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PVO REGISTRATION STUDY

AN ASSESSMENT OF THE ADMINISTRATION OF THE PROCESS BY USAID MISSIONS IN AFRICA

by

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PREFACE

The PVO/NGO Initiatives Project (PIP) is a multi-year project funded by the Africa Bureau to promote collaboration and foster closer working relationships between USAID, PVOs, and NGOs. It has sought to do this, in over 20 sub-Saharan countries, by facilitating increased dialogue between them, acting as a catalyst in forming new partnerships, building the technical and institutional capacity of NGOs, and by developing comprehensive informational databases.

An integral part of PIP has been the development of research papers and case studies commissioned for seminars and workshops. All of these have been accomplished by African researchers and form the **research paper series.** Under PIP, two important studies were completed: the umbrella study which examines the design and implementation aspects of umbrella projects, and the registration study which examines the impact of the registration requirements on African NGOs. Finally, **the impact reports** look at the effect of selected project (PIP) and non-project activities on NGOs.

We are very pleased to have been able to publish these and to provide them to you. Please note that the views expressed herein and those of the author(s) and are not necessarily those of the Agency for International Development, nor of Datex, Inc.

DATEX Inc., an international management consulting firm, currently holds several long-term contracts with the Agency for International Development. These include **ENRIC** (Environment and Natural Resources Information Center), **PIP** (the PVO/NGO Initiatives Project), the gender specialist and social analysis portion of **DESFIL** (Development Strategies for Fragile Lands), and the financial and grants management portion of the **Democracy Enhancement Project** in Haiti. In addition, Datex also manages two worldwide IQCs: the **Food Aid Programming and Management IQC**, and the **Health Financing IQC**; a Mission-based IQC with USAID/Haiti; and has recently been selected for the **Monitoring and Evaluation of Policies, Programs, and Projects IQC** and (by the Department of State) for the **Refugee Programs IQC.** Datex has carried out numerous other short and long term assignments for USAID, the World Bank, and for the United Nations, throughout the developing world.

LIST OF TERMS AND ACRONYMS

ACVFA	Advisory Committee on Voluntary Foreign Aid
Africare	An American PVO
AID	Agency for International Development
AID/W	The Washington headquarters of AID
CARE	An American PVO
Co-Fi	A Co-financing project involving grants from the Mission to American and/or local PVOs either directly from the Mission or through some form of intermediary structure.
DFA	The Development Fund for Africa
FHA	The Bureau for Food and Humanitarian Assistance wtihin the Agency for International Development
GAAP	Generally Accepted Accounting Principles
PFP	Partnership for Productivity, Kenya
PVC	The Office of Private and Voluntary Cooperation within the Bureau for Food and Humanitarian Assistance.
PVO	Private Voluntary Organization (In this Report, refers to American as oposed to local organizations.)
NGO	Non-governmental organization (In this Report, refers to local, indigenous organizations.)
SAVE	Save the Children. An American PVO
USAID	An overseas AID Mission.
VITA	An American PVO

Independent Sector	Refers to the collection of non-profit groups, PVOs and NGOs, in a particular country.
Mission	The USAID overseas presence.
Registration	The PVO registration process

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EXECUTIVE SUMMARY

This Report constitutes an assessment of the administration of the PVO registration process by USAID Missions in the Africa Bureau of AID. The purpose of the Study is to assess the impact of the registration process on USAID relationships with local private voluntary organizations and to determine if the process serves as a disincentive for African NGOs to work with USAID Missions.

The Report was prepared during the Spring of 1992. The analysis is based on a review of documents, instructions and cables pertaining to registration and on interviews with Washington and field personnel. The two person Study Team visited four countries: Kenya, Uganda, Senegal, and Mali. The Team prepared an issues memorandum at the conclusion of the field trip and this, the final report, after receipt of comments on that memorandum.

The Report discusses the growing interest of the Africa Bureau in working with indigenous private organizations, describes the registration process and the standards that are applied when registering an applicant organization, and reviews several common issues and problems that most Missions will deal with when designing and applying registration procedures.

The core of the Study is set forth in the section on Findings which discusses the registration process from the alternative perspectives of USAID Missions and the local PVO community and which sets forth the Study Team's findings.

Missions tend to regard registration as a Washington imposed requirement that requires a heavy burden of adherence, compliance, monitoring and record keeping for small, understaffed PVOs. Missions feel that registration involves a heavy workload on both Mission and PVO staff and that some registration requirements are not suited to local conditions. Missions are loathe to avail themselves of the waiver authority. Most Missions have not issued detailed instructions outlining roles and responsibilities within the Mission with respect to registration or established a structure to resolve registration issues when they arise.

Local PVOs by and large felt that the registration requirements were reasonable and that the process was essentially constructive. At the same time, the PVOs that had registered noted that the process was costly, time consuming and sometimes frustrating. Particular problems involved changing registration standards, lack of clarity with respect to registration criteria, inappropriateness of several of the registration criteria and concern that some of the documentation requirements were excessively intrusive.

The Study Team reached the following central impressions:

- The standards that are contained in the registration process would have to be applied regardless of whether a formal registration process existed. While the translation of

centrally established universal standards to local conditions will always be difficult, some form of threshold criteria prior to a grant relationship is necessary.

- The registration process is a component piece in a larger set of interactions between a Mission and the local NGO community. As such, it is important that the Mission approach registration strategically and on the basis of an informed assessment of the dynamics and capacities of that community. By and large this is not currently being done.

- Issues that need to be considered in designing a registration process include: whether to register broadly or narrowly; whether to register within a particular sector or across a variety of sectors; the impact of registration on expectations for later funding; the impact of registration on attitudes toward USAID and on the internal dynamics of the NGO community.

- While the AID registration process is more rigorous than that required by other donors, it is not more onerous. Fulfilling the AID requirements is frequently a litmus test of competence and a certification of professionalism.

- Technical understanding of registration standards is variable within the Missions and depends on the extent and nature of Mission relations with PVOs.

- Management of the registration process has been complicated by confusion with respect to roles, the absence of a mechanism for resolving disputes and a reluctance to use the waiver authority.

- Problem areas include: the provision dealing with tax exemption; the standards with respect to boards of directors; the provision of board minutes and executive salaries; determining whether an organization is "financially viable".

- Registration can be especially constructive when linked to the provision of technical assistance to deal with deficiencies that crop up during the process.

- There are a variety of things that Missions can do to ease the registration burden and to make the process more effective for all parties. These include combining registration and pre-award review and establishing a local management consulting IQC.

Factors that will improve the effectiveness of the registration process include:

- Comprehensive understanding of the purposes of registration and of standards and definitions.

- Understanding of the dynamics of the NGO community.

- A willingness to use the waiver authority.

- A carefully designed and clearly articulated set of internal policies and procedures for administering the process.

- A well considered strategy with regard to the target registration group.

- The existence of clear guidelines and instructions.

- Prompt access to competent technical assistance.

Principal conclusions from the analysis are:

- Registration per se has not, on the basis of this small sample, had an appreciable positive or negative impact on USAID efforts to expand relations with local PVOs.

- The manner in which registration is managed within the Mission can have an important impact on whether the process is effective and constructive.

- Missions have not chosen to use registration as a resource to articulate and define an interactive relationship with the local NGO community.

- The registration process can involve both incentives and disincentives which can have unintended consequences and which need to be understood in advance if the process is to work smoothly.

- Registration need not become a deterrent to working with PVOs if it is carefully and thoughtfully administered.

- Registration appears to have had a largely beneficial impact on applicant PVOs by identifying areas where managerial improvements were needed.

- Missions need to place greater attention on the basic objectives of the registration process and to adjust procedural and documentation requirements to meet and support these objectives.

- In general, Missions should be encouraged to think about and approach the registration process from a substantive and strategic point of view and to use it proactively as one of several instruments in forging productive relationships with local PVOs.

Recommendations include:

- Increased and more case specific instructions and guidance from Washington.

- The importance of specific guidance dealing with the use of waivers and encouraging Missions to use waivers to achieve the objectives of the registration process.

- The importance of addressing the strategic and policy related aspects of registration in the PVO Policy Guidance that is now being prepared.

- Encouraging missions to establish an array of technical assistance instruments to help applicant PVOs.

- Revision in guidance dealing with project design of PVO support projects that would place greater emphasis on thinking through the registration process.

- Encouraging Missions to combine registration and pre-award review.

- Use of contractors to handle the registration workload and/or creation of a team registration experts who could assist the Missions.

- Preparation of pro-forma instructional material that could be adapted to local conditions.

I. INTRODUCTION

This Report constitutes an assessment of the process and procedures used by USAID Missions in the Africa Bureau of the Agency for International Development (AID) to register indigenous private voluntary organizations for eligibility to receive AID funding. The Report was prepared over a three month period from June through August, 1992 and is based on a series of interviews with Agency officials in Washington and on information collected from a field trip to four African countries: Kenya, Uganda, Mali and Senegal.

The primary purpose of this Study is to assess the impact of the registration process on the growing and increasingly complex range of relationships that USAID Missions are establishing with local private voluntary organizations.

The impetus for the Report reflected several concerns including apprehension that the registration process might be hampering efforts to engage more broadly with local PVOs, and that the process was being applied in a dissimilar and inequitable manner.[1]

More fundamentally, the Report grew out of an understanding that the registration process is a critical first contact point between the machinery, resources and bureaucratic weight of the U.S. government on the one hand and the sometimes fragile institutional structures of small, highly committed private sector development organizations on the other. Narrowly conceived, registration is a straightforward and methodical exercise of certification and documentation. More broadly, it is a dynamic and interactive process for beginning to define a complex and potentially volatile set of longer term bilateral working relationships between private entities and a foreign government.

The Study has five specific primary objectives:

1. To assess the impact of the A.I.D. registration process on the efforts of the African Bureau to expand its range of relations with African NGOs and to implement the mandate of the Development Fund for Africa.

2. To determine to what extent the registration process appears to act as an incentive or disincentive for African NGOs to work with USAID Missions in pursuit of their program priorities.

