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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

PROJECT PAPER

SOUTH PACIFIC PVO CO-FINANCING PROJECT

Project No. 879-0001

JANUARY 1984

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PROJECT AUTHORIZATION

Country: South Pacific Regional

Project: PVO Co-Financing

Number: 879-0001

1. Pursuant to Sections 103, 104, 105 and 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the PVO Co-Financing Project (the "Project") for the South Pacific Region involving planned obligations of not to exceed Six Million Nine Hundred Thousand United States Dollars ($6,900,000) in grant funds over a two-year period from date of authorization subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help finance foreign exchange and local currency costs for the Project.

2. The Project will promote development activities in South Pacific island nations by utilizing the management expertise of private and voluntary organizations (PVOs) in collaborative activities, primarily appropriate education to improve the social and economic status of rural and urban low-income groups. Grants to PVOs for a specific activity will be for a maximum of 75% of total costs of the activity. At least 25% must be contributed from sources other than A.I.D. Funds also may be used for activities such as seminars, workshops, technical assistance, economic analysis and training to improve the coordinating effectiveness of PVO projects and for supporting project evaluation.

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

4. <u>Source and Origin of Commodities, Nationality of Services</u>. Commodities financed by A.I.D. under the Project shall have their source and origin in the United States or the beneficiary country, except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have the United States or the beneficiary country as their place of nationality, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the Project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States

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PVO Co-Financing 879-0001

5. No grant to a PVO to finance a specific activity of the PVO under this Project shall exceed $2 million over the life of the activity, except with the prior approval of AA/ASIA.

Signature Charles W. Greenleaf
Charles W. Greenleaf
Assistant Administrator
Bureau for Asia

Feb 27, 1984
Date

I. PURPOSE, SUMMARY AND RECOMMENDATION

A. Project Purpose: To support development activity of US and South Pacific private and voluntary organizations (PVOs) which assist, on a collaborative basis, the social and economic improvement of rural and urban low-income groups.

B. Summary: The better part of the AID program in the South Pacific is partial funding of US and indigenous PVO activities. This $20,000,000 project gradually expands PVO support to the South Pacific from $3.5 million in FY 84 to $4.7 million in FY 88. Since 1977, AID has provided $14.6 million of assistance (approximately 50% of the total PVO project costs) to PVOs through operational program grants.

The project's design has taken into consideration the results of an AID audit and an outside evaluation of the PVO grants made under the Asia Bureau Regional projects 498-0251 and 879-0251.

The PVO projects were administered first by the Asia Bureau. They are now administered by the South Pacific Regional Development Office (SPRDO) in Suva, Fiji. US and indigenous PVO project activities are negotiated by the concerned PVO with the appropriate host government. After concurrence from the host government, the appropriate US Embassy and the AID Area Contracting Officer, SPRDO signs and executes the AID grant with the PVO.

The proposed AID project will provide partial grant funding for up to 12-15 PVOs for an on-going portfolio of 20-25 PVO projects and favorably affect at least 300,000 low-income people in 10 countries of the South Pacific.

The project differs from the previous projects (498/879-0251) in that this project will:

1) place PVO funding decisions entirely under the administration and management of the SPRDO,

2) provide technical assistance money,

3) make available multi-project support grants to the more established PVOs in the region, and

4) provide SPRDO with authority to approve PVO grants up to $2,000,000.

C. Recommendation: That the PVO Co-Financing Project be authorized for five years (FY 84-FY 88) of grant development assistance funding of $20,000,000.

Note: The Project was authorized for a $6,900,000 two-year obligation life instead of a $20,000,000 five-year obligation life. See Project Authorization and Annexes H and I.

II. PROJECT BACKGROUND AND DETAILED DESCRIPTION

A. Background

In the mid-1970's the Department of State and the Asia Bureau of AID assessed the desirability and feasibility of establishing an AID presence in the South Pacific. The assessment was made in consultation with Australia, New Zealand and the islanders. The impetus for the assessment was renewed recognition of US interests in the region to:

-- maintain open and secure sea and air communications throughout the Pacific;

-- preserve US access to fish and seabed resources in the region's exclusive economic zones;

-- support friendly governments that pursue moderate foreign policies supportive of US basic interests not only in the region, but also in the United Nations and in Third World councils;

-- preserve the reservoir of goodwill toward the US which exists throughout the region, but which had suffered erosion from a lack of any significant US presence in the region since the end of World War II.

Eventually, as discussions evolved, the following three-part program was envisioned:

1. Active support for South Pacific regional organizations working in development in order to strengthen regionalism;

2. Adaptation and expansion of PVO efforts in the South Pacific to form the bulk of the assistance;

3. Active collaboration with the Peace Corps to increase small-scale development activities.

The South Pacific regional program area is made up of independent island nations which AID has approved for assistance and which have been notified to Congress. The area is currently comprised of ten nations: Cook Islands, Niue, Tonga, Tuvalu , Western Samoa, Fiji, Papua New Guinea, Solomon Islands, Vanuatu, Kiribati.

The AID assistance program to the South Pacific began in 1977 with funding from the Asia Bureau's regional private and voluntary organizations program (498-0251). The South Pacific Regional Development Office (SPRDO) was established in August 1978 at the American Embassy in Suva, Fiji. PVO projects continued to be funded from Asia Bureau Regional project 498-0251 through FY 80, though administered by SPRDO.

The role of SPRDO was to develop and oversee the gradually expanding program and to test the concept of the three-part program strategy. Their initial mandate was to actually encourage PVOs to consider the South Pacific for their programs, and to work with them in developing programs acceptable to both their own development purposes and those of AID. In the five years since the beginning of SPRDO, several PVOs have been encouraged to examine the South Pacific, and they have begun programs. While island governments were interested in bilateral assistance programs, they nevertheless understood the limited staff and funding capabilities of AID, and accepted the indirect approach.

In FY 81, that portion of the Asia Bureau Regional PVO Project (498-0251) going to the South Pacific was extracted and put into a new project (879-0251) solely for PVO projects in the South Pacific. The South Pacific PVO project was created out of the Asia Bureau PVO project to improve administrative control. It simplified and clarified Asia Bureau accounting for regional PVO funds within the Bureau, but still retained the South Pacific PVO program as a component within the Asia Bureau regional program.

From FY 77 through FY 83, nine US PVOs and one indigenous PVO have participated in the SPRDO PVO grants program (see Status Summary, Annex D). A total of 26 grants have been signed with these PVOs for PVO projects in nine independent South Pacific Island countries. (Niue has not been host to an AID PVO grant) One of these PVO projects has been cancelled, four have been completed, and 21 are still in progress. Four of the PVOs work in more than one country and six work in only one country. The Foundation for the Peoples of the South Pacific (FSP) has received $4,971,900, the largest amount of funds from AID, for eight PVO projects in five countries. Papua New Guinea, with 70% of the population in the region, has received $4,153,700 or 28% of the AID funding, the largest share for any country.

Generally, the PVO programming has been successfully targeted to needy populations in all of the independent island countries in the SPRDO program area.

Examples of PVO projects supported by SPRDO to date include:

-- Young Men's Christian Association (YMCA) in Fiji and Western Samoa: a trades training center established for urban and rural youth; leadership and rural production training, with special emphasis on export marketing.

-- Summer Institute of Linguistics (SIL) in Papua New Guinea: increased functional literacy and community development activities among 50 participating language groups; non-formal, on-the-job training for employment and income-producing opportunities in various trades.

-- Foundation for the Peoples of the South Pacific (FSP) in Tonga, Solomon Islands, Kiribati: baseline studies on maternal and child nutrition; women in development activities; technical assistance in various aspects of village fisheries--better boat design, simple refrigeration devices, catch technology, marketing, fish ponds; private enterprise development.

-- Save the Children Federation (SCF) in Tuvalu and Kiribati: community based integrated island development, focusing on the development of broad based villager participation in problem identification and resolution.

-- International Human Assistance Programs (IHAP) in the Cook Islands, Papua New Guinea, Solomon Islands, and Vanuatu: youth training, primary health care, crop diversification, women in development, project design and management skills, small grants program with the Peace Corps, plantation management.

-- Fiji Council of Social Services (FCOSS) in Fiji: support for development projects of 34 non-government member organizations such as the Red Cross, YWCA, and the Fiji National Youth Council; drought relief program.

PVOs have proved to be an ideal medium for dealing with small isolated countries of the South Pacific. Their normal mode of operation is to establish a country office and place a manager on the scene who not only develops and oversees the project, but also maintains liaison with

government and local organizations. The PVOs establish their own legal status and basic operating agreements with the host governments. On the basis of these agreements, SPRDO makes grants to assist the PVOs work in development. The PVO projects currently make up about 70% of the AID South Pacific Regional program, down slightly from previous years. The percentage may drop slightly more as SPRDO takes new initiatives in regional programs (especially in Development Support Training and Regional Private Enterprise Development). Nevertheless, the PVO Co-Financing Project will remain the majority component of the South Pacific Regional program strategy.

B. Detailed Description

The PVO Co-Financing Project appropriately serves the purposes and objectives of the US as a supplemental donor in the region, as well as the developmental needs of the region's more disadvantaged populations. As the 1982 evaluation states, "AID has identified an area not being addressed in any significant way either by other donors or host governments. It is a program that meets our own legislative injunctions to help those who need it most. There is no question that the beneficiaries of this program are representatives of the poor." Moreover, it would not be possible to run bilateral assistance programs with ten nations as effectively and at such small costs as by working indirectly through grants to the PVOs.

