences, animal reports and general statements. All are active in food production and agriculture, and
most support activities in animal agriculture. Nearly 75 percent plan and implement animal projects themselves; and about 25 percent channel support through one or more other U.S. or local PVOs.

A recent assessment of 98 PVOs (TAICH, 1983) shows that 26 percent of total funding is allocated to programs in food production and agriculture. However, this allocation is highly variable. With the exception of four PVOs that have invested over 85 percent of their budgets in these activities, most other organizations allocate between 3 percent and 50 percent. Detailed information is not readily available from these PVOs on the monies spent exclusively on livestock programming. Over 63 percent indicate that they have ongoing activities in various areas of animal husbandry.

II. PVO Effectiveness

The benefits of livestock projects are difficult to isolate, thus complicating the task of assessing PVO effectiveness. PVO projects are most often a part of an overall program of rural development, food production and agriculture, extension and training, or small enterprise development. The impact may be in better health, in education and skills, or in leadership enhancement which accrue as a result of advances in the whole human-animal-crop complex.

The issue is further complicated because in most cultures animals play a socio-cultural-religious role, which has no monetary or direct nutritional value. Moreover, animals have an additional

cash value beyond cash flow. Farmers often keep livestock until they have a major expenditure--such as, home improvements, children's school fees, buying land, bride prices. For many, livestock are not traded regularly in the daily market, but are a savings account. As such, evaluators cannot look for effects only in terms of milk and meat. Instead, evaluations must measure indirect effects on, say, changes in size of home, new land, number of children in school and other costly consumables--radios, bicycles, motorcycles, shoes.

Hence, understanding the project's economic and cultural "fit" locally, is important to a meaningful evaluation. Here, PVOs have distinct advantages: they tend to be on-site for long periods and understand the local people, culture and practices. They can look at the whole community system for means to promote balanced development of the people, their animals and environment.

Although applied to PVOs, the following are factors related to the success or failure of any animal agriculture development project. The factors are taken from the comments of PVOs contacted for this paper and from the project experience of other professionals:

- Reasonable planning horizons and implementation schedules.
- Availability of training for technicians and farmers.
- Size of the undertaking in line with skills and experience of the owner, manager or caretaker.
- Favorable markets and marketing mechanisms.
- Adequate planning for feeding, health and breeding requirements.
- Clients and staff who are serious about enhancing livestock productivity.

Most PVO projects in animal agriculture activities are administered by professionals. However, program staff may range from the highly qualified to the less-well qualified. But many staff are paid token salaries or are volunteers. Thus, these types of programs are very difficult to replicate on a larger scale because such qualified, low-paid and motivated staff are difficult to find. In addition, administrators are sometimes reluctant to evaluate their low-paid or volunteer staff harshly; thus, also mitigating against replication.

It is not uncommon to find that program effectiveness is influenced by having the right person at the right place at the right time. This is not unusual--but what makes a difference is that in the case of most PVOs, the field staff are there for the long-haul. This means that more appropriate length of time is

given to complete the task at hand and for the benefits to accrue. One respondent to our survey replied:

> "...PVO livestock projects are among the most effective for Third World agricultural development. For the most part, they focus on the small farm, and it is in the small farm that the hope for agricultural development lies..."

Ultimately, program effectiveness is best measured by the number of potential beneficiaries that stay involved over time. If there are no benefits, few people will remain involved. The PVO focus on the individual farm family in livestock projects make them more likely to keep farmers involved in livestock programs over the time period required to see results than large government-sponsored interventions.

Contribution to A.I.D.'s Development Strategy

PVO's involvement in enhancing local animal agricultural enterprises contributes in several ways to A.I.D.'s four pillars of development:

A. Private Enterprise

Individual community-based ownership of livestock kindles the entrepreneurial spirit. Repeated experience by PVOs suggests that personal involvement in production is critical to profitability and effectiveness. For example:

- Business and income development. (Ghana) A rabbit project is being expanded by the 75 farmers who own it. The expansion will create additional income and enable other family farmers to obtain breeding stock. Work is being carried out to replicate this project so it is not viewed as an end but as a beginning. (Zaire) To assist a fish farming organization which has trained over 4,500 farmers, a basic accounting system will be installed and local people will be trained in its use (Technoserve). (Italy) In November 1980 an earthquake devastated a rural agricultural area in southern Italy. Many families lost their livelihoods when the quake destroyed cattle and farms. Typically, these families kept six to eight cows and sold unprocessed milk. By the end of 1983 through the involvement of an American-based PVO (Save the Children Federation), 150 new small dairy barns in three communities had been built. Each barn was designed to hold up to eight cows. Farmers helped in the construction of the barns and provided parts of the costs through land and labor donations. The program enabled farmers and their families to regain financial independence.