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[1] A note on nomenclature. The term PVO as used in this report refers to any organization that is registered with AID and that is operating overseas including both American and non-American institutions. The phrase "local PVO" or "indigenous PVO" is used when referring to an African organization that is registered or intends to register with AID. The term "American PVO" refers to a U.S. organization that is registered with AID. The acronym NGO or non-governmental organization is used to describe the broad spectrum of non-profit entities that comprise what is generally thought of as the Independent Sector in any particular country. NGOs, by definition include all PVOs – American and non-American.

3. To assess the impact of the A.I.D. registration process on the practices and procedures of African PVOs who have registered with AID.

4. To assess whether or not the stated objectives of the registration process as administered by African USAID's are being accomplished through procedures currently in place.

5. To evaluate feasible alternative approaches or modifications in or to the registration process that responds to issues identified in #'s 1-4, above.

The Report is divided into eight parts:

1. This introductory description.

2. A brief outline of approach and methodology.

3. A background section which discusses the African Development Fund and the Africa Bureau's strategy for working with local PVOs and which provides an overview of different funding mechanisms for supporting local PVOs.

4. A description of registration criteria and requirements.

5. A discussion of the most common difficulties faced in the registration process.

6. A summary of findings from field interviews organized to illustrate three alternative perspectives: the Mission point of view; the NGO point of view and the Study Team point of view.

7. Conclusions.

8. Recommendations.

In addition, USAID relationships with PVOs and NGOs in four countries -- Kenya, Mali, Uganda, and Senegal -- are profiled in Appendix #4.

II. APPROACH AND METHODOLOGY

This assessment is based on a series of background interviews with AID officials in Washington and on information obtained during a four country field trip to Africa. Interviews during the field trip were scheduled with USAID officials, representatives from local PVOs and with individuals with a good working knowledge of the local PVO community. A list of those interviewed is at Appendix #3 and the two interview guides are at Appendix #2.

It was originally hoped that the field trip would cover five to six countries and include a representative range of different conditions and situations including at least two countries with an extensive registration program, two where registration of qualified organizations has proven difficult and one or two where the Mission is formulating a strategy to increase relationships with local PVOs. On this basis, the Study Teams developed travel plans to visit Kenya, South Africa, Zimbabwe, Mali and Senegal. Unfortunately, trips to Zimbabwe and South Africa were canceled because of the growing food emergency in Southern Africa. Uganda was added as a substitute and the Team was able to draw on its experience from a previous consultancy to Burkina Faso. Nevertheless, the country sample is not as representative as initially intended and the findings and conclusions set forth in the analysis should be considered in light of that broad caveat.

Several other general cautions are in order:

- The focus of this assessment is on the registration process as **managed by USAID Missions**, not on the central administration of the registration process which is located in the Bureau for Food and Humanitarian Assistance in the Office of Private and Voluntary Cooperation (FHA/PVC).

- The Report does not deal with the fundamental wisdom or propriety of the registration requirement as set forth in statute nor with the interpretation and application of those requirements by the Agency. The assessment does make several modest suggestions with respect to improving communications between Washington and the field and with respect to facilitating the overall process, but does not analyze the pros and cons of a radical change in the basic registration requirement.

- The report does not attempt a comprehensive description of the full range of NGO related activities in each of the countries that were visited, nor does it attempt to evaluate NGO effectiveness or the sensibility of the structure that Missions have established to relate to these organizations.

To be most useful, summary findings, conclusions and recommendations are set forth in the body of the Report. More detailed discussion of individual country situations are contained in appendices.

The Report was prepared in the following sequence:

- Washington interviews were conducted in April.
- The four country field trip was conducted in May.
- A summary of findings and conclusions was drafted upon completion of the field trip and was forwarded to the Africa Bureau for comment in early June.
- The final report was prepared during the months of July and August.

III. BACKGROUND

In 1987 Congress enacted the Development Fund for Africa in the form of an amendment to the Foreign Assistance Act of 1961. The legislation establishing the Fund set forth a series of critical sectoral priorities in the areas of agricultural production, health, family planning, education and income generation and identified several cross-cutting policy concerns designed to maximize the long term effectiveness of the programs funded under the new authority. Particular attention was focused on private and voluntary organizations and on the importance of taking local perspectives into account in program design and implementation. Specifically, the Agency was enjoined to "...consult closely with African, United States and other private and voluntary organizations that have demonstrated effectiveness in or commitment to the promotion of local, grassroots activities on behalf of long term development in Sub-Saharan Africa." Although funding support to both U.S. and local African PVOs had always been important, the emphasis on PVOs in the DFA gave added impetus to broaden the range of these relationships.

In Africa, the number of local PVOs registered with AID has increased steadily since 1985. As of May, 1992 there were 55 local organizations registered to receive assistance from AID and roughly five more were in the process of registration review. In addition, there are virtually hundreds of local unregistered NGOs that receive sub-grants through a variety of mechanisms.[2]

There are currently 13 so called PVO "umbrella" projects in Sub-Saharan Africa that are designed to strengthen the capacity of local groups and at least four other Missions are currently contemplating support for similar projects. The current financial commitment to these activities is well over $200 million and likely to increase.[3] These projects have employed a variety of funding structures with variable results. Some provide funds directly to local organizations while others use American PVOs as intermediaries. In some cases, independent contractors have been hired to manage and implement PVO support projects and in one instance (Kenya) a local PVO was created expressly to act as an intermediary funding agent. In those cases where the Mission opts to make grants directly to local organizations, registration is necessary and the full implications of establishing and managing the registration process is an important issue in project design. In those cases where the Mission decides to work through some form of intermediary structure, it will be necessary to design and install a set of selection criteria that are analogous in many basic respects to those applied under registration.

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[2] There are six alternative umbrella approaches currently employed in Africa, each with its own advantages and disadvantages. They include: direct management of a grant program by USAID staff; management through a "for profit" U.S. contractor; management through a consortium of U.S. PVOs; management through a single U.S. PVO as the umbrella entity; management by consortium of local PVOs combined with one of the preceding; management by any of the preceding but in the form of an AID/W centrally funded project.

[3] See "PVO Umbrella Projects in Africa", a report prepared by DATEX under the PVO Initiatives Project.

In addition to PVO support projects which are normally designed to enhance the overall institutional capacity of the independent sector, virtually every African Mission provides funding to a variety of American and local PVOs in support of sectoral objectives that are being pursued by the various Missions in such diverse areas as agriculture, enterprise development, natural resource management, health and family planning. In these instances, registration will normally be required particularly if the Mission is drawing on funds that have been earmarked or set aside for PVO activities.

Growing emphasis on the use of PVOs in the African context coincides with the growth in the size and maturity of the NGO community worldwide.

Particularly within the African context, there is heightened appreciation of the role that non-governmental organizations can play in building pluralistic social structures and in strengthening the roots of a civil society. Specifically, non-governmental entities have a critical role in spreading and deepening the impact of policy reform efforts so that they will have a greater social and economic impact. "In the longer term, enhancing the non-governmental role will be crucial for indigenizing and sustaining the entire process of development in Africa."[4]

Local development organizations are increasingly confident of their professionalism and their capacity to assume fuller responsibility for their country's development priorities and many feel and expect that they are entitled to a direct relationship with donor governments. This has important implications for the changing role for American and other international PVOs that have traditionally functioned in a direct operational capacity. The challenge for these expatriate organizations is to have the patience and forbearance to strengthen the managerial capacity of local groups that in many instances will eventually replace their operational functions while at the same time fashioning a viable alternative role and growth plan for themselves. Whether and to what extent a USAID Mission opts for a strategy of direct relationships with local groups has an important bearing on the evolution of these sensitive roles and relationships.

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[4] See "Beyond Policy Reform in Africa" by Carlos Pascual, Africa Bureau, Agency for International Development, November, 1991.

IV. THE REGISTRATION PROCESS

The PVO registration process is managed by the Office of Private and Voluntary Cooperation in the Bureau for Food and Humanitarian Assistance. That Office is responsible for issuing guidance, responding to questions, and for maintenance of a central data and information base regarding the number and type of registered PVOs whether American or local. Detailed review and record keeping is handled under contract with a private firm. Communications on registration between field Missions and FHA/PVC are by and large on a direct bilateral basis.

Registration of U.S. organizations for eligibility to receive government assistance for overseas programs has been in effect since the end of World War II and was at one point the principal responsibility of the Advisory Committee on Voluntary Foreign Aid (ACVFA). While the requirements and administrative procedures have evolved, the two primary purposes of registration are clear and straightforward:

- To ascertain whether an organization is prospectively eligible to receive funds that have been set aside by statute for a group of entities with certain specified characteristics;

- To determine whether an institution possesses the necessary procedures and systems to ensure accountability and financial oversight should funds be awarded.

Registration is an indication of potential eligibility to receive earmarked or set aside funds and a general endorsement of the mechanisms for managing these funds. It is expressly not a process which is designed to confer preferred status or advantage or to imply that the registered entity is likely to receive support.

The registration requirement is contained in the Foreign Assistance and Related Agencies Appropriation Act and states simply that funds appropriated under the Act may not be made available to any private and voluntary organization which is not registered with AID. The 1988 Appropriations Act reenacted the registration provision but the Senate Appropriations Committee Report added clarifying and explanatory language that directly addressed the issue of registering local PVOs.

The thrust of the Committee's concern was threefold:

- While flexibility was needed in applying the registration requirement in different countries with different legal systems and practices, it was important that the registration process be administered as uniformly as possible.

- At the same time the Committee recognized that Missions were in a much better position to make individual registration decision that would be sensitive to and reflect unique country situations.

- To accommodate these conflicting concerns, the Committee Report provided for a two step process whereby Missions could provisionally register local PVOs and make grants to these organizations, subject to later concurrence from AID/W.

- In addition, the Committee made clear that sub grants through registered organizations or through a contractor to local PVOs were not subject to the registration requirement nor was registration required as a precondition to receiving grants for management assistance or training. The Committee also made clear that Missions had authority to approve variations from standard requirements provided these were justified by local laws or practices.