The money provided for this AID Project will be used by SPRDO primarily to make grants to qualified PVOs for development projects. US PVOs registered with AID will be eligible to request assistance. Indigenous PVOs meeting certain requirements and certified by SPRDO will also be eligible to seek assistance. The logical framework at Annex F summarizes the PVO Co-Financing Project.

AID/US Peace Corps collaboration makes up most of the third component of AID's South Pacific Regional program strategy--small grant assistance to Peace Corps volunteers and local governments. The PVOs play an important role in this AID/Peace Corps collaboration. To date, a majority of AID small grants to support Peace Corps' initiated and monitored projects has been in Fiji. To encourage increased and more widely dispersed use of AID funds in support of small Peace Corps' initiated projects, SPRDO has made additional funds available to the PVOs in outlying

areas (e.g. in Tuvalu and the Solomons). The PVOs, in turn, administer grants to local projects developed by Peace Corps volunteers. The key to this operation is the location of a Peace Corps Director and the PVO project manager in the same city, able to discuss and plan together frequently. This has proved to be an effective method of AID collaboration with the Peace Corps and will be continued under the PVO Co-Financing Project.

PVO activities fall within national government goals but address national problems at the community level. These programs are attracting the attention of other larger donors. The establishment of a PVO Co-Financing Project will allow both SPRDO and US PVOs to work more flexibly toward attracting support of major donors to replicate pilot programs initiated by US PVOs. As the small PVO projects in the South Pacific have gained credibility, they have successfully attracted other donor funding to expand on the original activity. Fish aggregation devices in Western Samoa and potable water supply in Tuvalu are prime examples of sussessful PVO projects.

1. Audit and Evaluation Recommendations*

In latter 1981 and early 1982, an audit and an evaluation were conducted on the South Pacific Regional program (the audit covered the whole program, and the evaluation covered only the PVO component). These two assessments were generally favorable and included several recommendations for improving both management and program effectiveness. All of the audit recommendations have been closed; the evaluation recommendations have either been implemented or are reflected in this Project Paper for the future design of SPRDO grants to PVOs.

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* Hawkins, Genta A., et. al. "Evaluation of the AID South Pacific Regional Development Program Channeled Through Private and Voluntary Organizations." Washington, D.C.: USAID, February 1982.

Aulik, Russel E. "Memorandum of Survey Report No. 2-498-82-06, Survey of AID's South Pacific Operations.", Regional Inspector General for Audit/Manila, March 11, 1982.

The Audit

The audit report concluded that SPRDO "has set up a well-organized office and has initiated, and monitored, a large number of projects in nine countries." The report also noted that "the overall risk to AID in the South Pacific region is substantial." The vulnerability is derived from:

--Diffusion of responsibility and authority caused by financial accountability being split among USAID/Manila and AID/W, and PVO headquarters located in the States;

--The long distances involved, the difficulty of travel in the region, and the generally small size of the PVO projects which also involve local expenditure by indigenous organizations.

In response to the audit findings, as well as to some of the findings and recommendations of the evaluation, SPRDO has implemented the following management improvements for monitoring PVO grants:

1. Made available the "Payment-Periodic Advance" standard provision (in addition to the Federal Reserve Letter of Credit (FRLC) provision) when PVOs and SPRDO agree it is a more appropriate method of payment;

2. Use of electronic funds transfer between USG and PVO bank accounts;

3. Added an additional PSC staffer (a retired AID Foreign Service National) to serve as the SPRDO budget and accounting officer;

4. Initiated procurement of a mini-computer system to help maintain, among others, PVO project accounts.

The proposed project will improve upon the element of risk by continuing to strengthen the selection criteria for PVO grants, devise better evaluation procedures and include technical assistance into the process. Given the current SPRDO staffing levels and SPRDO's continuing responsibility as the single AID office for the South Pacific, the "vulnerability" noted by the audit report can be mitigated by these and other management improvements but will not be entirely eliminated.

The Evaluation

The major recommendations of the evaluation report were:

1. That the PVO program be retained as a suitable, almost personalized, expression of the concern of the American people;

2. The next phase of the program needs to concentrate on moving from outputs to achievement of project purpose;

3. Project proposals would be strengthened by including: baseline data, more specific project purpose statements, and a specific evaluation plan;

4. The issues to be reviewed as projects come up for extension or additional funding include: increasing number of beneficiaries and lowering administrative costs for institution-building projects; sustainability; and PVO contributions to projects.

These, and ancillary recommendations, are being addressed in current grants to PVOs, as well as in the design of this project. For example, more specific design and purpose criteria is listed in Section IV.C.1. and baseline data and evaluation procedures have been updated (see Annex C). PVO cash contributions to projects will now be a specific requirement (see Section IV.B.). Sustainability (including recurrent cost implications of projects) is addressed in the project design criteria (see Section IV.C.1.g.). Technical assistance included as part of the project will allow SPRDO to respond to recommendations encouraging increased training for PVO staff and increase emphasis on economic analysis in PVO programs.

The initial PVO grants have established new US PVO presence in the South Pacific and have made their support available to a broad range of development activities. SPRDO and the 1982 evaluation agree that numbers of PVOs and PVO activities should not increase significantly, nor drift into too broad a spectrum. The PVO Co-Financing Project will concentrate in fewer sectors, each of which shows promise of assisting in basic human needs and/or developing some small-scale private enterprise(e.g. small fisheries,

renewable energy, poultry, livestock, and coconut products). No additional PVOs will be introduced into the South Pacific unless they bring a special technical expertise needed in a particular circumstance.

2. Multi-Project Support Grants (MPS)

As US PVOs build up experience working in the South Pacific, a few stand out as generally more able to program and manage development projects. Their organization and administrative performance mark them as the stronger and better established institutions. They have successfully demonstrated a sustained ability to implement projects and to fully and timely account to SPRDO on project progress and the status of AID and other funds in their projects.

In recognition of the fact that some PVOs are stronger institutions than others, SPRDO will enter into a more encompassing grant relationship with them than with others. This recognition by SPRDO will be an indication of trust based on experience. Instead of making several individual specific support grants to these PVOs in one or more countries, SPRDO will be entering into a multi-project support grant (MPS) for supporting several diverse activities of a PVO in more than one country. Several PVO activities will be collapsed into one grant instrument, the MPS, and will have a higher funding level (i.e. over $1,500,000) than individual specific support grants.

The more-encompassing MPS grant would effectively reduce paper work for both SPRDO and the PVO. In exchange for a less demanding relationship with AID management, the PVO will be asked to make a proportionately higher cash contribution in the MPS grant than exhibited in its past record in individual grants. In all circumstances, the PVO and other non AID contribution in cash and in kind will be equal to or greater than 50 per cent of SPRDO's contribution in all years.

PVOs will still be required to submit an overall MPS proposal to SPRDO. This proposal will be less detailed than regular project proposals, but the PVO will still demonstrate its program and management content and capability. The standard provisions for accountability and auditing will not be waived (AID Handbook 13 grant standard provisions will still apply). SPRDO will review and approve the PVOs plans and performance at least annually. SPRDO will reserve the right to disapprove

proposed activities based upon the criteria set forth in section IV.C.1.

Periodic reporting on MPS grant activities will be made semi-annually or annually (financial reports will remain quarterly). A single, formal evaluation of the MPS grant will take place under the direction of SPRDO, in collaboration with the PVO, after approximately two-thirds of the grant period of the MPS has been completed. The PVO would conduct its own evaluations annually as called for in the general requirement for all AID grants to PVOs in the South Pacific (see Annex C).

The following criteria will be used in determining which PVOs will be eligible for SPRDO to authorize multi-project support grants (these criteria are in addition to the usual project criteria stated in section IV.C.1.):

1. The PVO is officially registered with AID as a PVO and continues to meet current registration requirements;

2. The PVO can meet the current grantee selection criteria for AID specific support grants;

3. The PVO has documented successful working experience in the South Pacific in implementing AID-funded development projects. Documentation would include, but not be limited to, regular project narrative reporting on previous grants, formal joint PVO/AID and/or outside evaluations, and audits of their activities in the South Pacific;

4. The PVO can successfully pass a formal pre-award survey conducted by appropriate AID staff;

5. The PVO is able and willing to make cash contributions to the MPS grant proportionately greater than the percentage of its cash contribution in its past SPRDO-supported projects.

The provision of MPS grants represents an awareness of the need to respond to the evolving PVO/AID relationship. PVOs are not homogeneous in their operations or in their effectiveness. Not all PVOs will be judged eligible to participate in the relationship. Approximately two or three of these MPS grants will be made over the life of the PVO Co-Financing Project.

3. Technical Assistance

Approximately $700,000 of the total funding for the PVO Co-Financing Project will be available for activities such as seminars, project evaluation, workshops, project consultants, economic analysis and training. This funding will be based at the SPRDO for purposes specific to the SPRDO-PVO relationship in the South Pacific. Funds will be obligated in specific support grant agreements or contracts as periodically required.

The funds will be used to strengthen the ability of PVO and local counterparts to design, manage and evaluate their programs. They will be especially useful in working with indigenous PVOs. They will also enable SPRDO and PVOs to obtain technical assistance to conduct economic analyses, to assess the technical components of new and ongoing PVO projects, and to survey geographical or sectoral interests of AID and SPRDO.