- Cooperatives. (Peru) An isolated community was assisted in developing a cooperative approach toward pasture improvement, designing and implementing communal livestock projects, starting local marketing and buying organizations and establishing a training center. Income from the modified enterprises increased by 500 percent some of which was reinvested in an expanded effort to assist other communities (World Neighbors).

B. Policy Development

The income-generating opportunities and cost-effectiveness of livestock production enterprises are influenced by the prevailing market structure and pricing policy. PVOs promoting livestock enterprises need to be sensitive to government policy for rural development, food production and livestock improvement, and must be prepared to contribute meaningfully to policy debate. For example:

- Government policy. (Haiti) In the late 1970s, it was the opinion of most Haitian policymakers and planners that the goat was responsible for all environmental degradation and should be systematically eliminated. The invited intervention of Winrock International resulted in an awareness of the beneficial role of goats under reasonable husbandry. As a result, government policy toward the goat has radically shifted and during the next 5 to 10 years over 7,000 farmers will benefit economically and their families will be nutritionally better off.

- (China) During 1982, Winrock International, using private funds, was asked to plan the modernization of the dairy industry of the most populous province of the People's Republic of China. With the involvement of Chinese planners and technical professionals, a plan was devised to develop both the dual-purpose cattle and the dairy goat to make the province more self-sustaining in milk production and processing. The plan involved pasture development, more-effective breeding plans, appropriate housing, marketing strategies and pricing mechanisms. The program of modernization will have important direct effects on family farmers in China.

C. Institutional Development

The training and cooperative action of groups of livestock producers, leaders and staff require effective institutional support. PVOs develop and strengthen institutions which enhance the possibilities for livestock owners and associated service personnel to plan, evaluate, set priorities and communicate needs for short- and long-term goals. For example:

- Training programs. (Peru) Small farmers in the Sierra and high jungle of Peru are trained in livestock and poultry care and animal nutrition by the Instituto Peruano de Fomento Educativo. Low-cost training packages are provided. During a 12-month period 661 farmers were trained in 22 short-term courses held in two regions. Baseline data are to be collected for measuring project impacts.

- Institutional building. (Indonesia) During a 4 year period in cooperation with the Government of Indonesia, Winrock International has been working to build up a local institute of animal sciences. The process has involved training, infrastructure development and research methodology enhancements. The institutional payoffs have been: five students have earned advanced degrees and are back in place on staff; regular meetings with local farmers have been instituted for learning farmers' problems; a substation has been established for focusing on district problems; small ruminants research has been expanded, thus focusing on the small farmer; and the institute has begun supplying technical services to A.I.D. projects in provincial development.

- Self-image and attitude. (El Salvador) Technoserve noted that a clearly visible change takes place in people who participate in cooperative projects. Initially, when farmers begin to attend meetings to discuss their cooperatives, they have ragged, torn clothing and rarely wear shoes. After several months, one begins to see change in not only clothing but demeanor as well. At the end of a couple of years it's as if there was a new person participating. That is hard to define but real. Catholic Relief Services observed that an unplanned effect of their program is an improvement in self-image and confidence and an associated increased standard of living and pride in accomplishments.

D. Technology Transfer

Private voluntary organizations with their local community and village networks are in a position to take full advantage of the results of agriculture research. Because of the many interactions between the components of local farming systems, many opportunities are available for PVO field staff to develop production packages which involve animals, plants, people and markets. Technological changes, in fields such as biochemistry, genetics and reproductive physiology, which enhance the position of the very poor can be introduced and tested by PVOs in local communities where they are working. For example:

- Germplasm or seedstock availability. (Haiti) A health services organization becoming aware of the linkages between health and nutrition is setting up goat production centers among the local people. The people already have goats and are

learning how to make them more productive. The goats have been made more productive through two methods: introducing germplasm and supplemental feedings to improve the quantity (for higher energy level) and quality (increased protein) of animal intake. The result has been a 50-percent increase in animal weight--thus, better market prices--and a 200-percent increase in milk production. Within five years, the program will reach 1,080 direct beneficiaries, affecting 40 communities and 100,000 people (International Nursing Services Association). (Uganda) The Church of Uganda, through assistance from Heifer Project International, has embarked on a restocking of the dairy industry. Two shipments of heifers, one from Kenya and one from the U.S., have been distributed to 30 needy farmers in Gulu region. Five farmers have already passed on the gift of a female calf. The cattle are in good condition and milk production has been maintained during the dry season.