Detailed procedures for registering local PVOs have been set forth in cables to the Missions, in Handbook #3 and in a pamphlet prepared by FHA/PVC that has been sent to all Missions. The process employed in most instances involves:

- Mission review of institutional attributes against eight established standards for registration;

- Collection of supporting documentation;

- Completion of a detailed questionnaire in standard format which is cabled back to FHA/PVC in Washington (documents are retained by the Mission);

- Provisional approval by the Mission;

- Review and approval by Washington normally within three months.[5]

- Submission of annual report from the registered PVO to the Mission.

The eight standards for registering local PVOs are similar to the standards for registering American organizations. The intent of each standard is by and large self evident, straightforward and uncomplicated.[6] The application of individual standards can be waived by the Mission director if in his/her judgement they are inapplicable or inappropriate to the particular situation. Briefly the registration standards require that the applicant organization be:

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[5] Although mission personnel expressed considerable concern regarding the likelihood of lengthy delays, the Study Team found few instances of protracted response or cumbersome negotiation between the field and AID/W. At least for this admittedly small sample group, the registration process, in so far as processing of applications is concerned, appears to work smoothly and efficiently.

[6] This is not to suggest that there is not some redundancy or that problems of interpretation do not arise or that there will be uniform agreement with respect to what constitutes a "responsible governing body" or "accepted ethical standards" or whether an institution is financially viable. Application of several of these standards require "judgement calls" which in turn need to be based on an intuitive feel for the competence of the institution which goes beyond the compilation of supporting documentation.

1. A legal entity organized under the laws of the host country with a philanthropic or public service purpose.

2. A private organization that receives money from private sources.

3. A voluntary organization that receives voluntary contributions.

4. A non-profit organization with tax exempt status.

5. An organization that is engaged in development assistance work of a type broadly consistent with the purposes of the Foreign Assistance Act.

6. An organization with an acceptable accounting and financial management system that indicates that the institution is financially viable in the absence of AID support.[7]

7. Managed by a "responsible" governing body which maintains effective policy and administrative control.

8. An organization that raises and distributes funds in conformance with accepted ethical standards without incurring unreasonable fund raising costs which are considered to be those in excess of 25% of budget.[8]

Within USAID Missions, primary responsibility for managing the registration process is normally located in the office and/or individual with responsibility for backstopping the Mission's PVO co-financing project. However, as discussed below, assignment of this responsibility has not always been that clear or sharply delineated.

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[7] Requirements for U.S. organizations specify that the organization must have an accounting system which complies with generally accepted accounting practices ("GAAP"). GAAP standards have been adopted in most but not all African countries with Mali, for example, being an exception.

[8] Registration requirements for U.S. organizations establish a presumptive 20% cut off point.

V. COMMON ISSUES AND PROBLEMS

Application of the registration process typically involves dealing with one or more of the following issues or dilemmas. These tend to be inherent in the process of forming a judgement with respect to the managerial competence of diverse organizations operating in a culture and climate significantly different from the United States. An understanding of these difficulties provides an effective context for assessing the way in which the process is administered by USAID Missions in Africa.

- **What is a PVO?** The definition of a PVO and the distinction between PVO and NGO is not as simple as would initially appear to be the case nor are the distinctions and categorical refinements that straightforward or easy to master. This is partly because of the circular nature of the definition (the ultimate determination of whether an organization is a PVO is whether it is registered as a PVO); the bewildering variety of NGOs functioning in most developing societies; and the propensity of guidance and instruction cables from Washington to employ legalistic and confusing terminology. Definitional distinctions may be particularly problematic in instances where Missions relate to NGOs from a discipline based or sectoral perspective rather from an institutional orientation.

- **What are the relative merits of direct funding (registration required) versus indirect funding through and intermediary (registration not required)?** This is an important strategic question in project design that needs to be made on the basis of a solid understanding of the dynamics of the local NGO community, their institutional strengths and weaknesses, the capacities and inclinations of US PVOs who might act as intermediaries, the workforce implications of a Mission managed funding unit and whether and to what extent the project has a sectoral orientation. If the Mission decides to directly fund local groups, it will have to design and install a registration process and determine who in the Mission will be responsible for administering this process, how disputes will be resolved and whether, how and to what extent the waiver mechanisms will be employed. Regardless of whether the Mission decides to register local groups in conformance with the formal registration process, it will need to ensure that the intermediary funding entity establishes some sort of sifting mechanism to identify those local organizations that have the managerial capacity to comply with the monitoring, reporting and funds management procedures required under AID procedures.

- **Should we register a large number of organizations many of whom will not be funded or should we register a small number of those organizations that we are likely to fund?** A critical decision is whether the Mission should attempt to register broadly on the basis of an open door policy (as is the case with domestic U.S. registration) and later fund only a small proportion on a competitive basis or whether the Mission should attempt to register only those organizations that it is reasonably certain it will subsequently fund. The choice involves work force considerations, the generation

of perceptions and expectations in the PVO community and issues of procurement integrity. Registration of a pool of prospective applicants coupled with an extensive program of technical assistance may build a solid base of competent PVOs for future support. Registering only a selected few will permit faster project start up. Each approach -- and the intermediate variants -- has pros and cons and the choice of the final strategy needs to be tailored to the country situation and the Mission's priorities and plan.

- **Should registration be limited to one or more priority sectoral areas?** A similar issue is whether to limit registered organizations to those that lie within one or more of the sectoral areas that are of important priority to the Mission.

- **Who should manage the registration process?** Because the registration process involves several units within the Mission (the functional project office, the controllers office, legal affairs and sometimes contracting) it is important that there be clarity with respect to responsibilities and authorities together with a simple and easily accessible mechanism for resolving issues. A particular concern is how to balance large strategic goals with respect to project purpose against specific legal or financial concerns. Working out managerial relationships is particularly important if the Mission is new to the registration process where there is a likelihood that definitional or substantive issues may arise in determining whether an organization meets established standards. A management structure is reasonably easy to define where a PVO project and project officer are in place; less so when PVO activities are spread to the different sectoral offices of the Mission.

- **To what extent should we utilize the waiver authority?** An important decision is whether and in what areas the Mission should employ the waiver authority to facilitate the registration process. This judgement requires an understanding of local practices and procedures.

- **Should registration be combined with all or a portion of the pre-award process set forth in Handbook 13?** One way of reducing the overall procedural burden on both the Mission and the applicant is to combine registration with pre-award review. This can be problematic since pre-award review is normally reserved for organizations that have been selected to receive funds. Combining these two procedures would not be a viable option if the Mission chose to register broadly, although it might be considered if there was a strong probability that registered organizations were likely to receive subsequent funding.

- **What type of technical assistance should be offered concurrent with registration review?** As noted, consultant services may be offered to non-registered organizations either to assist them in meeting the registration standards or to upgrade their longer term programmatic capacities. There are a variety of mechanisms that can be designed to provide these services.

VI. FINDINGS

The following comments are grouped under three alternative perspectives: those of the Missions; those of local PVOs and those crosscutting concerns and issues identified by the Study Team. The findings are derived from the interviews and from responses to questions posed by the Study Team that are set forth in the Interview Guide at Appendix #2. Mission and NGO perspectives condense a range of views and obviously do not represent the viewpoint of every organization or individual in that category.

A. The Mission Perspective

All the Missions visited in preparation of this Report -- Kenya, Uganda, Mali and Senegal -- had or were planning to have extensive involvement with local PVOs. However, only Kenya has engaged in extensive direct registration activity. A thumbnail profile of the structure of Mission involvement with local PVOs indicates that:

- **Kenya.** An active co-financing project with grants directly to registered PVOs. Also, a rural enterprise project which functions through a local PVO umbrella entity that makes sub grants to local community groups. In addition, sectoral offices make direct grants to registered PVOs to work in areas of interest to them. To date, 18 organizations are registered. Co-Fi project staff are largely responsible for handling the registration process.

- **Uganda.** Extensive involvement with NGOs through sectoral offices and in the form of Mission funded and centrally funded umbrella vehicles that provide sub-grants and obviate the need for registration. Direct local currency grants to local PVOs and one or two dollar grants to organizations which appear to be PVOs. No local PVOs are registered and Mission has no immediate plans to do so.

- **Mali.** A large Co-Financing project funded through an umbrella entity. No direct grants to local groups and no registered PVOs. Mission hesitant to engage in wide scale registration but is considering various creative vehicles that would permit closer, longer term relationships with local groups (such as establishment of a foundation) but that would avoid imposition of extensive and inappropriate procedures and requirements.

- **Senegal.** A large Co-Financing project has recently been established. Implementation is through a U.S. contractor who will make sub-grants to local groups. Registration for eligibility to receive funds under this activity will not be required although the Mission is considering registration of at least one other local PVO in order to allow direct grants for family planning services. The project officer for the co-fi project will have central responsibility for registration to the extent it takes place.

By and large, the Missions feel that the registration process is imposed by Washington to satisfy a bureaucratic requirement for accountability. It is felt that the process stresses institutional attributes of procedure, control, monitoring, record keeping and funds management. By and large, Mission personnel regard registration as a certification requirement and feel that it is has been established to satisfy congressional and/or Washington concerns. The process is often referred to as the "Washington registration requirement" and considerable emphasis is placed on satisfying the standards for compliance that Washington has imposed. In addition, some Mission personnel voiced a view that registration was a process established at the instigation of the American PVO community to limit the number of local institutions that could apply for and divert funds from American PVOs.[9]

Mission personnel tend to have mixed feelings as to whether or not the registration process is an impediment to more effective working relationships with local PVOs. On the one hand there was appreciation of the fact that registration standards were generally reasonable and that the registration process offered an opportunity to provide consultant services to organizations that could profit from them. On the other hand, there was concern that the documentation that was required to ensure compliance with the registration standards involved excessive intrusion into the affairs of private organizations and triggered tensions and misunderstandings in the AID/PVO relationship.[10] Particularly in Kenya, where considerable registration activity had occurred, there was concern with regard to several of the registration provisions including the requirement to show evidence of tax exemption, the requirement to provide minutes of board meetings and salaries of board members.[11]

In general, Mission personnel do not view the registration process as part of a larger set of strategic concerns which should shape and influence the effectiveness of the Mission's strategy toward local PVOs and which will influence relations between local organizations and between USAID and the local NGO community. Registration is generally regarded as a procedural not

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[9] Along these lines, in two instances, Mission reaction to the Study Team was that the primary purpose of the assessment was to monitor Mission compliance with established procedure.