The funding will be available to SPRDO to provide a capacity to support training, technical assistance and consulting services which directly assist the collaboration of SPRDO and PVOs.

III. PROJECT ANALYSES

A. Technical Analysis

Questions of technical analysis are more appropriately directed at the individual PVO projects financed under the co-financing program rather than to the overall PVO Co-Financing Project itself.

On-going SPRDO guidelines (See Annex B) insure that each PVO project proposal submitted to SPRDO receives an appropriate level of technical review during its informal and formal review by SPRDO PVO Project Review Committee. The guidelines provide a copy of each PVO proposal to the AID/W South Pacific Desk Officer. He or she, in turn, will make the proposal available both to AID/W and the SPRDO appropriate technical review.

Whether or not the project and its technological implications are appropriate for the specific time and place for which the project is proposed, and a judgment as to whether the project is reasonably priced and designed, are basic queries of the SPRDO review. Depending on the depth of the technical question at hand, SPRDO at times has been asked to make a preliminary informal judgment of a PVO project idea, or to actually visit a proposed project site, to more thoroughly review the project's technical aspects as part of the formal SPRDO review.

When required, SPRDO will be assisted in its technical review of PVO proposals by locally available expertise (whose services can be obtained informally, or more formally by technical assistance funding under the PVO Co-Financing Project). When the need goes beyond local expertise, SPRDO will seek the advice of AID/W, regional technical expertise at USAID/Manila, USAID/Bangkok and other USAIDs.

AID policy guidelines surrounding its collaboration with PVOs in development encourage the work of PVOs in testing out new approaches for development. Innovative or new approaches have been financed under previous PVO projects and more will be considered for the expanded and continuing PVO Co-Financing Project (e.g. in alternative and renewable energy sources). The PVO Co-Financing Project will

continue this spirit of innovation and testing, and its technical analysis of PVO project proposals will be made with an eye to the inevitable risk which must be assumed in pursuing imagination and innovation.

B. Environmental Analysis

The determination of the Initial Environmental Examination (IEE) of the PVO Co-Financing Project is negative; the project is not a major action which will have a significant effect on the human environment and is, therefore, an action for which an Environmental Impact Statement or an Environmental Assessment is not required.

Individual PVO projects co-financed under the project, however, could possibly have environmental implications, although they do tend to be "people oriented" and localized with no significant environmental impact. Consequently, the SPRDO PVO project review committee will consider environmental implications of individual PVO projects at the time of formal SPRDO review of a PVO project proposal and prepare an IEE as required.

C. Social Analysis

All of the nations in the South Pacific Regional program area are fully self-governing, and most attained that status within the last thirteen years. There is a wide variety of historical, cultural, environmental and political systems in the region. Such diversity makes a regional development outlook difficult. Specific social settings will be discussed in full in each PVO project proposal.

Geographically, the nations comprise over 1,300 islands and atolls covering a total area of more than 5.6 million square miles, of which approximately 70% is ocean. Approximately 4.3 million people reside in the region, most of whom live in Papua New Guinea (70%) and Fiji (14%).

Although the region has been described in the past as a "paradise", it has serious problems: a lack of basic infrastructure, high rates of unemployment and underemployment, the absence of a significant private business sector, limitations in agricultural and fisheries development, and dependence on foreign aid and expatriate expertise.

The largest proportion of the work force is engaged in agriculture and fisheries. While this proportion has been declining for some time in relation to the non-agricultural and services sectors, it is still the major part of the cash economy. The level of employment in subsistence agriculture is very high. Unfavorable balance of payments positions and low foreign exchange levels are common regional problems.

The general employment situation is similar to many developing countries, with widespread unemployment in urban centers, especially among youth. Government priorities in most nations are aimed at finding suitable employment opportunities. There is little likelihood that significant industrial development will emerge to provide employment for traditional farmers and fishermen.

Through the years, it has been the easy access of the rudimentary requirements of life that has given the South Pacific its reputation as a paradise. But increasing contact with the outside world is changing the nature of the South Pacific. The people of the region have been exposed to the values of other societies and are no longer content with subsistence living. This is particularly true among the young islanders who have expressed their dissatisfaction by either migrating to the towns or leaving their countries altogether for New Zealand, Australia, the United States and other countries.

Contact with the outside world has created a desire for its products, yet the island countries have little to export in exchange for those products. Their isolation from much of the world makes both exporting and importing expensive and time-consuming. Farmers' products are primarily oriented toward their own needs or the needs of other countries in the region. Fishing potential is large, but largely unexploited. Managerial and entrepreneurial skills development are general needs. The PVO Co-Financing Project will address these needs (see Section IV.C.1.a.) in response to general AID emphasis on private enterprise development.

Certain forms of development such as increased production of a crop may well be rejected if its labor, land and other requirements place too much stress on parts of the social system or on other components of the production system

whose value is measured not by monetary value or volume of output per se but in the contribution made to social satisfaction.

Role of Women

In Polynesia most agricultural work is performed by men. Women are confined to the home--rearing children, cooking, weaving and housekeeping. Melanesian women perform the same tasks, and more. They do most of the planting, weeding and harvesting of subsistence gardens including carrying the harvest from garden to house. The husbandry of chickens and pigs is also a woman's duty in Melanesia. Men in Melanesia confine themselves to such tasks as clearing land for new gardens, building fences, and caring for cattle. They are the prestigious producers of the cash crops for "export".

As cash crops take on added significance, those crops and cattle enclosures are usually located on prime land near villages. Subsistence gardens are pushed further from home. That further increases the time and energy required, and they become an added burden for the women of Melanesia. Men and animals assume the added burden in Polynesia.

With most governments of Melanesia calling for increased local food production in the interest of national self-sufficiency, the additional labor required will fall on women already overburdened.

SPRDO will continue through PVO activities to attempt to change traditional attitudes by including women's activities in PVO projects. The general purpose is to upgrade village health, improve kitchens, privies and gardens, provide family planning information and assist in craft production with and through village women's groups. Leadership workshops are also held. The workshops emphasis is on the comprehensive improvement of village life which includes child care, nutrition, gardening, cultural awareness and the importance of family life.

The results of the international workshop for womens' advancement held in Tahiti under the sponsorship of the South Pacific Commission resulted in SPRDO critically reviewing how PVO programs relate to the advancement of women. PVOs under the

co-financing project will be requested to review the problems and progress of women in the nation they plan to work.

D. Economic Analysis

Economic feasibility will be possible only for each PVO project as it is developed. It is theoretically possible to derive a benefit-cost ratio or internal rate of return that measures the economic value of PVO projects which directly generate production and incomes, such as food or fisheries production or small-scale enterprise. However, it is difficult to do this for PVO projects in such areas as community development, health and education. Cost effectiveness assessments in terms of cost per beneficiary will have to suffice for many PVO projects, particularly those in the latter areas.

PVO projects have often included locally contributed labor and materials, plus PVO professional skills. The latter generally cost less than comparable skills in private business or government. This in turn suggests that the rates of return on directly productive PVO projects should be quite high. The 1982 evaluation of the South Pacific PVO program stated that "one of the most significant aspects of the program is the amount of accomplishment at low cost."

Sub-project proposals will not be required to estimate an internal rate of return, even when directly productive activities are involved. The data and analysis required are often extensive, highly complex and run counter to the project intent of keeping PVO proposals and procedures relatively simple and brief.

However, there are less technical but revealing and reliable ways of getting at likely economic return and cost-effectiveness. This kind of analysis will be required in each PVO project proposal. For directly productive activities, the net return to the individual producer must be demonstrated. In other cases, cost effectiveness of PVO project proposals would be assessed. Considerations which might apply include use of 1) locally available labor (especially unemployed or under-employed labor) and materials; 2) relatively low cost, locally manufactured and repairable tools and equipment; and 3) paraprofessional

technical, health and education workers. Baseline data being collected by PVOs for project progress monitoring and evaluation will also assist general economic analysis.

Finally, each PVO project proposal, regardless of its nature, will be expected to include a calculation of cost per beneficiary. While no rigid, maximum cost per beneficiary can be imposed, this consideration will nevertheless be reviewed closely by the SPRDO project committee. Proposals with costs per beneficiary exceeding the $70 to $90 range must have a stronger justification in such terms as multiple benefits, spread effects to other (non-quantifiable) beneficiaries or projects, or benefits accruing beyond the life of the PVO project.

The cost of conducting development programs in the South Pacific is considerably higher than in other regions due to communications problems, geographical remoteness and great distances between various government entities. This fact will cause cost per beneficiary data for the South Pacific region to trend higher than comparable costs for PVO programs in other regions. In spite of constraints such as geographical remoteness, PVOs are able to tap into volunteer assistance and integrate local expertise and resources into local development projects which result in a more cost-effective effort than government-to-government programs.