- Research infrastructure. (Kenya) Research scientists and institutional structure are being developed at the Kiboko Range Research Station through the involvement of Winrock International and its staff of scientists. At present, research projects are underway in eight major areas of the range ecosystem. Some 21 Kenyans have earned university degrees and are now working as part of the research network. New technology to reverse the trend of exploitive rangeland is being successfully transfered to the pastorialists in the area--e.g., controlled burning, plant cover, grazing management, and balancing wildlife and livestock populations.

III. PVO Strengths and Weaknesses

A listing of strengths and weaknesses found in PVO animal agriculture programs follows. Of course, there is a risk of overstating or understating the case when applying these characteristics to the programs of a specific PVO.

A. PVO Strengths

- Focus at the local level creates strong village networks for the dissemination of innovations and community-based services and support.

- Have the ability to use a limited amount of money to reach a wide range of individuals and institutions beyond the reach of government representatives and programs.

- Sensitive and responsive to local needs and priorities for livestock enterprises.

- Innovative and expeditious in the administration of many small projects which largely comprise their programs. Can make good use of in-kind gifts of tools, supplies, or equipment.

- A pragmatic realism pervades their approach and allows timely interventions in feeding strategies and animal health care.

- Personnel are highly committed and mission-minded; many offer a significant degree of economy in program implementation. Can use professionals who are looking for a change of pace or new challenges.

- Focus on the small farm and family farmer who is usually diversified and can benefit from crop/animal combinations.

B. PVO Weaknesses

- Information. Field staff often see aggregating performance and inventory information as relatively unimportant, whether for evaluation or planning. Among other consequences, there is often a lack of readily available information and technical support for PVO personnel working in animal agriculture.

- Evaluation. While there has been a trend during the past 10 years to evaluate ongoing livestock projects regularly, there is much diversity within the PVO community in how progress and results are reported. Generally, there is a lack of concrete evidence of effectiveness and results. Much evidence is anecdotal and subjective.

- Management. There persists a naivete about the requirements for successful livestock development projects at successive phases of planning, implementation and evaluation. Most programs have multiple objectives; not all are well understood nor interactions recognized and documented. One result is that where breeding programs are required they are rarely planned for multiple generations. Another result is that, although not unique to PVOs, there are too many over-ambitious designs in livestock projects, which lead to poor implementation, insufficient monitoring and disappointing outcomes.

- Isolated Interventions. Primarily due to the lack of resources, there is little inter-agency and intra-agency communication and planning. This lack of coordination impedes PVOs' ability to adopt a systems approach to livestock projects. Such a systems approach will enable PVOs to improve the "fit" of their projects in a total development context. Such knowledge will improve PVO capabilities to replicate small, isolated interventions in other places.

IV. Summary

While the record of PVO involvement in animal agricultural development is positive, opportunity remains for further advancements through interagency cooperation and networking, planning, management, staff and client training and institution building. Beneficiaries of livestock projects can be involved in project identification, project planning and assessment of effectiveness. Project plans should include the resources necessary to document views and record the concrete changes that have taken place at the beneficiary level.

PVO programming covers the whole spectrum of economic, social, educational and health projects. Major opportunities exist for livestock projects to link several components together, e.g., livestock/nutrition/health and to transform crop residues, agro-industrial by-products, damaged grains and forages into food products of nutritional and cash value for humans.

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99TH CONGRESS | HOUSE OF REPRESENTATIVES | REPORT
1st Session | | 99-252

FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS BILL, 1986

AUGUST 1, 1985.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. OBEY of Wisconsin, from the Committee on Appropriations, submitted the following

REPORT

together with

ADDITIONAL AND MINORITY VIEWS

To accompany H.R. 3228

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1986 and for other purposes.

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DEVELOPMENT EFFECTIVENESS

OF

PRIVATE VOLUNTARY ORGANIZATIONS (PVOs)

Submitted by the

Agency for International Development

March 1985

PVO Effectiveness

For the past decade, A.I.D. has conducted many evaluations to better understand the strengths and weaknesses of PVOs and to integrate lessons learned into its overall development program. Special attention has been given to project impact and lessons learned in key sectors such as small enterprise development and health and nutrition activities.

Findings suggest PVOs possess the following strengths:

Capacity to foster grassroots development in remote areas unserved by LDC governments or bilateral donors.

Ability to mobilize both international and local resources for project development.

Sensitivity to culture, language, social values.

Ability to identify local needs and adapt training to them.

Experience and physical presence in LDCs, and willingness to provide long-term support/solutions.

And the following needs or weaknesses:

Improved program management and technical capability.

Improved financial management and fund raising.

Improved measurement of costs of projects and the value of benefits.