[10] As an AID official in Mali noted: "Our procedures impose unnecessary burdens on local groups and have the result of forcing them to develop in ways that mirror the U.S. bureaucracy. These requirements are a major hurdle for these organizations. The real constituents in the development process are the rural and urban poor. If we force these small groups to spend all their time pleasing the donors, they will lose site of who they are and what they should focusing on."

[11] In some cases there was misunderstanding between the standard and the documentation that was needed to support a conclusion that the standard was being met. Although AID/W guidance is clear that "In the absence of [specific certifying] documents, the certifying officer should use his/her discretion in accepting substitutes which provide the same or equivalent information...." there was, perhaps understandably, a tendency to view the suggested documentation requirements as mandatory.

a substantive requirement.[12] As a consequence, Mission personnel are somewhat disinclined to think of registration as providing an instrument to constructively engage local organizations in a thoughtful assessment of their institutional strengths and weaknesses.

B. Local PVO perspective

In general and somewhat to the surprise of the Study Team, those local PVOs that were interviewed for this assessment **that had gone through the registration process** felt that the basic objectives of the process were reasonable and that the standards and the supporting documentation requirements were warranted in view of the ultimate purpose of the process.

In addition, in most instances, there was broad agreement that the registration process had been of some real or potential benefit to the applicant. While there were significant concerns with regard to the volume of required documentation, the bureaucratic complexity of the way the process was administered and the utility and propriety of several specific requirements, by and large PVOs that have gone through the registration process felt that it was legitimate to establish performance standards, reasonable to validate the existence of effective procedures for managing funds and appropriate to require evidence that the entity was functioning in the public interest.[13]

In presenting this rather rosy perspective, it is important to stress that this describes the view of local PVOs that were already registered. While these organizations felt that the **purpose** of registration was legitimate, a number raised significant questions regarding the potential negative impact of an improperly managed registration process that was not based on a sound understanding of the dynamics of the local NGO community. Several, for example noted that registration can create the perception of an elite group of favored organizations or that it can be perceived by other PVOs as implying a favored relationship with the US government which may or may not be desirable. Unless carefully adjusted to local practices, registration can encourage organizations to adopt systems and procedures which are inappropriate and which may preclude more innovative approaches that are consistent with the fundamental attributes of the institution and the society in which it functions

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[12] The exception was in Senegal where the project officer for the PVO support project was fully aware of the strategic implications of the registration process and of the implications of that process both within the Senegalese PVO community and with respect to relations between AID and Senegalese PVOs.

[13] Specific criticisms of registration procedures and process included: concern that the process appeared to duplicate registration procedures established by the government; resistance to revealing salary information and minutes of board meetings; confusion with respect to the provision dealing with tax exemption; confusion with respect to the provision dealing with the role and function of the board of directors; concern that information provided to USAID might be shared with other PVOs; apprehension that despite the extensive amount of documentation, the organization might not be registered. In each of these instances, there were steps that the Mission could take to ameliorate the concern by adjusting the requirement or through a fuller explanation of the rationale for applying it.

The viewpoint of local PVOs of those few organizations that were interviewed who had not gone through the registration process was quite different.[14] Although it was difficult to determine whether these organizations were distinguishing between registration and other AID procedures and requirements, there was general apprehension that the totality of AID procedures would involve **excessive and unwarranted intrusion into their affairs and the potential loss of institutional integrity.** An example and a particular apprehension was the belief that AID would require the establishment of a special and separate accounting and reporting system geared to producing records and reports for AID purposes only, whereas other donors were flexible enough to use existing systems and to adapt their monitoring needs to that system.[15]

Sensitivity with respect to unwarranted intrusion may be magnified by the fact that U.S. PVOs are already registered and are perceived to have an unfair advantage in comparison with local groups. This is exacerbated to the extent that the comparison is made through the optic of the North/South dialogue. From this viewpoint, the purpose of registration was not so much to ascertain professional competence but to determine political orientation.

C. Study Team Findings

1. The Overall Registration Process.

Although beyond the immediate scope of this assessment, the overall registration process has certain characteristics which are relevant to administration at the Mission level.

- Considerable effort has been made to decentralize and delegate management and decision making to USAID Missions. Missions have been given latitude to vary the supporting documentation requirements, to apply their own alternative judgement when needed and to waive the registration standards where, for one reason or another, these do not apply.

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[14] In Senegal as part of the preparation of the Project Paper for the PVO Support Project, the Mission sent a group of officials from local Senegalese PVOs to Kenya to review the Kenyan approach which involved direct registration and direct grants from the mission to local PVOs. One of the reasons that the Senegal mission later adopted the umbrella model was that based on this visit, the visiting delegation felt strongly that they did not want to inflict an intrusive and bureaucratic registration process on local Senegalese PVOs.

[15] Although some non-registered local PVOs had very ambivalent feelings about a direct relationship with the USAID mission. At a workshop in Mali organized for this Report, Malian PVOs who receive funding through an intermediary argued in favor of a direct relationship with the mission despite the heavy documentation and reporting requirements that would be required. Reasons given were: dislike of a subservient reporting relationship through a U.S. PVO; frustration at lacking direct access to the funding source in light of the fact that they were acutely aware of the real community level problems; a willingness and a desire to benefit from the more stringent regulations and procedures that USAID requires and to mature as a consequence.

- Guidance cables, instructional materials and reporting formats appeared to be reasonably coherent and easy to follow, although occasionally plagued by the Washington penchant to explain things in excessively formalistic language and to use legalistic jargon.

- The eight registration standards are clearly stated and straightforward in basic intent, although as noted previously, there is a modest degree of redundancy and some require a subjective judgement.

- A considerable effort has been made to modify the U.S. version of the eight registration standards to an overseas context. For example, "...tax exempt status under its country's tax laws, **if they exist and are appropriate.**"

On the other hand,

- The registration process has not put forward or explained by AID/W as a potential instrument to achieve or influence a larger set of strategic concerns regarding Mission relations with local PVOs. Nor has their been an attempt to encourage Missions to think about the impact of the registration process on relations among local NGOs and between the Mission and the local NGO community.

- Little guidance has been developed with respect to procedures to simplify, accelerate or reduce the work load associated with registration or to suggest techniques and resources that could be offered to prospective candidates to assist them in complying with the documentation requirements or in upgrading deficient aspects of their institutions to meet registration standards.

- There has been only limited and sporadic attempts to anticipate questions and issues that arise in the context of field application of the generic principles of registration.

2. The AID registration process in comparison to other donors.

- The AID registration standards and documentation requirements are considerably more rigorous, systematic and comprehensive than comparable entrance criteria used by other donors, although it should be emphasized that few if any donors have the range and depth of direct relations with local PVOs that USAID Missions have.[16]

- Local PVOs will, as a consequence, tend to make invidious comparisons between the rigorous AID process and the much simpler procedures that are used by other donors. At the same time, several local PVOs noted that registration with AID was increasingly

[16] Most other donors at least in the countries visited for this assessment allocate funds to local PVOs through the pertinent governmental ministries rather than on a direct bilateral basis.

a litmus test for acceptance by others who respected the thoroughness and professionalism of the AID process.

3. Mission understanding of the registration process.

- Technical understanding of registration requirements tends to vary considerably from country to country depending on the extent and nature of interaction with the local PVO community. In Kenya, where there has been an active effort to support the institutional development of local PVOs, the understanding of registration requirements and procedures was extensive; in Uganda where no PVOs have been registered, it was minimal. In all countries, regardless of the level of registration activity, there were significant technical questions with respect to the interpretation of various registration provisions.

- Appreciation of the more subtle implications of the registration process with respect to its capacity to shape and color the structure of long term relationships was generally quite sophisticated at the Project Officer level where a PVO support project existed, much less evident elsewhere in the Mission. In Mali, Senegal and Kenya, the Project Officers were exceptionally knowledgeable with respect to the dynamics of the independent sectors in their particular countries.

4. Mission Management of the Registration Process.

- The Missions that were visited in the course of preparing this Report had not drafted and disseminated detailed internal guidelines with respect to the management of the registration process -- although the Senegal Mission is in the process of preparing these guidelines. Nor had these Missions established clear procedures with respect to dealing with interpretation of the registration criteria or for resolving differences of view that may arise in the application of these standards.

- Effective responsibility for administering the registration process tends to be dispersed throughout the Missions, although the focal point for coordinating the process is generally in the hands of the Project Officer with responsibility for oversight of the Mission's PVO Support Project, if one exists.

- Problems have arisen that stem from overlapping jurisdictions, differing interpretation and uneven application of registration standards and the absence of a well oiled structure for resolving inter-office differences.[17] These differences can slow down registration

[17] Disputes can become very complex and arcane. In the case of Partners for Productivity in Kenya (PFP), the PVO was unable to provide a certificate of tax exemption and argued that this document was not available to institutions registered under this particular revenue category. PFP was able to produce proof that taxes had not been

review and approval, confuse applicants who get different signals from different perspectives and sour relations with prospective grantees. These problems are exacerbated by the absence or thinness of an institutional memory and by staff turnover, particularly if it occurs in Legal Affairs and leads to altered interpretations of what constitutes compliance.

- A particular area of ambiguity appears to stem from the different perspectives of those within the Mission who are responsible for financial and legal proprieties on the one hand and those responsible for achievement of project goals and objectives on the other. A second set of problems arises in those instances where the Mission does not have a PVO support project or a project officer with clear PVO responsibilities. In these cases, responsibility for registering applicant PVOs is dispersed to the various sectoral offices and not subject to centralized interpretation and uniform application.[18]

- Specific issues with respect to the application of registration criteria involve differing standards with regard to what constitutes tax exempt status, how to determine if the governing body is "active and responsible" and whether the accounting system can effectively track source and use of funds.

- Largely because Missions have been loathe to stimulate a rush of registration applications from organizations that are unlikely to be funded, they have not widely disseminated instructional material on the purpose, criteria and documentation requirements for registration. While understandable, this can generate confusion about the purposes of registration, encourage the notion that only a select elite group can work with the USAID Mission and complicate the registration process itself.