IV. IMPLEMENTATION ARRANGEMENTS

A. Financial Disbursement Plan ($000's)

FY 1984	FY 1985	FY 1986	FY 1987	FY 1988
3,500	3,600*	3,900*	4,300*	4,700*

B. Summary Cost Estimate

	AID[1] (FX&LC)	Other Donors[2] (FX&LC)	Total
1. Grants to PVOs	$19,300*	$20,000 [3]	$39,300
2. Technical Assistance	700	--	700
a. Training	(100)[4]	--	(100)
b. Workshops	(110)[4]	--	(110)
c. Project Consultants	(400)[5]	--	(400)
d. Evaluation	(90)	--	(90)
	$20,000*	$20,000	$40,000

*Note: The Project was authorized for a $6,900,000 two-year obligation life instead of the proposed $20,000,000 five-year obligation life. See Project Authorization and Annexes H and I.

1 Not possible to estimate foreign exchange (FX) and local costs (LC) requirements until PVO proposals submitted.
2 Other donors include US PVO, international agencies, local governments, third country governments, indigenous organizations, beneficiaries.
3 Projected non-US Government contributions based on historical records. Each grant will require a minimum of 25% of total project costs to be provided from non AID sources.
4 Training and workshop costs associated with strengthening ability of PVO and counterpart collaborators staff to design, manage and evaluate programs.
5 To obtain technical assistance for SPRDO to assess technical components of new and ongoing PVO projects, to carry out economic analyses, and to survey geographical or sectoral interests.
NOTE: Contingency and inflation will be treated during the review of each PVO proposal.

In conformance with the requirements of the AID Policy Paper, "AID Partnership in International Development with Private and Voluntary Organizations" (September 1982), as well as the 1982 evaluation of the SPRDO PVO programs, PVOs will share the costs of all co-financing grants: part of the 25 per cent non-AID funding requirement for co-financing grants will be a cash contribution to be obtained by the PVO from private sources. Non-AID contributions to PVO projects supported by SPRDO over the life of the PVO Co-Financing Project will follow general AID policy at the time of the grants are made. However, the non-mandatory but general SPRDO goal is to reach a "50 - 50" split between the SPRDO cash contribution and non-AID cash and in-kind contributions to co-financing projects.

C. Administrative Arrangements

1. Criteria for Processing PVO Grants

The major steps in processing unsolicited proposals from PVOs for funding under the PVO Co-Financing Project are outlined at Annex B. In evaluating project proposals, SPRDO will give preference to PVO development activities which:

--Help bring about one or more of the following changes in communities and target groups--increased agricultural productivity; basically, small private enterprise development and income generating projects, principally in the areas of fishing and livestock production and marketing; reduced infant mortality (primarily through improvements in potable water and sanitation facilities); controlled population growth; greater equality of income distribution; reduced rates of underemployment and unemployment; increased literacy; increased availability of alternative and renewable energy sources; and increased opportunity for all other appropriate small-scale private enterprise;

--Directly improve the lives of the communities and target groups, especially rural and urban poor;

--Have an education and training component which is linked to an existing demand for particular skills, and which can help increase the capacity of communities and target groups to plan and execute self-help local development projects;

--Promise continued benefits following the end of the project, and which can be widely practical in the South Pacific region in terms of conceptual soundness, organization, training, and cost; replicability is desirable but not required;

--Encourage and bring about local participation and financial support which, along with the PVO's own required cash contribution, would comprise a minimum of 25% of total project in-kind and financial costs; merits of co-financing proposals being comparable, preference will be given to proposals having larger non-AID and sponsoring PVO contributions;

--Can be administered with present PVO staff or with some strengthening of staff as clearly indicated in the project's implementation plan, and which are administratively viable after the period of planned AID assistance;

--Are financially feasible during the period of AID assistance, and whose design pays particular attention to covering recurrent and maintenance costs projected to occur after the period of AID assistance; activities should have the potential to become self-financing, either through self-generating income or by attracting funding from other private or governmental donors, or both;

--Are concentrated in development sectors and geographical areas which are consistent with SPRDO's own development strategy for the country or region; and

--Are of particular interest to national and local island governments as evidenced by approval or non-objection by those governments to the activity.

2. Schedule of Key Events:

August 1981	Draft PP for co-financing project completed. (SPRDO)
November 1981-March 1982	Audit and Evaluation (RLA Manila and AID/W)

January 1983	PP submitted to AID/W for approval. (SPRDO)
February 1984	PP approved. (AID/W)
February 1984 - September 1988	Development of PVO co-financing proposals. (PVO)
February 1984 - September 1988	Review of PVO proposals. (SPRDO-Embassies, Annex B)
February 1984 - September 1988	Prepare/execute grant agreements. (SPRDO/PVO)
February 1984 - September 1991	Implement PVO projects. (PVO)
February 1984 - September 1991	Monitor and evaluate PVO projects. (PVO-SPRDO)
September 1986 and March 1988	Evaluate PVO Co-Financing Project (SPRDO/AID/W).

3. Management of the Project

New PVO activities will be launched and completed at a pace which would create an on-going portfolio of about 20 to 25 grants to be monitored by SPRDO. Moreover, it is anticipated that SPRDO will maintain collaborative grant relationships with approximately 10-15 PVOs. This workload has been within the management capability of SPRDO; additional US direct hire staff are not required.

One AID direct hire officer will be assigned to SPRDO as Project Officer with primary responsibility for managing the project. The Project Officer will be assisted by two additional SPRDO officers and local staff, as well as the Regional Legal Advisor (RLA), Area Contracting Officer (ACO), and Controller at USAID/Manila. The diversity and geographical dispersion of the South Pacific Region place additional demands on management of the project and will require regular periodic travel by the Project Officer to make site inspections in many remote locations.

SPRDO is, however, able to depend upon 16 employees of US PVOs stationed in nine widely-scattered countries for day-to-day management of AID programs. In some cases, the

depth of management is intensified by the use of local nationals. In Tuvalu, for example, eight Tuvaluans stationed on separate islands have project management responsibilities and report to the US PVO project manager.

Through the PVO's project managers, SPRDO receives frequent reports and evaluations regarding the progress of their AID-supported activities. The PVO project managers also serve as de facto "management outreach" for SPRDO and are helpful in implementing other components of the AID South Pacific Regional program, especially AID/Peace Corps collaboration.

4. Delegated Authority

Upon authorization of the AID project, SPRDO/Suva will proceed with implementation by using operational support grants (i.e. OPG's) to U.S. and indigenous PVO's. This will require redelegation of authority to SPRDO to authorize and execute PVO projects using AID funding up to $2,000,000. A $2,000,000 redelegation limit is proposed because :

1) there exist South Pacific PVO support grants which exceed $1,500,000 and

2) the project will fund multi-project support grants exceeding the value of the average individual specific support grants.

Any PVO projects proposed to exceed this amount will be subject to ad hoc authorization.

SPRDO/Suva has access to staff having the experience and capability to review and monitor PVO projects up to $2,000,000. Contract, legal and controller skills are provided to SPRDO from AID/Manila. Other skills, such as engineering, health, agriculture, commodity procurement experts can be provided from AID/Washington or other field posts as needed.

AID funding will be used for proposals from PVO's selected using criteria stated in the project paper. This criteria is an updated version of that used by SPRDO for the previous project.

A review of the funding for previous and continuing support grants shows the majority of the PVO proposals funded were from $300,000 to $500,000. But several support grants were approved and executed above the $1,500,000 level. This pattern is expected to continue with an increasing number of grants exceeding the $1,500,000 level.

Authority to negotiate and execute OPS's to PVO's up to a $1,000,000 limit has been redelegated to SPRDO under Redelegation of Authority No. 99.1.200. (This Authority abolishes the previous Redelegation of Authority No. 99.1.106.)

Note: Annex I, APAC reporting cable State 058562, gives SPRDO the ad hoc authority to authorize PVO activities for Project funding up to a $2,000,000 limit for seperate activities. The reporting cable also allows SPRDO to continue funding approved, partially-funded, and in progress under the previous Project 879-0251.

D. Evaluation Plan

The PVO Co-Financing Project requires an approach to evaluation on two levels. The first level is evaluation of the overall AID project. The second level is evaluation of individual PVO projects.

1. AID Project Evaluation

The overall co-financing project will be evaluated in the third and fifth years. The evaluations will review the SPRDO organization, examine PVO projects, and assess the degree to which the achievement of the PVO project objectives contribute to the end of project status of the overall project. The 1982 evaluation, this Project Paper, and the SPRDO Country Development Strategy Statement will be the bases for a scope-of-work for these evaluations. The fifth year evaluation will have the additional objective of making recommendations for a possible follow-on AID project.

2. PVO Evaluation

Evaluation guidance provided to PVOs is in Annex C. The collaborating PVO has primary responsibility for conducting the PVO project evaluation. SPRDO participation will be as appropriate. Participation by the host governments is also desirable and encouraged.

A copy of each PVO's evaluation will be given to SPRDO. These, together with regular PVO project reports and site visit reports, will be used to decide the scope-of-work for the evaluations of the overall co-financing project. Should an individual PVO project be completed in less than a year, an evaluation will be conducted at the time of completion.

E. Negotiating Status

All US PVOs receiving grants under the co-financing project must be formally registered with AID in accordance with current AID regulations. All indigenous PVOs will be registered by SPRDO in accordance with current AID regulations prior to being eligible for project funds.

National and local government participation in PVO projects will be encouraged, but PVO co-financing activities must receive a non-objection statement from the appropriate host government. This non-objection must be negotiated and obtained by the PVO. Host country approval of the specifics of the PVO project is not required, but the PVO must document general host country approval or non-objection.