Specific Findings:

Small Enterprise Development:

PVOs can design and implement cost effective small enterprise projects. A recent study indicates economic returns on investment for a sample of PVO projects ranging from 19% to over 200%. This was true even where a project itself was not financially self-sufficient.

Microenterprises assisted by PVOs are often family concerns, small and informal, poorly capitalized, and subject to high failure rates. The smaller the firm the more likely it is to be female-operated, retail and agricultural.

Ample credit, supplied through well managed financial institutions, is a critical factor in business survival and success.

Credit should be:

given to firms most likely to generate economic linkages such as manufacturing and service firms rather than trading enterprises;

provided on a repeat basis to firms which repay loans earlier;

jointly administered by well organized beneficiary groups, particularly when member firms are very small and entrepreneurs guarantee each other's accountability; and

provided at rates covering inflationary effects on the local economy.

For many small enterprises technical assistance, training, and extension did not reduce costs or permit more rapid expansion. Such assistance has been most effective when carefully tailored to specific needs, limited in scope and duration, and carried out by individuals with skills appropriate to the specific task at hand. Management assistance appears most useful in preventing the failure of new firms and assisting larger microenterprises to reorganize or expand.

PVOs can have a comparative advantage in reaching poor entrepreneurs in a variety of country contexts because of sensitivity to local political/economic environments, cross-cultural experience, local acceptance, and physical presence often over extended periods.

The small business sector represents an estimated 30-60% of the economic activity of LDC urban areas. Thus, increasing the profitability of small firms, generating employment, etc. can have a significant impact on overall LDC economic development.

Health and Nutrition:

PVOs are able to deliver effective health and nutrition services to remote underserved areas, effectively extending the reach of public health services. In Tanzania, for example, the Adventist Development and Relief Agency (ADRA) is working in communities where no primary health care has ever been attempted by the government. Meals for Millions/Freedom from Hunger Foundation (MFM) in Honduras and Project Concern International (PCI) in Bolivia, working in collaboration with host country public health officials, are providing services to communities which would otherwise not be available.

PVOs have, in several instances, successfully changed traditional health emphases from medical relief to technical assistance and training, from care to prevention, and from clinic to community-based care. ADRA in Haiti, for example, illustrates a successful preventive health program (combining food aid incentives and income generating activities with growth surveillance, health education, etc.) which evolved from a food/medical relief program.

PVOs have been effective in improving the nutritional status of children, in lowering morbidity and mortality rates, and in training health personnel ranging from community workers to hospital staff. ADRA in Haiti and MFM in Honduras have demonstrated evidence of impact on health and nutritional status. Second and third-degree malnutrition have been reduced dramatically in all communities where MFM works in Honduras. In Haiti the ADRA program has saved the lives of almost all severely malnourished program entrants.

PVOs have introduced innovative technologies and approaches to health delivery, often in areas where the public health sector is unable to experiment, such as ORT, growth monitoring, contraception and systems for clinic record-keeping. In Bolivia, PCI is pioneering with integrating aspects of local traditional altiplano health procedures and beliefs into its primary health care program. MFM, in Honduras, has successfully introduced an integrated or "horizontal" approach in communities, combining preventive health and nutrition services with agriculture and water/sanitation activities.

The lack of sufficient, trained human resources is a major constraint in PVO health programs. Training in planning and management as well as in specific technical skills is needed. A related common weakness is the lack of skills to design, maintain and use a suitable information system.

Cost-Effectiveness:

A.I.D. evaluations have shown that PVO measurement of project costs and the valuing of benefits need improvement. Manuals and training materials have been prepared by A.I.D. and workshops organized for PVOs to address this issue.

Simple techniques have been developed for assessing cost-effectiveness of small-scale development projects which can be easily applied by PVOs as a management and evaluation tool:

Measuring project costs in comparison to community resources;

For projects with monetary outputs, calculating the ratio of net benefits to costs;

For projects with non-monetary outputs, computing a cost-effectiveness ratio to determine the best method for reaching the desired population group and project objective.

These methods require an understanding of the real costs of projects, such as:

Considering funds from PVOs and other sponsoring agencies as costs to the project rather than "free resources."

Counting participants' expenses, such as their time and transportation, as project expenditures.

Distinguishing between investment and operating costs and between fixed and variable costs.

Depreciating capital costs.

Valuing in-kind contributions.

Correcting for inflationary effects.

Adjusting for changes in foreign exchange rates.

General Lessons:

Increases in project impact and staff capability are good indicators of PVO effectiveness. Improved project identification, design, implementation and appraisal by PVOs are generally evident, although as noted above there is need for better PVO calculation of project costs and benefits.