- Missions have been hesitant to exercise their waiver authority or to modify the documentation requirements in support of the eight registration standards. This appears to reflect an inherent sense of caution, a belief that the registration process is "Washington owned" and a lack of awareness that they have this authority and have been encouraged to use it.

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paid and was able to cite the pertinent provision in statute. Legal Affairs argued that the certificate was available to legitimate organizations, that PFP's financial records were a shambles. PFP countered that the certificate could be obtained but only illegally.

[18] In Senegal, considerable attention has been given to the design of an umbrella structure that would provide sub-grants to local PVOs and to the cultivation of an understanding within the local PVO community of the way this facility will operate. There appears to be little interest at the current time in establishing direct relationship with USAID. However, for solid programmatic reasons, the Population Office is planning to register a local Family Planning PVO and to make a direct grant to that organization. These actions may be inconsistent. The problem underscores the importance of having a coherent conceptual framework to guide the variety and complexity of PVO/NGO relationships. See Appendix # 4 for further discussion.

5. Impact of the registration process on USAID relations with local PVOs.

- The registration process is conceived of as a procedure for **certification and documentation.** By and large, Missions do **not** approach registration proactively and strategically as a resource that can be employed to fashion a structure of effective working relationships between the US government and private institutions.

- The registration process is generally **not** used as a device to sort through the managerial competence of a large number of organizations and to trigger an appropriate infusion of technical assistance that would strengthen the capacity of the organization to more effectively manage grant funds. Initiation of the registration process is normally done **after** a reasonably firm judgement has been made that the organization should be funded.

- Missions tend to establish registration procedures that will provide a high degree of assurance that registered local PVOs will be funded and that organizations that the Mission wants to fund will be registered. The registration process has **not** been used to define a broad population of local PVOs from which a much smaller category would be selected for funding.

- The concurrence of a funding decision and a registration decision raises an issue of procurement integrity. If a premeditated decision is made to fund a group of organizations and only those organizations are registered, other comparable entities may justifiably complain that they have been excluded from open competition.

- The existence of the registration requirement and the perception that the process is time consuming and involves Washington oversight has been one of several factors that have encouraged Missions to rely on intermediary funding mechanisms that obviate the need for registration.

- The existence of a formal registration process act as an incentive of some indeterminate degree for Missions to continue to work with and/or through U.S. PVOs who are already registered. Whether and to what extent this orientation reflects and is balanced by a thoughtful assessment of the relative capacitates of local and U.S. based organizations is difficult to determine. Even if there were no mandated registration process for overseas organizations, Missions would have to design a set of selection criteria that would ensure that funds were going to legitimate and wisely managed entities.

- The registration process also acts as an understandable incentive to work with larger, well established and more sophisticated local PVOs who will find it easier to satisfy the registration standards than will newly emerging groups who are in the process of establishing operating procedures and who cannot produce the historical documentation that is available to older organizations. However, since the standards embodied in the registration process would have to be applied in some form, it is likely that this incentive would continue to exist regardless of whether a formal registration procedure existed.

- There is no indication that the registration process has skewed the Mission's sectoral or functional priorities with regard to working with PVOs in a particular discipline area.

- There is no indication that registration has discouraged Missions from initiating co-financing activities or in engaging in a wide and productive range of relationships with local PVOs through sectoral offices.

- There is considerable evidence to suggest that the existence of the registration process has influenced the design of PVO support projects and that it, together with the workload implications of monitoring compliance with other AID procurement regulations, has encouraged Missions to rely on intermediaries to implement these activities.

6. Impact of the registration process on local PVO's relationship with USAID Missions.

- Registration with USAID creates a strong expectation of the likelihood of subsequent funding -- understandably since Missions will not normally register organizations unless they intend to fund them.

- In several observed instances, the registration process has prompted significant internal revisions in procedures and practices including adoption of a new accounting system, preparation of revised personnel procedures, preparation of a long range plan and the employment of more professional administrative staff.

- At the same time, it is clear that the registration process can consume considerable PVO staff time and resources, particularly if there is ambiguity with respect to performance standards, a change in interpretation, absence of clear and complete instructional material and/or non-availability of Mission staff to answer questions and provide accurate interpretation. While on balance registered PVOs felt the process was beneficial, they all noted that the cost of compliance to the institution was considerable.

- By and large and based on a limited sample from registered organizations, registration with USAID was viewed as a considerable achievement and source of institutional pride.

- However, the existence of the registration process can act as a disincentive to establish a relationship with the USAID Mission if it is seen as excessively cumbersome and unnecessarily bureaucratic and/or if it is perceived as an unwarranted intrusion into the affairs of the local PVO. **Whether or not this negative view gathers credence depends primarily on the manner in which the process is administered.** If the purpose of registration is made clear, if there is clarity and consistency with respect to the interpretation of registration standards and if technical assistance is provided to those organizations who need it, it is likely that applicant organizations will conclude that the process was fundamentally beneficial.

7. Mechanisms for facilitating administration of the process.

There are a variety of mechanisms and approaches that are available both to facilitate the registration process and/or to increase the beneficial impact that the process can have. Some of these have been tried, particularly in Kenya; others are under consideration.

- **Combining registration with pre-award procedures set forth in Handbook 13.** Registration and pre-award review have a similar purpose in assuring the existence of systems and procedures for managing and accounting for funds in a professional manner. Integration of these two functions can involve considerable work force savings to both USAID and the local PVO. The disadvantage is that combination of registration and pre-grant review blurs the distinction between establishing a category of prospective recipients and selection of an individual organization.

- **Contracting the administrative and documentation work of the registration function.** FHA/PVC uses a contractor to handle the considerable paperwork and analysis and sorting of documentation associated with registration and to generate the various reports that are drawn from this data base. In countries where there are a large number of local PVOs and where the Mission opts for a strategy of wide registration it may make sense to adopt a similar approach.

- **More careful and systematic codification of registration procedures and sharper delineation of internal Mission responsibilities and authorities.** Delays in the registration process are frequently associated with the absence or lack of clarity of internal review procedures and/or confusion regarding roles and responsibilities within the Mission.

- **Provision of technical assistance** through a local Indefinite Quantity Contract to provide consultant services to local PVOs.

8. Factors that influence effective administration of the registration process.

The following factors appear to be positively associated with the effectiveness of the registration process in any particular situation.

- Comprehensive understanding of the purposes of registration and the standards and definitions used in administering it.

- Appreciation and understanding of the complex institutional dynamics that are at play when a small private voluntary organization is dealing with a large, foreign, governmental bureaucracy.

- A willingness and capacity to use the waiver authorities constructively in order to achieve the valid purposes of registration and to avoid entrapment in the details of procedure and documentation.

- A solid understanding of the capabilities and attitudes of the local PVO community.

- A solid understanding of the politics of the local PVO community particularly with respect to internal hierarchy, attitudes toward American PVOs and attitudes toward the establishment of direct relations with the U.S. government.

- A carefully designed and clearly articulated set of policies and procedures for administering the registration process with particular attention to clear definition of roles and relationships within the Mission together with a well maintained process for answering questions that arise and for resolving differences when they occur.

- A well considered strategy with regard to the target registration group especially with respect to whether or not to register broadly or narrowly.

- A clear and comprehensive set of guidelines and instructions.

- Prompt access to technical consultant services to assist local PVOs in managerial and procedural areas where they may be deficient.

VII. CONCLUSIONS

(The following are organized around the five purposes for the Study.)

Assess the impact of the registration process on efforts to expand relations with local African PVOs.

- Registration *per se* has not, on the basis of the small sample used for this Study, had an appreciable positive or negative impact on efforts to expand relations with local PVOs.

- Registration is one of many points of procedural interface between USAID's and local PVOs and not, by far, the most problematic -- Handbook 13 procedures are far more complex and burdensome.

- There are a range of alternative umbrella instruments that rely on an intermediary that can be employed to work with local organizations and that do not require registration if that process is judged to be inappropriate in a particular context.

- While the registration process has probably acted as an incentive to use American PVOs as intermediaries, it is likely that this model would have been employed regardless of the existence of a formal registration process.

- On the basis of the Study Team's own assessment and the views of local PVOs that have been registered, there is nothing inherently irrational or arbitrary about the registration standards or the illustrative documentation to support them as long as the process is administered in a clear and consistent fashion and as long as appropriate waivers are made in those instances where local practices deviate significantly from established norms.

- The manner in which the registration process is managed can very definitely have a significant impact on the ability of the Mission to develop constructive working relationships with local PVOs.

- Decisions with respect to how the registration process is explained, how widely the information is disseminated and whether to register broadly or narrowly will influence attitudes toward the Mission and within the PVO community.

- Confusion within the Mission with respect to roles and responsibilities, slowness in making decisions and/or inconsistent application of registration standards as a consequence of staff turnover can obviously undercut relations with the local PVO community.

- Missions regard registration as a certification process and have not chosen to use it as a resource to articulate and define a set of dynamic and interactive relationships with the local PVO community.

Determine whether the registration process is an incentive or disincentive for local African PVOs to work with USAID Missions.

- The registration process can involve **both** incentives and/or disincentives which can have an adverse or unintended affect on relationships with local PVOs. These need to be understood and anticipated if the process is to function smoothly and in support of longer term strategic objectives.

- Registration may be perceived as excessively burdensome and intrusive and local PVOs may have an initial negative reaction to it and to the longer term prospects of working in collaboration with a USAID Mission.

- The process may inadvertently favor larger, well established organizations who can more easily satisfy the documentation requirements and may skew the funding portfolio away from innovative and experimental approaches.

- The process may create a favored or elite group of local PVOs and alienate others from working with the USAID Mission.

- Registration may be seen as the establishment of a client relationship with the US government, thereby creating expectations that cannot be fulfilled and internal rivalries and tensions within the local PVO community that are counterproductive.

- An understanding of the local PVO community, their capacities and their attitudes toward each other, toward U.S. PVOs and towards the US Government is important if these incentives and disincentives are to be anticipated.

- There is no inherent reason why the registration process should become, in and of itself, a significant deterrent to working with local PVOs. Whether and to what degree disincentives develop is largely a function of the manner in which registration process is administered.