Department of State

Annex A

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ORIGIN OFFICE ASPD-03
INFO AAAS-01 ASDP-02 FVA-02 PPCE-01 PDPR-01 PPPB-03 PPEA-01
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AID/FVA/DVC:AHEYMAN (INFO)
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E.O. 12065: N/A
TAGS:
SUBJECT: SOUTH PACIFIC REGIONAL - PVO CO-FI PROJECT PP
(879-0001) --

REF: A. STATE 270580 (81); B. STATE 085273; C. STATE
112711

1. SUMMARY: PROJECT COMMITTEE (PC) RE-CONVENED MAY 6, 1982, TO REVIEW 9/22/81 VERSION OF THE PROJECT PAPER, IDENTIFY HOW UPDATED INFORMATION FROM THE RECENT EVALUATION AND AUDIT OF SPRDO MIGHT INFLUENCE THE PROPOSED PROJECT AND WHAT CONSTITUTES A SATISFACTORY PAPER FOR APAC'S EARLIEST REVIEW. HIGHLIGHTS OF PC DISCUSSION FOLLOW FOR SPRDO'S PURSUIT AS AUTHOR OF THE PP. END SUMMARY

2. FEBRUARY 1982 DRAFT EVALUATION OF THE AID SOUTH PACIFIC REGIONAL DEVELOPMENT PROGRAM AND THE MARCH 11, 1982, SURVEY OF AID'S SOUTH PACIFIC OPERATIONS CONTAIN MAJOR CONCLUSIONS AND RECOMMENDATIONS CRUCIAL TO THE FINAL PROJECT PAPER.

SPRDO'S AND PVO'S COMMENTS ON THE DRAFT EVALUATION AND SPRDO'S COMMENTS ON SURVEY WERE ALL CONSIDERED RELEVANT AND INTEGRATED INTO PC'S DISCUSSION (SEE ITEM 3 BELOW). THERE REMAINS THE TASK OF COMBINING THESE CONCLUSIONS, RECOMMENDATION AND COMMENTS INTO THE PAPER. THE PENDING PUBLICATION OF EVALUATION REPORT NEED NOT DELAY YOUR CONSIDERATION OF THE DRAFT REPORT'S FINDINGS INTO THE PROJECT PAPER. SPRDO WOULD ADVISE WHICH PORTIONS OF TH PAPER NEED REWRITING AS RESULT OF ITS CONSIDERATIONS OF THE CONCLUSIONS AND RECOMMENDATIONS.

3. WHILE SPRDO REFLCTS ON UPDATING THE PAPER, THE FOLLOWING ITEMS SHOULD ALSO BE CONSIDERED:

3A) RURAL DEVELOPMENTACTIVITIES -- WE RECOGNIZE THAT EVALUATION TE RELIED ON A NARROW DEFINITION OF RURAL DEVELOPMENT. EVERTHELESS, FOR FOLLOW-ON PROJECT, IT IS ESSENTIAL THAT RIORITIES BE RESTATED AMONG THE VARIOUS TYPES OF RURALDEVELOPMENT ACTIVITIES THAT WILL BE CONSIDERED FOR FUNDIN . WE SUGGEST THAT THE FOLLOWING AREAS BE CONSIDERED FO THE HIGHEST PRIORITY: A) INCOME GENERAT,ON ACTIVITIES,'B) HUMAN RESOURCES DEVELOPMENT AND C) TECHNOLOGY TRANSFER. IT IS ESSENTIAL THAT THE PAPER PRESENT SPRDO'S POSITION.

3B) INDIGENOUS PVOS--WE ASSUME THAT PVO PROGRAM WILL ENCOURAGE AN INCREASING ROLE FOR INDIGENOUS PVOS AS FEASIBLE. ONE SUGGESTION IS THAT PROJECT SET ASIDE FUNDS FOR INDIGENOUS PVOS AND USE SPECIAL SET OF SELECTION AND EVALUATION CRITERIA.

3C) COST OF PROJECT -- BOTH DOLLARS FOR BENEFICIARY AND STAFF PER DOLLAR OF SOUTH PACIFIC'S PVO ACTIVITIES DEMONSTRATE PROPOSED PROJECT TO BE AN EXPENSIVE ACTIVITY. WE ARE SUGGESTING THAT PAPER CONTAIN SOLUTION SHOWING HIGH COSTS RECEDING OVER PROJECT LIFE BY USING STRATEGY WHICH INCREASES PVOS CASH CONTRIBUTION AND BY IMPROVING DESIGN OF SUB PROJECTS TO YIELD LARGER NUMBERS OF BENEFICIARIES.

3D) REDELEGATION OF AUTHORITY -- SPRDO NOW HAS REDELEGATION OF AUTHORITY NO 99.1.106 TO EXECUTE SEPARATE OPGS UP TO DOLS 1.0 MILLION. WE DO NOT HAVE SPRDO'S JUSTIFICATION FOR A DIFFERENT REDELEGATION OF AUTHORITY FOR OPGS UNDER PROPOSED CO-FI PROJECT. PLEASE ADVISE IF REDELEGATION OF AUTHORITY ADVERSELY AFFECTS YOUR ABILITY TO EXPEDITE OPGS UNDER PROPOSED PROJECT.

3E) PRESENT ADMINISTRATION'S SPECIAL CONCERNS -- PRIVATE BUSINESS SECTOR (SEE ALSO CDSS CONCERN PARA 2 REF B), TECHNOLOGY TRANSFER, INSTITUTIONAL DEVELOPMENT, ECONOMIC ANALYSIS ARE AREAS OF SPECIAL CONCERN WHICH THE PROJECT PAPER NEEDS TO ADDRESS. PART A OF REF C (THE ABS GUIDANCE) IS ESPECIALLY GOOD IN SUMMARIZING THE NEW AID PHILOSOPHY.

3F) DATA COLLECTION FOR EVALUATION AND ECONOMIC ANALYSIS -- EVALUATION AND SURVEY REVEALED THAT DATA COLLECTED FOR EVALUATION AND ECONOMIC ANALYSIS SHOULD BE IMPROVED. THE EXTENT OF DATA COLLECTION DEPENDS ON TYPE OF ACTIVITY AND FUNDING LEVEL. THEREFORE, SPRDO SHOULD SPELL OUT ITS PLAN FOR REGULAR DATA COLLECTION. WE SUGGEST STRICT GUIDELINES BE INCLUDED IN PROJECT PAPER AND AT SAME TIME, FLEXIBILITY BE BUILT INTO THE GUIDELINES. ONE OPTION SUGGESTED AT PROJECT COMMITTEE WAS THAT AMOUNT OF PROJECT FUNDS BE SET ASIDE FOR REGULAR DATA COLLECTION FOR EVALUATION AND ECONOMIC ANALYSIS. ONE INDIVIDUAL COULD UNDERTAKE THE TASKS FOR DESIGNATED OPGS FOR 3-4 MONTHS ON ANNUAL BASIS.

4. PLEASE ADVISE IF ANY AID/W ASSISTANCE IS NEEDED AND ESTIMATED DATE FINAL PP WILL BE AVAILABLE. HAIG.

Annex B

PROCESSING PROCEDURES FOR GRANTS TO SOUTH PACIFIC PVOs

The following procedures are outlined for unsolicited proposals from private and voluntary organizations for grants from the South Pacific Regional Development Office:

1. The Project Review Committee is composed of the following:

Regional Development Officer	- Suva
Assistant Regional Development Officer	- "
Rural Development Advisor	- "
Area Contract Officer	- Manila
Regional Legal Officer	- "
Controller	- "
Ambassador (Concurrence)	Appropriate Country

2. The South Pacific Regional Development Office (SPRDO) will advise active PVOs in the South Pacific annually of indicative planning figures for grants in the various countries of the South Pacific.

3. Normally a PVO will contact SPRDO prior to proceeding with developing a grant proposal. At that point the PVO should be apprised of the interest or lack thereof of SPRDO in the proposal. Assuming there is an interest in the proposal, the next step will be made by the PVO.

4. Upon receiving a fully developed proposal from a PVO, with evidence of no objection from the concerned government, copies will be sent within a week to the South Pacific Desk Officer in Washington, the concerned US Embassy and the Area Contract Officer in Manila. Each will be asked for any comments they care to make at that point, with the exception of the Area Contract Officer who will be asked for an assessment from his standpoint.

5. Three program officers in SPRDO/Suva will each write an independent assessment of the proposal. The project criteria specified in Section IV., C., 1, of the Project Paper; current AID policy; and AID Asia Bureau/SPRDO strategy will guide these assessments. These independent assessments plus comments of the concerned US Embassy and the AID Area Contract Officer will constitute the basis for an initial determination of the practicability of the grant.

6. After these assessments have been gathered, the three program officers in SPRDO will meet to discuss and make determinations of the viability of the proposal.

7. Normally, a member of SPRDO, or other USG official, will visit the concerned country and examine the proposal on the ground with concerned indigenous personnel.

8. Following any site assessment, the three program officers will meet to decide whether to accept the proposal or to return the proposal for further information. (SPRDO is responsible to assure that required technical competence is available if necessary for considering proposals. It is not SPRDO's intention to conduct in-depth technical reviews of PVO proposals but rather do a brief technical review to identify any major impediments likely to effect the success of the project.)

SPRDO's consideration of proposals will be in accord with guidance in Appendix 6A ("Major Steps in Planning and Implementing Development Projects" of AID Handbook 3 and/or AIDTO Circular A-134 (March 18, 1978).