Beneficiary participation increases local ownership and long-term sustainability. PVOs should give greater attention to it in project design and implementation, but donors must recognize and be willing to bear the added costs and time involved in delayed project startup to allow increased participation

Wholesale replication of successful projects is limited by country- and site-specific factors, regardless of sector or context. Whereas ideas, lessons, training approaches, and PVO staff may be easily transferred from one place to another, physical and organizational structures are not. Donors should evaluate and better understand the dynamics of replication of successful projects.

Unfortunately, PVOs have not been very effective at documenting and replicating their innovative experiences. Lessons learned by project managers are generally not shared with other PVOs, host country institutions, and others. Improved PVO monitoring and information systems and dissemination must impact on PVO effectiveness and efficiency as well as private and public sector planners.

GAO Findings

A study prepared in May, 1982 by the General Accounting Office (GAO) examined, in part, the question, "What do PVOs do, and how well do they do it?" The study was based on interviews with A.I.D. staff, PVO officials and a random sample of evaluations of 16 overseas PVO projects. On the plus side, the GAO analysts concluded that with respect to projects included in the study:

PVOs are effective in accessing the poorer groups in countries in which they function and PVO projects by and large serve the poor;

PVOs are effective in locating their projects in remote areas;

PVO projects emphasize training, community development and public works projects;

PVOs are good at sharing management responsibility with local groups;

PVOs with religious affiliations appear to have stronger links with indigenous groups than secular PVOs.

With respect to those projects studied, the GAO study concluded that in the majority of cases PVO projects were effective in meeting planned targets, sustaining project benefits, spreading and replicating project approach and strengthening indigenous organizations. However the study did note deficiencies in the case of seven of the sixteen projects under review and concluded that project success tended to be correlated with some or all of the following factors:

In-country experience;

The degree of collaboration between the PVO and indigenous organizations;

The depth of sector experience on the part of the PVO or the indigenous implementing organization;

Access to technical skills;

Adequate headquarters support.

In sum, the GAO analysts concluded that:

"PVOs play a distinct role in development. Their local work allows for relatively direct assistance to the poor, commonly in remote locations. Working with local organizations they strengthen and expand institutions so the poor can participate in the development process. Thus, PVOs provide alternatives to government channels through which assistance can be transferred to the poor and the poor can tap donor resources.

"Nevertheless, <u>the potential impact of PVOs is not being fully realized</u>. . . country experience, sector experience, access to technical skills, relationships with indigenous organizations and headquarters support differentiated successful from less-successful projects.

Utilization of Evaluation Results:

A.I.D. has learned much from assessment of PVO performance, but we recognize the equal importance of sharing information with others and of enhancing the capacity of PVOs to carry out evaluation and monitoring functions independently from A.I.D. For example, in certain sectors such as small enterprise development and cost effectiveness analysis, A.I.D. continues to work cooperatively with Private Agencies Collaborating Together (PACT), the newly-formed American Council of Voluntary International Action (InterAction) and like groups.

A.I.D. has been successful in using evaluation results to assess the management capability and track record of PVOs, to improve the design of grant proposals, and to assist PVOs with their own monitoring systems. Because of the collaborative nature of the evaluation process, the evaluators have been enriched by PVO participation and the PVOs have benefitted from dialogue and technical assistance.

As a result of the small enterprise development and health sector evaluations, many of the PVOs have taken project-specific follow-up actions based on evaluation findings. For example, the Adventists (ADRA) sent a technical expert to Haiti to help develop an improved management information system and education program.

PVOs have incorporated evaluation recommendations into their overall program strategies and their Matching Grant proposals. ACCION International (AITEC) is focussing its small-scale enterprise strategy (project design and monitoring system) around cost-effectiveness concerns, based on learnings from their earlier project activities.

A.I.D. has been using evaluation results to review Matching Grant progress reports and new proposals. Evaluations have become an important management tool.

A.I.D. Missions in several countries, such as Senegal, Somalia and Kenya, have tapped evaluation findings in the design of their PVO small enterprise and umbrella projects. FVA/PVC staff have provided technical assistance to Missions in this area.

A growing awareness of the strengths and weaknesses of PVO approaches, based on evaluation findings, has been reflected in additional Agency funding for PVO activities in health and nutrition, small enterprise development, and child survival.

The PVOs, themselves, have begun to strengthen their own evaluation capacities as individual organizations and as a constituency. PVOs have developed an evaluation sourcebook and are carrying out evaluation training workshops for their staff in the field. Following the A.I.D. workshops, new groups of PVOs have been formed to explore in more depth approaches to the evaluation of small enterprise development and cost-effectiveness analysis.