- There are a variety of mechanisms that Missions can employ to facilitate the registration process including the publication of instructional material, the provision of technical assistance and the consolidation of registration and pre-award review.

- Most of the difficulties associated with the registration process pertain to interpretive and administrative difficulties, not to fundamental deficiencies of purpose or the standards used to determine eligibility.

Assess the impact of the registration process on practices and procedures of local PVOs who have registered.

- The process appears to have had a largely beneficial impact by identifying areas where managerial improvements were needed and by providing a positive incentive to make these adjustments.

- There was no indication that the registration process had been used to directly or indirectly manipulate or undercut the institutional objectives of an applicant organization or that aside from the expenditure of funds and work force to comply with the requirements, that it had adversely affected the functioning of the organization.

- Considerably more could be done to use the registration process as a vehicle to help local PVOs improve their managerial capacities.

Assess whether the stated objectives of registration process are being accomplished.

- A central conclusion is that Missions need to place greater attention on the basic objectives of the registration process and to adjust the procedures and documentation requirements to meet and support these objectives in the context of the country situation and in the context of the social and cultural practices of the society.

  By and large it appears that USAID Missions take a too rigid and literal interpretation of registration and do not take adequate advantage of the opportunity to adjust documentation and measurement criteria to the particular country situation and to the achievement of project purposes. As a corollary, it is important that guidance from Washington continue to encourage Missions to apply registration in a creative and constructive manner and to focus attention on the basic objective of the process rather than on the details of certification.

- The Study Team found no instance to suggest that an organization had been registered that should not have been registered.

- The Study Team did find a minor instance where small grants were made to organizations that probably should have been registered.

- The registration process is not being used to establish a large universe of eligible institutions who compete for a limited number of grants. Registration and financial support are by and large synonymous. This raises two important issues:

- Registration appears to duplicate pre-award review. To the extent that this is the case, the two functions should be integrated.

- Registration appears to have become tantamount to pre-selection for funding in some cases. This raises a complex conceptual issue of procurement integrity and whether the process is being administered equitably.

Evaluate alternative approaches.

- There are potential benefits to combining the registration and the pre-award procedures.

- The context and justification for using the waiver authority and for adjusting the documentation requirements should be detailed more thoroughly in order to encourage Missions to use these mechanisms.

- The range and quality of consultant services available to organizations in the process of registration should be expanded.

- In general, Missions should be encouraged to think about and approach the registration process from a substantive and strategic point of view and to use it proactively as one of several instruments in forging productive relationships with local PVOs. In particular, Missions should be encouraged to see the registration process not as a bureaucratic requirement that is imposed by Washington but as a necessary procedure that would have to be designed and installed regardless of the injunction from Congress.

VII. RECOMMENDATIONS

1. The volume of instructional and case study material from AID/W to the field should be increased and should be geared to the practical, real world situations that field officers have to deal with. Particular attention should be given to the preparation of precedental case studies that will provide guidance in dealing with some of the more technically complex questions that arise such as those dealing with tax exempt status. This case-specific material would serve as a valuable appendix to the comprehensive and useful guidance booklet already prepared by FHA/PVC.

2. Specific additional guidance should be prepared with respect to the use of waivers and the selection of alternative documentation devices to satisfy the objectives of the registration process. Missions should be repeatedly encouraged to avail themselves of the waiver authority if and when in pursuit of the fundamental objectives of registration.

3. The strategic and policy related implications of the registration process should be addressed and discussed in the PVO Policy Guidance document that the Africa Bureau is now preparing. This document should echo several of the fundamental themes that are knit through the body of this report: that registration is a component part of the complex fabric of relations between the US government and indigenous private groups; that it should be approached strategically and thoughtfully and that the registration process should be designed in a manner that reflects local conditions and the particularities of the local NGO community; that primary emphasis should be placed on the objectives of the registration process, not on supporting documentation; that the management of the process within the Mission needs to be carefully thought through and that roles and relationships need to be clearly defined.

4. Additional, detailed guidance should be prepared and forwarded to the Missions that would list the types and sources of management assistance that can be made available to applicant PVOs prior to being registered. This guidance should encourage Missions to develop a local management consultant capability that could be easily and quickly drawn upon to assist local organizations that are attempting to register.

5. Guidance with respect to project design for new, amended or redesigned PVO support projects should incorporate a section dealing with registration. Project designers should be encouraged to address the strategic as well as the workforce implications of the registration process and to take this process into account in project design. It is particularly important that project design address the unintended consequences that can result from a poorly conceived registration process.

6. In all guidance going to the field and in routine communications with respect to registration it is important to continually underscore the fact that registration is a process that is delegated to the Missions, managed by the Missions and there to serve Mission interests. Missions should be encouraged to see the process as potentially constructive and fundamentally necessary.

7. More detailed attention needs to be given to the pros and cons of integrating registration and pre-award. While attractive on the face, there are important subsidiary issues with respect to equitability and procurement integrity. If these can be resolved, instructions should be prepared that suggest under what conditions these two procedures can be integrated.

8. In those cases where a Mission opts for wide-scale registration, consideration should be given to employment of a contractor to handle this function, as is done in the case of American PVOs.

9. Missions should be encouraged to draft comprehensive instructional material for use by applicants. To assist in this effort, FHA/PVC should draft pro-forma guidance which could be adapted by the Missions to local conditions. This guidance should be simple, non-bureaucratic and non-legalistic and should contain a rich assortment of real world examples and case studies to guide both applicants and Mission personnel.

10. If the volume of registration in the Africa Bureau materially accelerates, the Bureau should consider formation of a team of registration experts who could travel to assist Mission personnel or even assume the entirety of the registration workload. This approach would ensure consistent application of registration criteria and establish a focal point for the collection of case studies and precedents that would be uniformly applied in different contexts.

APPENDIX #1

AFRICAN NGO REGISTRATION STUDY:

SCOPE OF WORK

BACKGROUND TO THE A.I.D. REGISTRATION REQUIREMENT

Under current AID practice, appropriated funds may not be made available to any U.S. PVO or overseas NGO which is not registered with A.I.D. In the case of overseas organizations including African NGOs, provisional registration is made at the Mission level, but requires final approval by FVA/PVC in Washington.

The Office of Private Voluntary Cooperation expresses the purpose of registration as "primarily a mechanism to:

- identify PVOs engaging in or intending to engage in voluntary foreign aid operations;
- determine whether PVOs meet certain general operating guidelines and accountability standards;
- certify the eligibility of PVOs to apply for A.I.D. resources intended for PVOs, including grants, cooperative agreements, and subventions."

PVC's publication entitled "The A.I.D. - PVO Partnership" goes on to say that:

- "Registration is a prerequisite process whereby private and voluntary organizations may become eligible to apply for certain A.I.D. resources intended for PVOs; eligibility for other resources does not require registration."
- "Registration does not refer to programmatic capability, nor does it confer any official status or approval. It is not the purpose of registration to make, or enable to be made, any representation to the public concerning the meaning of being registered."

PURPOSE OF THIS STUDY

This Study has 5 primary purposes:

1. To assess the impact of the A.I.D. registration process on the efforts of the African Bureau to expand its range of partnership relations with African NGOs and to implement the mandate of the Development Fund for Africa.

2. To determine to what extent the registration process appears to act as an incentive or disincentive for African NGOs to work with USAID Missions in pursuit of their program priorities.

3. To assess the impact of the A.I.D. registration process on the practices and procedures of African NGOs who have registered with AID.

4. To assess whether or not the stated objectives of the registration process are being accomplished through procedures currently in place.

5. To evaluate feasible alternative approaches or modifications in or to the registration process that responds to issues identified in #'s 1-4, above.

The study will include profile data by country that will illustrate the range of current Mission/NGO relationships and structures including the number of NGOs registered.

To ensure relevance and practicality and to increase the likelihood of subsequent action, the Study will be designed to involve and interact closely with AID personnel both in the field and in AID/W. This will include interviews, an iterative series of meetings detailed below and inclusion of USAID personnel in field trips and the interview process to the extent feasible.

Specific areas of enquiry will include:

- Whether A.I.D. standards for registration being applied are, in fact, (a) conducive to better financial management of NGOs; (b) excessively high for locally managed organizations with small budgets; (c) applied equitably between countries; and (d) understood by potentially interested NGOs.

- A review of standard utilized by other donors to accomplish similar objectives, to the extent that these approaches appear relevant to the U.S. situation.

- An identification of the registration criteria which appear to have been most problematic.

IMPLEMENTATION OF THE STUDY

The Study will proceed in 5 phases:

Phase 1. Collection of data on registration in Africa. Review of history and background on registration requirements and process including statutory, legal, administrative. Interviews with key AID personnel in Washington regarding purpose, history, mechanics and functioning of the registration process.

Phase 2. Preparation of detailed questionnaire for field interviews. Identification of prospective NGO interviewees. Meeting with key AID/W staff to review questionnaire and to ensure that issues are clearly identified. Design in close cooperation with AID/W and Mission staff of the field program portion of the Study.

Phase 3. Field work including visits by the Datex team to from 4 to 6 African countries, interviews in-country with Mission staff and with both registered and non-registered NGOs.[19]

Phase 4. Drafting of Report incorporating findings from field work. Preparation of an issues paper based on these findings that will review the pros and cons of alternative approaches and/or modifications in the registration process. The draft report and issues paper would be reviewed by key AID officials.

Phase 5. Preparation of the final report incorporating suggestions and recommendations as appropriate.

The study will use the services of two consultants, as well as the in-house expertise of Datex. The team will utilize information already available from FVA/PVC including lists of registered NGOs and of those NGOs which have applied unsuccessfully, cables from USAIDs detailing problems with the criteria and process.

LEVEL OF EFFORT

Level of effort against tasks outlined above would be as follows:

Phase 1. Background Analysis:

- Team Leader . . . . . 10 days
- Associate . . . . . 2 days

Phase 2. Questionnaire and DC meeting

- Team Leader . . . . . 3 days

[19] The range of countries should include at least one that has a relatively large number of registered NGOs, one that has had some registered as a result of institutional strengthening activities (e.g., via an umbrella project), and one that has had difficulties in registering NGOs but where there may be more potential. This range may be extended by Datex staff who will collect relevant information during other trips to the field. We will also draw on materials collected during our umbrella project study.