9. A final decision to either accept or reject the PVO's proposal for AID funding will be made in a meeting of the three program officers in Suva. In case of absence of any of these members, two will be considered a quorum.

10. If the project is rejected, the PVO will be notified in writing. If the project is acceptable, SPRDO will cable a recommendation of the project to the appropriate US Embassy asking for their concurrence.

11. SPRDO will issue a PIO/T for preparation of a suitable grant document.

12. The concerned PVO will be notified of acceptance and advised of the status of processing the AID funding document.

13. Upon receipt of the Area Contract Officer's concurrence, SPRDO program officers will meet once again for final discussion, a fund cite will be obtained from Manila, the grant document will be put in final form, the grant will be signed and sent to the PVO for acceptance and signature.

South Pacific Regional Development Office
U. S. Agency for International Development

American Embassy
POST Office Box 218,
Suva, Fiji.

Annex C

February 10, 1983.

Mr. Charles Greenleaf
Assistant Administrator
Bureau for Asia - Rm. 6212 NS
Agency for International Development
Washington, D.C. 20523.

Dear Charles:

I am enclosing a letter and materials which has recently gone to each Private Voluntary Organization Headquarters, and each of their Country Directors involved in the South Pacific, on evaluation of AID PVO grants. I believe that the revised Evaluation Guidelines included in this packet will provide even more precise information on the progress or lack thereof of a project.

This office spent most of 1982 concentrating on the examination of PVO evaluations to determine how they might be made more specific within reasonable limits. What came through clearly was a lack of specifics on beneficiary impact. I discuss this point in the cover letter to PVOs and have also revised enclosure to, to the Evaluation Guidelines to reflect this all important subject in more specific terms.

I believe we will see during the coming year much more precise annual evaluations which will allow us all to document the cost of doing business in the South Pacific, as well as to determine the viability of a given program.

I hope you will find this information useful.

Regards.

Sincerely yours,

Encl: a/s.

Robert V. Craig, Sr.
South Pacific Regional
Development Officer.

South Pacific Regional Development Office
U. S. Agency for International Development

American Embassy
POST Office Box 218.
Suva, Fiji.

February 10, 1983.

Sent to Private Voluntary Organization Headquarters
and each of their Country Directors .

Because evaluation is so critical to the success of South Pacific PVO activity, the South Pacific Regional Development Office declared 1982 as year of the evaluation. We have devoted a large part of our time analysing evaluations on specific projects in order to determine just what is the art of the possible.

There are some who would say that the Pacific programs are diverse and numerous, and not subject to evaluation. I think this has been throughly disproved in the course of the past year.

Evaluation is important for two reasons, first it allows the PVO to judge the progress or lack of progress of a specific program and determine whether to continue it as planned, restructure it, or in rare cases, abandon it.

Secondly, evaluations demonstrate the true value of a given program and in the end the total value of the South Pacific Program, which is primarily operated by the US PVO community.

I have noted during the year that evaluations are becoming more and more specific, which is to your credit. I am enclosing with this letter a copy of the best evaluation I have seen to date prepared by the YMCA in Western Samoa. Although all activities have not been documented to such detail, the rural development aspect of this activity, which aimed at increasing crop production, has not only been wildly successful, but expertly documented. The nut of the evaluation can be found on page 7, which shows that the cost of rural work since 1978 has been $98,282. The value of the increased production in crops is $2,836,292.00; a breath-taking result which shows what people can do when properly motivated. The YMCA, not satisfied with simply producing more crops, took charge of export marketing of taro to New Zealand to assure a market for the increased production.

If we take the total cost of all activities to USAID for all years, there is not enough documentation in the evaluation to demonstrate the value of the project. Additional data would be required in order to identify all beneficiaries. The degree to which they benefitted, and the cost per beneficiary. But that point that the rural development section alone demonstrates what can be done in

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it could not have done such a splendid job of evaluation.

This aspect of beneficiary impact is probably the weakest point in PVO evaluations now, and I would like to ask that some additional attention be placed on the question of beneficiary impact. It really answers the question "what good did it all do?".

In answer to a request for information from AID Washington, I wrote to PVO Country Directors in November, asking if they could provide information on beneficiary impact. The results were very impressive indeed. I have enclosed one sample from Charles Kick, IHAP Country Director in Solomon Islands. His program is particularly difficult to analyse because it consists of almost 100 sub-projects, but you will notice that the projects have fallen into several categories. It is also clear that the necessary baseline data had been gathered in order to allow such an analysis.

Taking the first item, water supplies. An important bit of baseline data is the number of people who will be served by a given water system in order to determine the cost per capita of the system. Also note that the analysis has broken down not only the AID input but the other inputs as well.

There are other excellent examples of beneficiary impact analyses, but I think this one suffices to illustrate the art of the possible. You will note finally that three projects have been reported as failures. This is a candid statement of fact, which I believe adds credibility to an already well documented statement.

Based on what we have learned in 1982, I have revised the SPRDO guidelines for "Evaluation of Private and Voluntary Organizations (PVOs)" to reflect the need to address beneficiary impact in more specific terms. I am enclosing a copy of that revised document. I have added a lengthy section to enclosure 2 under Section II Work to Date which explains beneficiary impact in some detail.

I hope you will find this somewhat lengthy letter and the enclosures useful. It is my hope that the South Pacific PVO Program will flourish in the years to come. The ability to demonstrate the viability of a program through adequate evaluations is of paramount value to us all in future.

Regards.

Sincerely yours,

Enclosures: a/s. --not included in Project Paper annex

Robert V. Craig, Sr.
South Pacific Regional
Development Officer.

South Pacific Regional Development Office
U. S. Agency for International Development

American Embassy
POST Office Box 218,
Suva, Fiji.

EVALUATION OF PRIVATE AND VOLUNTARY ORGANIZATIONS (PVOs)

REVISED JANUARY 28, 1983.

Each PVO grant in the South Pacific specifically requires evaluation of the activities under the grant by the grantee at least once a year with a final evaluation at the end of the program.

Grants now operative in the South Pacific were drawn up under Asia Bureau revised guidelines and procudures for Bureau operational program grants (OPGs) issued March 18, 1978. Those guidelines which appear at Attachment 1 to this document list major components of an OPG.

One of the purposes of this listing of major components is to make it easier for both PVOs and AID to identify prior to approval of the grant, during the implementation of the grant, and at the end of the grant, areas which should be covered in evaluations.

There is nothing mystical about the evaluations sought by SPRDO in connection with PVO grants. The process of evaluation is simply a process in which the PVO Country Director examines the progress of a program determines whether or not it is meeting the goals it set out to meet and outlines any proposed changes needed to improve the operation of the program. In other words, it is that all-important manager's look at a program to see how it is going. The country director's work is then sent to the PVO home office for review and submission to SPRDO.

Of the major components in the list, the most important for evaluation purposes are: II. Work to Date, III. Baseline Data, V. Time Frames and VII. Goals. In a final evaluation of the grant, VIII. Post-Project Expectations also plays a part in the evaluation.

Here is a simple example of the process of evaluation. Let us assume that a PVO has been given a grant for the purpose of improving incomes of a given group of villagers. The proposal, under III. Baseline Data, should identify the current levels of income of the target population. This might be done in terms of production rather than dollars in that inflation alone tends to throw off baseline data over a period of years.

It is also possible that the data cannot actually be presented at the time of the proposal, in which case, gathering such data is a required first step for the PVO when it actually begins activities.

Such data might be gathered by surveying participants in the activity to determine the number of acres each participant has, types of crops he is growing and annual production of each crop. This body of information becomes essential as the program progresses in order to determine what impact, if any, the PVO grant is having on the target population.

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The importance of major component V. Time Frames is that it should lay out year-by-year what activities under the program are expected to be completed, how many people trained, how many additional acres put in production, etc. This allows the evaluator, during any given year of the program, to measure progress as originally anticipated in the time frames with the actual progress on the ground. The evaluator, using the baseline data and time frames, measures these and compares them with VII. Goals to determine whether or not the program is proceeding in the right direction. The actual progress to date towards the goals would be recorded under III. Work to Date. Seldom does a program proceed exactly as laid out in its original proposal. Should such a situation occur, the evaluator's job is simply to confirm that everything is going according to the original plan.

Such perfection is, however, seldom the case. What the evaluator finds out is likely to change other aspects of the program. It is conceivable that I. Problem of the major components, itself, may be somewhat changed by an evaluation. In that the problem once having been worked on may turn out to be not quite what it appeared at the beginning.

IV. Methodology under the major components might be changed as the evaluator concludes that some part of the current methodology is not producing the desired results in part or all of the program.

V. Time Frames themselves may change. If the program is going slower than expected or faster than expected. VI. Assumptions of the major components may also change as it is discovered that one or more assumptions are incorrect. Other major components such as VII. Goals might be adjusted either higher or lower depending on what is found out during an evaluation.

Both X. Financial Narrative and XI. Budget could be affected by the findings of an evaluation.

In the end, an evaluation should address the question of what, if anything, should be changed in the major components of the grant.

Generally speaking, it is highly desirable to involve elements of a host country in an evaluation. First of all, it gives host government officials an opportunity to observe the work of the PVO and hopefully see benefits derived therefrom. It may also play an important role in influencing a government in adopting a methodology which would improve its own operations in similar areas of work or perhaps even lead to government replication of a PVO grant.

A representative of AID will, in some cases, but not in all, participate in evaluation of grants in the South Pacific. Therefore, it is important that PVOs inform SPRDO of scheduled evaluations so that it can plan participation.

There is one final but very important aspect of evaluations that should be understood by us all. In addition to their critical importance in allowing good management of grants, they serve to leave a record of accomplishment or, in rare cases, failure. If PVO grants were not evaluated, the assumption would be, of necessity, that there is no proof of the value of grants in the South Pacific. They also serve as vehicles through which to request changes in grants to SPRDO.

EVALUATION OF MAJOR COMPONENTS OF AN OPERATIONAL PROGRAM GRANT

I. PROBLEM:

Has the problem you are attempting to address changed in any significant fashion from the problem described in the original proposal? If so, the problem should be accordingly re-defined.

IIa. WORK TO DATE:

The original proposal includes activities aimed toward solving the problem prior to the beginning of the grant. In the evaluation, work to date should cover activities from the beginning of the grant until the time of the evaluation.

The work to date should be a description of the verifiable progress made under the grant as it relates to baseline data, time frames and goals. In addition to quantifying results by comparing baseline data to changes in that data at the point of evaluation, there is something to be said for a subjective analysis of progress where warranted. For example, under a program designed to increase agricultural production it is possible to state in numerical terms any change in agricultural production since the project started; but, a country director may also have a feel for the attitude and motivation of people involved in the project by having direct contact with the people. In this case, a description of these changes would be most appropriate under this section.

IIb. BENEFICIARY IMPACT:

What has been the impact of this project to date? In other words, how many people have been benefitted, in what ways, to what degree and what did it cost? A simple illustration might be as follows.

Let us assume that the AID grant was for $200,000 and other inputs are $100,000 over a period of three years to train carpenters. On the second year evaluation the information might look something like this.

AID expenditures for a two year period: $133,200; other costs $60,000; total, $193,200. Fifty-one students have graduated at an average cost of $2,600 per student for a one year course. Fifty students still in school. Of 51 students graduated, 37 have found salaried or self-employment with total approximate income for all at $74,000 per year. Nine are still unemployed, 5 are unaccounted for. Total number of direct beneficiaries to date are the 51 graduates, plus 50 still in training.

Other direct beneficiaries are the dependent members of the employed graduates totally 185, making a total of direct beneficiaries of 286 persons, or an average cost of $675.52 per beneficiary. Assuming the 37 students retained their jobs, the ratio of investment in the program to the income earned will drop dramatically. If additional graduates obtain jobs, that will accelerate the ratio. In the course of 1 year, after graduation the 37 students now employed, who were formerly unemployed, will have made $74,000 in income, almost ¼ the original grant. If the grant is continued past three years, the total number of graduates earning income will increase.

Assuming an annual income of $74,000 per class, the income of two classes would be generating $148,000 per year while continuation of training would only be $100,000 a year.

III. BASELINE DATA:

A number of South Pacific grants have been made with the understanding that baseline data could not be gathered prior to the beginning of the grant. By the end of the first year, however, an evaluation should identify the specific baseline data against which progress is to be measured. In grants with a number of different components baseline data will probably vary from one component to the next and in some cases, from year to year.

As an example, if a component of the grant involves the provision of potable water to a series of communities, the baseline data should consist of the status of available potable water in each of the communities prior to execution of the component. If a component of the activity involves increase of agricultural production in a series of communities, the baseline data would consist of the actual production in those communities or among the participants at the start of the activity. The information under this section is to be used by the evaluator in assessing the degree to which the activity is moving towards its goals under VII.

IV. METHODOLOGY:

Methodology should be somewhat treated in the same light as I above. If the methodology outlined in the proposal has changed or needs to be changed materially, then the evaluation should outline the problem and the changes needed.

V. TIME FRAME:

The evaluation should consider the original time frame and measure whether or not the activities outlined in the original time frame have been met to date. It often develops that PVO activities move at an either faster or slower rate than the originally proposed time frame. The evaluation should attempt to identify which is the case in the grant under review. Inasmuch as programs usually begin sometime after a grant is signed, the evaluation should identify the actual beginning of the program. If a grant is signed in May and work gets underway in October, the program year should be identified in October.

VI. ASSUMPTIONS:

Original assumptions should be reviewed to see if the list is still valid or whether or not additions or delegations are necessary. Assumptions which require a positive input such a goverment entity agreeing to provide certain services or funds should be evaluated to determine whether or not the assumption that the services or funds would be provided is accurate.

VII. GOALS:

Considering baseline data in IV above, how has the project progressed towards its goals as outlined in V ? Are the goals still valid? Are they too high? Are they too low?

VIII. POST-PROJECT EXPECTATIONS:

This section differs from Goals in that it outlines what the PVO would expect to see in the fields of continuation and replication after the expiration of the current grant. The evaluation should consider: whether or not PVO inputs will be needed after the current grant expires or whether it will function without PVO assistance. If additional assistance is projected by the evaluation, an attempt should be made to identify at what magnitude assistance should continue and for what purposes.

IX. EVALUATION:

Based on this evaluation, consider whether or not the evaluation plan laid out in the proposal requires revisions.

X. FINANCIAL NARRATIVE:

This section, which is a narrative description of how the budget relates to the program, would change only where the budget itself changes materially in its components.

XI. BUDGET:

The original proposal contains a projected budget for the program. One of the major purposes of the annual evaluation is to document actual expenditures during the past year both of AID funds and other inputs.

The AID portion of the budget should be prepared in the same detail as the original proposal but reflect the actual expenditures as opposed to total expenditures for each program year completed.

Inputs other than AID should also be listed separately by donor, amounts and types of input (whether in cash, in kind, or both).

This section of evaluation should also revise future year funding to reflect changes in future year budget projections. Again, it is a matter of recomputing future year budgets based on experience to date.

INITIATING PROPOSALS TO CHANGE A GRANT:

Having evaluated a PVO grant, the PVO may wish to propose changes in any of the 11 sections discussed earlier. The South Pacific Regional Development Office is prepared to consider such changes annually in order to provide flexibility to PVOs. However, proposed changes desired should be presented in writing along with the evaluation with a request that the grant document be amended accordignly. Subject to this office's approval, this allows PVOs to update budgets, request extension, of the grant when desired, as well as other important aspects of the grant.

Annex D

Status Summary

South Pacific Regional Development Office
PVO Grant Program
Distribution of Project AID Funds
Among Participating Countries

FY 77 - FY 83

No.	Country	Total AID Funds Approved ($000)	%	No. of Projects	%	No. of PVOs Operating In
1.	Papua New Guinea	$ 4,153.7	28	5	19	3
2.	Tonga	$ 2,169.9	15	3	11	2
3.	Fiji	$ 2,032.2	14	6	23	4
4.	Western Samoa	$ 1,612.9	11	4	15	3
5.	Solomon Islands	$ 1,575.5	11	2	8	2
6.	Tuvalu	$ 1,157.9	8	1	4	1
7.	Kiribati	$ 719.7	5	2	8	2
8.	Cook Islands	$ 718.1	5	2	8	1
9.	Vanuatu	$ 498.6	3	1	4	1
10.	Niue	--	--	--	--	--
	Totals	$14,638.5	100	26	100	10

Annex D

Status Summary

South Pacific Regional Development Office
PVO Grant Program
Distribution of Project AID Funds
Among Participating Countries

FY 77 - FY 83

o.	Country	Total AID Funds Approved ($000)	%	No. of Projects	%	No. of Countries Operating In
1.	Foundation for Peoples of South Pacific	$ 4,971.9	34	8	31	5
2.	International Human Assistance Programs	$ 3,054.9	21	6	23	4
3.	Summer Institute of Linguistics	$ 1,623.9	11	1	4	1
4.	Save the Children Federation	$ 1,551.9	11	2	8	2
5.	Helen Keller International	$ 898.6	6	1	4	1
6.	Young Men's Christian Association	$ 741.8	5	2	8	2
7.	Fiji Council of Social Services	$ 715.9	5	2	8	1
8.	Agriculture Cooperative Development International	$ 491.3	3	1	4	1
9.	Catholic Relief Services	$ 374.3	3	2	8	1
.0.	The Asia Foundation	$ 214.0	1	1	4	1
	Totals	$14,638.5	100	26	100	9

Hawkins, Genta A., et. al. "Evaluation of the AID South Pacific Regional Development Program Channeled Through Private and Voluntary Organizations." Washington D.C.: USAID, February 1982.

I. EXECUTIVE SUMMARY

A. Problem and Overview

The South Pacific Region covers approximately 6 million square miles of territory with over 10,000 islands. Only 2 percent of that area is land and 86 percent of the land belongs to one country - Papua New Guinea (about 178,000 square miles). The population of the region is approximately 6 million people who are governed by 21 governments - the smallest political units in the world with some of the most diverse political structures. Over half of the population is located in Papua New Guinea and almost 25 percent of all the languages in the world are spoken there. De-colonization began late and is still underway. Travel between islands and in-island is extremely difficult and costly because of the great distances and lack of infrastructure (no road traverses Papua New Guinea). The economy of the South Pacific has often been described as "affluent subsistence" because of its reputed fertile soil and South Seas climate. There are, however, major development problems shared and recognized by the countries of the region. These include: consumption exceeding production; human resources development; rural-urban drift, underemployment and unemployed school leavers; need for institutional change from traditional to modern money economy; lack of infrastructure; population growth and land tenure problems; need to bring women into the development process; and dependence on foreign aid for general budget support and development.