Phase 3. Field work

- Team Leader . . . . . 26 days [20]
- Associate . . . . . 24 days

Phase 4. Preparation of draft and issues paper

- Team Leader . . . . . 10 days
- Associate . . . . . 3 days

Phase 5. Final Report

- Team Leader . . . . . 5 days
- Associate . . . . . 2 days

[20] Assumes 6 day work week and two travel days. Could be less depending on final travel itinerary and number of countries visited.

APPENDIX #2

INTERVIEW GUIDES

I. USAID MISSION PERSONNEL

A. The Registration Process

1. How many NGOs have been registered? (Obtain list with addresses, phone numbers and names, if possible.)

2. Explain the registration process employed by the Mission.

   Who in the Mission are involved and what do they do?

   - Controller?
   - Administrative Office
   - General Counsel
   - Program Office
   - Functional Offices

   How long does the process normally take?

   - Mission review?
   - AID/W review?

   What are the typical issues or problems that arise?

   Has the Mission adopted unique approaches to deal with registration?

   - Procedural?
   - In the way it works with local groups?
   - Modification of standards or requirements?

- In project design (e.g., umbrella projects.)
- Other?

How could the process be streamlined or simplified within current legislative constraints.

- At the Mission level?
- At the AID/W level?

What information has the Mission prepared and distributed.

Once registered, briefly describe the mechanism for awarding grants.

B. Assessment of impact of registration process.

1. Describe reaction of local NGOs to registration requirements.
   - Finance/accounting requirements
   - Reporting requirements
   - Involvement with entity of US government
   - Other
2. To what degree has registration process proved valuable to Mission with regard to:
   - Better understanding of needs/capacities of local NGOs.
   - Better understanding of role of local NGOs in development process.
   - As vehicle to work with local organizations to improve their capacities.
3. In your judgement, has registration process:
   - Acted as an incentive or disincentive to working with local NGOs?
   - Hindered or helped the Mission's ability to expand its range of relationships with indigenous groups?

- Had a positive or negative impact on the practices and procedures of NGOs that the Mission works with?

4. In your judgement, what aspects of the registration process have been:

   - Most problematic in terms of working with local NGOs.

   - Most time consuming in terms of the Missions administrative and staffing capacity?

   - Most useful in ensuring effective working relationships between the Mission and local NGOs.

C. Mission NGO strategy

1. Describe funding mechanism for working with/through NGOs (e.g., direct grants; intermediary organization.)

2. Describe sectoral or programmatic focus of NGO program.

II. LOCAL NON-GOVERNMENTAL ORGANIZATIONS

Name of organization:

Date of Registration (if registered):

Address:

Telephone Number:

Person Being Interviewed:

A. The Registration Process

1. Describe the registration process that you went through?

2. Who in your organization was involved and what did they do?

3. How long did the process take.

4. Can you estimate very roughly how much time it took (person days)?

5. Did you understand why you had to go through this process?

6. Did you clearly understand the requirements of the registration process?

7. If not, what were the areas that you found most confusing?

8. Did you have problems complying with the registration requirements? If so, please describe.

9. Did you follow instructions or a written set of procedures prepared by AID?

10. Can you estimate roughly how many times a member of your staff met with an AID representative?

11. In general did you feel that the requirements were fair and equitable?

12. Was the role of the Washington review made clear to you?

13. Did you feel the AID officers were helpful and supportive?

14. Were USAID staff able to answer questions and resolve problems when they arose?

B. Impact of the Process

1. As a consequence of the process, have you undertaken any changes in:

   - Finance and accounting procedures
   - Reporting and evaluation
   - Long range planning
   - Organization or management practices
   - The content of your program
   - Other areas?

2. As a consequence of the process, have you changed internal operating procedures or sought technical assistance in any of the areas covered by registration?

C. Working with the U.S. Government

1. Have any of your board member or your staff indicated concern with regard to accepting funds from a program of the U.S. government?

2. How have you handled these concerns?

APPENDIX #3

LIST OF INDIVIDUALS INTERVIEWED

Washington

Bonner, Marge
Coughlin, Catherine
McEnaney, John
McIntire, Mary Lee
Pascual, Carlos
Stamberg, Lou
Watlington, Lenora
Walker, Dwight

Kenya

USAID

Baker, Stafford
Barbiero, Carla
Inserra, Ann
Kapila, Surinder
Masabayi, Victor
Mott, Patricia
Ondigi, Joseph
Ratemo, Zachriah
Shapiro, Pat

Other

Amisi, Alfred (Partnership for Productivity, Kenya)
Baiya, Harun (VITA)
Mbugua, Moses (Kenya Freedom From Hunger Council)
McKerea, John (Technoserve)
Mutua, Kimanthi (Kenya Rural Enterprise Programme)
Ondeng, Peter (Kenya Rural Enterprise Project)
Rohr, Beat (CARE)

Uganda

USAID

Amar, Kainth
Anderson, Cheryl
Bayer, Gary
Clausen, Robert
Erves, Shirley
Hjelt, Christine
Kainth, Lamar
Komakech, Bruno
Marum, Elizabeth
Olsen, Norman

Other

Carlson, Cindy (CARE)
Hagan, Kofi (World Vision International)
Kadaali, Stephen (Experiment in International Living)
Salmon, Willie (Experiment in International Living

Senegal

USAID	*Other*
Frommer, Sharon	Acting Director, CONGAD
Green, Richard	Engelberg, Gary (Africa Consultants International)
Jepson, Lance	N'Diaye Ba, Soukeyna (Femme Developpment Entreprise Afrique)
Lankenau, Linda	Sole, Abdula (PACT)
McKeel, Wayne	Zimmerann, Mary Ann (Transcentury)
Massaer, Geye	
Ndiaye, Abdoulaye	
Robinson, David	
Ray, Thomas	

Mali

USAID	*Other*
Atwood, David	Devine, Nancy (World Eduction)
Brennan, Dennis	Dembele, Edmond (AMRAD)
Ciose, Kadiatou	Karabenta, Fanta (ACORD)
Crabtree, Stephen	Diop, Karen (Plan)
Diop, Brehima	Sylla, Mahambe (CEPES)
Kante, Boubacas	
McDonald, Wayne	
Poulton, Robin	
Thompson, George	
Woodruff, Neil	

APPENDIX #4

USAID RELATIONSHIPS WITH PVOS AND NGOS: COUNTRY PROFILES FOR KENYA, MALI, UGANDA AND SENEGAL

A. Mali

Most contacts with local groups are through the Mission's Co-Financing project although the Health and Agriculture Offices are working in their sectoral areas with funds from Washington funded matching grants. The Mission has not registered any local NGOs and no direct grants have been given to these organizations. The Mission's strategy is to work with local groups but through US PVOs since they feel that by and large local organizations lack the managerial and financial capacity to satisfy USAID registration and procurement requirements. Twelve US PVOs are active in Mali including ADRA, AFRICARE, CARE, SAVE, VITA and World Vision. To date, the Mission has made roughly 20 grants to these organizations under the Co-Fi project.

Mali has an active and growing NGO community. There are approximately 150 local groups now in existence, although of these only about 25 have a mature institutional structure. The Mission feels that the nature and direction of the Malian NGO movement is critical to the economic and political future of the country and that USAID access to these organizations is a critical element of the Mission's development strategy.

The Malian government has minimal registration requirements and there is a general absence of operating guidelines and principles to govern NGO activities.

About five NGOs receive funding from other donors. The Mission felt that only 3-5 local NGOs could meet the registration requirements if the Mission should decide to employ a strategy of direct registration.

The PVO Co-Fi Project is organized on 3 sectoral lines: microenterprise; natural resource management and health. Long term (10 year) grants are made to US organizations that have developed a partnership relationship with one or more local groups. In each sectoral area there is a consortium of PVOs and NGOs which share experience and work together. Funds are not sub-granted but both organizations work together to implement funded activities. To date, twenty grants have been made under the Co-Fi Project.

The USAID Mission feels strongly that USAID regulations are too complex and burdensome for local groups and that imposition of these requirements will force local groups to develop in ways that mirror bureaucratic mechanisms. Registration is perceived as imposing western standards and expectations and as inappropriate to the Malian cultural climate. In addition, there is apprehension that registration would create an expectation of funding and that it would

exacerbate tensions between local groups who would be competing for a special relationship with USAID.

Several of the Malian NGOs that were interviewed for this Study indicated a strong interest in establishing a direct relationship with USAID and felt that they could comply with the registration requirements and with procurement procedures that would be subsequently imposed. The Mission feels that these groups underestimate the complexity of registration and the adverse impact that USAID regulations would have on their institutional development. Local groups have argued to the contrary that USAID requirements are no more onerous than those imposed by American PVOs.

The Mission is actively exploring creative mechanisms that would facilitate a direct relationship with local groups including establishment of a USAID funded Foundation that would make direct grants to NGOs but employ simplified and more flexible grant making procedures. The Foundation would allow NGOs to develop management systems which are Malian in nature.

B. Uganda

USAID Uganda has not registered any local organizations to date and does not plan to do so in the near future. The Mission has an extensive array of contacts with US PVOs and with local groups. These are structured along sectoral or sub sectoral lines and are managed by functional offices and in the context of the sectoral objectives that these offices are pursuing -- primarily in the areas of health and natural resource management. In effect, PVOs and NGOs are viewed primarily as institutions with a capacity to implement portions of the Mission's program. With the exception of local currency grants, the Mission does not have or contemplate a program for the general institutional strengthening of local NGOs.

As a consequence of this strategy, the Mission has not attempted to centrally coordinate relationships with PVOs and NGOs or to develop an integrated strategy for dealings with these institutions. Within the Mission, responsibility for NGO and PVO relations is dispersed and the level of knowledge and understanding of the dynamics of the local NGO community is variable, depending on the particular role that NGOs and PVOs play with respect to each office's sectoral priorities.

As noted above, a number of local currency grants have been made to NGOs but because these involve the allocation of counterpart funds that are owned by the host government, registration is not a prerequisite requirement.

In general, the Mission has not thought a great deal about the pros and cons of direct registration and is not deeply familiar with the registration process and registration requirements -- an understandable omission in view of current Mission strategy.[21]

The Independent Sector in Uganda is active, growing, and complex. There are a large number of expatriate PVOs as well as hundreds of newly emerged local groups many of which are so called "briefcase" NGOs that represent the pecuniary interests of a single individual. The current volatility of the sector coupled with the institutional immaturity of many of the local organizations is a strong argument for working through established and reliable American PVOs as is current Mission strategy.

There is broad agreement that only two or three local organizations could meet the registration requirements should the Mission at some later point decide that it wished to make direct grants to local organizations. A broader and more active intervention to support local groups would either have to be preceded by a considerable investment in management training or be managed through some sort of umbrella facility under the jurisdiction of an American PVO.

The Government of Uganda has enacted legislation governing the activities of PVOs and NGOs and has established registration procedures that are intended to distinguish between legitimate and bogus institutions. The activities of PVOs and NGOs are coordinated by an entity located in the Office of the Prime Minister. While the language of the legislation is intrusive and caused considerable concern in the NGO community when it was enacted, the government has not to date attempted to materially interfere with the activities of independent sector institutions.

C. Senegal

Currently, there are no registered Senegalese PVOs although the USAID Mission is planning to register a local family planning organization and is in the process of designing a registration process.[22]

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[21] The Uganda Mission has made a couple of dollar denominated grants to local NGOs to work in areas of sectoral priority. It is not clear whether or not these organizations should have been registered prior to receipt of these funds. To the degree that there was an oversight, it appears to reflect ignorance with regard to the registration process rather than a willful attempt to bypass the requirement.

[22] The registration of a single NGO at a time when the Mission is channeling the bulk of its NGO relations through the Co-financing project may be problematic and illustrates the importance of establishing a Mission-wide policy with respect to NGO relations and a guiding strategy with respect to the registration process. In this instance, the Mission's health office decided to fund a family planning organization (ASBEF) before they realized that registration would be necessary. Since ASBEF is a mature, well established organization that has been in existence for eight years, it will have no problem producing the necessary documentation to support registration. However, registration of a single NGO may undercut co-financing project strategy of working through an intermediary contractor, encourage other NGOs to approach the Mission directly for funds and trigger confusion and jealousies within the NGO community. One alternative would be for the Mission to treat registration as a "graduation" from a buffered to a direct relationship. But this would require adoption of a clear set of principles and selection criteria.

The Senegal Mission has recently established a co-financing project designed to support and strengthen the institutional capacities of both local NGOs and US PVOs, with an approximate 60:40 emphasis on the former. Primary importance is given to the capacity of recipients to implement sustainable development projects at the community level in designated sectoral areas. The project is implemented through a contract with Transcentury (a registered US PVO) whose role is to serve as a management unit for the Mission.

A national project committee has been established to provide policy guidance for the project. It includes representation from USAID, the government and the PVO and NGO communities. The project includes funds for training and management assistance.

Within the Mission, the co-financing project is backstopped by a Project Officer with considerable knowledge and experience of the Senegalese independent sector. This individual is also the central liaison point within the Mission and source of information with respect to overall Mission relations with PVOs and NGOs.

The Government of Senegal has been involved in a comprehensive retrenchment. As this has occurred, the government has been forced to cut back on the provision of services and to curtail its role as employer of last resort. As a consequence, the private sector and NGOs in particular are increasingly relied upon to handle the delivery of basic social services. Accordingly, the number of Senegalese NGOs have been growing dramatically. There are in excess of 120 NGOs in existence and several coordinating entities and associations.

The demand for assistance from NGOs and PVOs and the growing pressure from donors on these organizations far exceeds the financial or managerial capacity of these groups to respond. A common concern is that local NGOs lack administrative, managerial and technical capacities and the staff and adequate time and resources to build their internal structures.

Local PVOs are ambivalent with respect to a direct relationship with USAID. On the one hand, during the co-fi project design, local NGOs decided that the registration process was too cumbersome and opted for a structure using an intermediary facility. However, during field interviews, several groups stated a strong preference for a direct funding relationship and a belief that they were of sufficient institutional maturity to work directly with USAID. There was general concern that the procedures and systems that were being established under the new co-financing project were excessively cumbersome and too difficult for many local organizations. Estimates of the number of NGOs that could successfully register run from five to eight.

Within the independent sector there are tensions between northern and local NGOs that are rooted in the traditional rhetoric associated with the North/South dialogue. Several NGOs noted that American PVOs were reluctant to recognize the institutional maturity of their local counterparts for fear that USAID funds would be programmed directly to these groups. There have also been tensions between the government and the NGO/PVO community based on a government apprehension that these groups were diverting donor funds that would otherwise be available to the government. The Project Officer for the Co-Fi project understands and is

sensitive to the dynamics of the PVO/NGO community and has made efforts within the Mission to educate and inform USAID personnel.

If and when the Mission begins to register local groups it will confront several strategic issues, including: the relationship between registered NGOs who have a direct affiliation with the Mission and non-registered groups who must function through an intermediary; whether to register broadly in order to create a pool of eligible applicants or narrowly to involve only those that are reasonably certain to receive funds; whether to register only within a certain sector or across a variety of sectors; whether registration is a process solely to determine accountability or whether it should be used more creatively to identify and then strengthen managerial deficiencies; the clarity of roles and relationships within the Mission with respect to PVO/NGO relationships.

While the registration process has not been designed, Mission personnel noted that the process should: be interactive and adaptable and not simply require the applicant to jump through a series of procedural hoops; adjusted to local management practices and accounting and financial systems; linked to the provision of technical assistance. Within the Mission there is considerable concern with respect the management burden associated with registration and with direct funding of a large number of local NGOs.

D. Kenya

USAID/Kenya has registered 18 NGOs, more than any other African Mission. Most of these have been registered pursuant to the Mission's Co-financing Project, although the Mission's functional offices work directly with several local organizations that have not received funding under the Co-Fi activity in the areas of health, family planning, agriculture, natural resource management and wildlife preservation.

Responsibility for registration of organizations intended for funding under the Co-fi Project rests with the Project Officer responsible for that activity. Responsibility for registration of NGOs to be funded through other offices is less clear and is generally shared between the particular office and the Co-Fi Project Manager who has expertise in the registration process. While responsibility for the registration process is reasonably clear, the authority for clearing on the specific components of a registration request is allocated to the several offices with the competence to make these judgements -- Legal Affairs and the Office of the Controller.

USAID/Kenya uses registration selectively and only registers NGOs where there is a substantial likelihood of subsequent funding. The registration process has been systematized and the Mission has published guidelines and instructions to assist prospective applicants. Management assistance in a variety of areas is available to organizations that wish to upgrade their systems and procedures in order to register and the Mission has established a relationship with a local consulting and accounting firm analogous to an indefinite quantity contract which allows it to promptly provide short term services to applicant NGOs when needed.

In several instances, registration and pre-award review have been combined in order to shorten the cumulative burden of both procedures.

The Kenyan independent sector is flourishing. Historically, NGOs have contributed significantly to the welfare and development of the country and voluntarism is an integral aspect of Kenyan culture. Over 300 Kenyan and 100 foreign PVOs now operate in the country. The government of Kenya has traditionally welcomed the activities of both local and foreign non-profits, although in 1990 the Kenyan Parliament passed legislation creating a single body to regulate and coordinate NGOs in Kenya. While this body has extensive authority to curtail the activities of private non-profits, it has not done so to date. The government has a registration process which in many respects is analogous to the requirements established by AID.

The Mission's Co-financing project began in 1985 and was redesigned in 1988. The original design relied on implementation through an intermediary NGO that was established for that purpose. The new design placed administrative responsibility in the Mission itself and established a four person unit to manage the activity. A further modification occurred in 1991 with the decision to limit funding to local organizations.

By and large the registration process appears to run smoothly. Problems with respect to administering registration have involved: shifting interpretations of various requirements, sometimes related to personnel transfers; inadequate centralized authority to resolve logjams and disagreements when they occur; absence of a clear decision making chain to deal with contradictory points of view; a general feeling that the requirements are rigid and inflexible in nature; specific difficulties applying the tax exempt, financially viable and independent board requirements.

The Kenya Mission treats registration as a process to document and certify accountability. Mission personnel have mixed and contradictory views with regard to the usefulness of the registration process. On the one hand there is the view that the process is "imposed by Washington to satisfy a bureaucratic itch", that it is too detailed, takes too long and is inflexible. Mission personnel did not seem to be aware of the waiver options or of opportunity to substitute alternative measures to satisfy a particular requirement. At the same time, Mission personnel recognized that some sort of selection process was needed to determine in an equitable and systematic fashion which organizations have the capacity to effectively manage grant funds. Generally, Mission personnel found greater fault with the registration process than did those organizations that had to comply with it.

The Kenyan NGOs that were interviewed for this Study generally felt that the registration requirements were reasonable and that the process was administered fairly. One NGO (Partnership for Productivity) felt that they had been unfairly denied registration because of a

technical misunderstanding regarding tax exemption.[23] Most NGOs recognized the importance of entrance criteria prior to funding and while there was some frustration at the quantity of documentation and irritation at probing questions which appeared to be unnecessarily intrusive (minutes of meetings, salaries of senior staff) there was grudging acceptance that registration was necessary and, in some instances, a constructive and valuable learning process. None of the PVOs or NGOs that were interviewed argued that registration involved the imposition of inappropriate cultural standards.

Because the Mission only registers NGOs that it plans to subsequently fund, it is difficult to determine if this essentially positive attitude toward registration would apply if registration were de-linked from funding.

[23] An interesting case study which illustrates the importance of having clear policies, a guiding strategy and an effective system within the Mission for quickly raising registration issues for resolution. In this case and despite extensive conversations with both the applicant and the reviewing officers at USAID, it was virtually impossible for the Study Team to reach a judgement on what was a highly technical tax exemption issue which appeared to be colored by mixed and multiple agendas. While difficulty in satisfying the tax exemption requirement was the ostensible reason for denial, there were a number of other unstated concerns which appear to have influenced the decision including a judgement by the legal affairs office that the organization's financial systems were inadequate.