B. U.S. and Other Assistance

Since 1977 USAID has contributed $13.36 million (not including $3 million in AID central funding) to the South Pacific Region - all through intermediaries: $2.71 million to regional programs; $.674 million to the Accelerated Impact Program (AIP); $8.53 million through ten Private Voluntary Organizations (PVOs) in nine countries (see Appendix C). The program is administered through the South Pacific Regional Development Office (SPRDO) established in 1978 in Suva, Fiji. The staff is composed of four direct-hire AID employees. The major donors in the region are Australia, New Zealand, and Great Britain which give up to 40 percent of some countries' total budget in block grants. The Multilateral Development Banks (World Bank and the Asian Development Bank), UN agencies, EEC, numerous PVOs, volunteer groups and missionaries from many countries are also present in the region (see Appendix E).

C. PURPOSE OF THE PRESENT EVALUATION

The subject of this evaluation is the $8.53 million program channeled through ten PVOs in nine countries. Each PVO has responsibility for evaluation but AID reserved the right to undertake its own evaluation. Until this time no AID evaluation of either specific projects or the program had been undertaken. The focus of this evaluation is the program as a whole. Its purpose twofold: to examine both PVO administration and management and their effectiveness and impact on development activities; and to provide guidance for future PVO programming in the South Pacific. The evaluation team visited 30 project sites of six PVOs in five countries.

D. Program Accomplishments

In a three year period AID has introduced six PVOs to the South Pacific and managed a $3-5 million program a year in nine countries with four direct-hire staff. Two major strong points of the program are human resources development and local participation. There is an element of training in all projects and a high degree of participation in decision-making and implementation by the villagers. Another significant aspect of the program is the innovative and numerous outputs produced in a short time at low cost. The PVOs have established linkages with host governments, local and other overseas PVOs and volunteer groups. They have also worked closely with the Peace Corps by using volunteers on project sites and managing Accelerated Impact Program (AIP) funds. Although only two of the PVO field officers had previous experience in the South Pacific (other than three country nationals) and eight had development background, most have learned the local language and have an understanding of both government operational patterns and traditional leadership structures. The use of PVOs has not lessened the host governments' preference for government-to-government assistance, but most recognize the special role that PVOs play especially at the village level.

E. Effectiveness

The program is addressing a grassroots level to which few other international donors or national governments' programs are directed. The most effective part of the program are projects which set in motion a sequence of development rather than discrete interventions. In these projects productivity was increased as a means of achieving other objectives. In educational activities those projects which seek transfer of technical or specific information and skills are more effective than those of a general nature such as nutrition education or literacy. In women's activities those which start with home improvements and move to community problems are more effective than those concerned with building a national organization.

F. Major Recommendations

1. That the PVO program be retained as a suitable, almost personalized, expression of the concern of the American people.

2. The next phase of the program needs to concentrate on moving from outputs to achievement of project purpose.

3. Project proposals would be strengthened by including: baseline data; more specific project purpose statements; and a specific evaluation plan.

4. The issues to be reviewed as projects come up for extension or additional funding include: increasing number of beneficiaries and lowering administrative costs for institution-building projects; sustainability, and PVO contributions to projects.

4D

AID 1020-28 (1-72)

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY 84 to FY 88
Total U.S. Funding $20,000,000
Date Prepared: December 1983

Project Title & Number: PVO Co-Financing 879-0001

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Program or Sector Goal: The broader objective to which this project contributes: To assist selected South Pacific island communities in addressing their own basic needs, primarily through appropriate training and education activities.	**Measures of Goal Achievement:** 1. Increased access to training and reduced rates of unemployment and underemployment. 2. Increased levels of national income accompanied by more equitable distribution of income. 3. Communities implement additional development programs on their own or with lower levels of assistance from outside.	1.Regional, national and local data regarding manpower utilization, income levels and income distribution. 2.Regional, national and local studies and reports regarding education and training. 3.Community funding data on self-initiated development programs.	**Assumptions for achieving goal targets:** 1.Private resources from beneficiaries and cooperating private agencies are available and can be utilized. 2.Communities and individuals perceive the future as changeable and accept a major responsibility for creating change. 3.Favorable balance of payments and foreign exchange levels can be maintained.
Project Purpose: To support development activities of US and South Pacific private and voluntary organizations (PVOs) which assist, on a collaborative basis, the social and economic improvement of rural and urban low-income groups.	**Conditions that will indicate purpose has been achieved: End of project status.** 1. Increased numbers of PVOs and project sites in the region. 2. Increased capacity of PVOs to design and implement local development projects. 3. Increased PVO/USAID emphasis on impact analysis and evaluation of their activities.	1.USAID/PVO reports on project progress; data from PVOs on projects financed with own funds and/or with non-AID donors. 2.Baseline data surveys prior to sub-project implementation and analysis of changes in the base over project life. 3.Assessment of quality/content of PVO project proposals and management/financial reports.	**Assumptions for achieving purpose:** 1.Co-financing funds will be added to and not substituted for the PVO's own development program budget. 2.AID policy continues to coincide with PVO policies. 3.South Pacific nations continue to accept assistance through PVOs and permit PVOs to operate.
Outputs: 1. Number of PVOs participating in co-financing program. 2. Number of sub-projects begun. 3. Number of sub-projects completed. 4. Number of direct beneficiaries.	**Magnitude of Outputs:** (Cumulative Planning): Thru FYs 83* 84 85 86 87 88 1.Participating PVOs 10 10 11 11 12 12 2.Projects Begun 26 29 32 35 38 40 3.Projects Completed 5 7 10 12 17 18 4.Beneficiaries (000s) 170 185 200 250 265 300 *Funded by 498-0251 and 879-0251	1.Reports by USAID on overall project progress. 2.PVO financial/periodic status reports on grant activities. 3.On-site evaluations by PVO/Host Government/USAID. 4.Periodic audit by USG and independent auditors on overall project and sub-projects.	**Assumptions for achieving outputs:** 1.PVOs assign some priority to increased activity in South Pacific and they develop/maintain adequate managerial/financial capacity. 2.PVOs are willing to collaborate with AID and the USG/AID maintains its policy of support to development programs of PVOs. 3.Realistic project targets and implementation schedules are identified by PVOs and approved by USAID.
Inputs: 1. Equipment, Supplies, Transportation of Goods 2. Services, Wages, Salaries, Honoraria 3. Construction Materials 4. Training, Workshops, Seminars 5. Travel, Transport of Personnel, Per Diem 6. Technical Assistance	**Implementation Target (Type and Quantity)** Implementation Target (Type and Quantity) (In $000s) FY 84-88 1. Grants to PVOs $19,300 2. Program Development and Support 700 3. PVO/Others Contribution 20,000 $40,000	1.PVO project proposals and grant agreements signed. 2.PVO financial, statistical and narrative progress reports. 3.USAID review of overall and PVO sub-projects. 4.Training sessions and workshops held.	**Assumptions for providing inputs:** 1.USAID receives, and is able to program, annual Congressional appropriations for PVO development programs. 2.Sanction & participation of local & central government bodies is successfully sought/obtained by PVOs and local target groups for their projects. 3.PVOs make effort to include local participation in sub-project design and implementation.

PVO CO-FINANCING PROJECT 879-0001
PROJECT CHECKLIST

Annex G

Listed below are statutory criteria applicable generally to projects with FAA funds and project criteria applicable to individual fund sources: Development Assistance (with a subcategory for criteria applicable only to loans) and Economic Support Fund.

A.	GENERAL CRITERIA FOR PROJECT	
	1. FY 79 App. Act Unnumbered; FAA Sec. 653(b); Sec. 634A. (a) Describe how Committees on Appropriations of Senate and House have been or will be notified concerning the project; (b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than $1 million over that figure)?	a. Presented on page 119 of FY 1982 CP (Annex II) for Asia. b. Yes
	2. FAA Sec. 611(a)(1). Prior to obligation in excess of $100,000, will there be (a) engineering, financial, and other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?	a. Yes b. Yes
	3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?	N.A.
	4. FAA Sec. 611(b): FY 79 App. Act Sec. 101. If for water or water-related land resource construction, has project met the stands and criteria as per the Principles and Standards for Planning Water and Related Land Resources dated October 25, 1973?	N.A.
	5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed $1 million, has Mission Director certified and Regional Assistance Administrator taken into consideration the country's capability effectively to maintain and utilize and project?	N.A

6. FAA Sec. 209. Is project susceptible of execution as part of regional or multilateral project? If so why is project not so executed? Information and conclusion wheather assistance will encourage regional development programs.	Project will be executed as a regional project.
7. FAA Sec. 601(a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.	The project expects to develop appropriate human resource skills in various aspects of agriculture and education, foster private initiative as well as encourage the development of cooperatives. Other items not applicable.
8. FAA Sec. 601(b). Information and conclusion on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).	The project encourages private US participation in foreign assistance programs through US Private Voluntary Organizations. As their pilot efforts take hold, US private investors may have an opportunity to invest in small scale Industries. Many of the independent nations, this project reaches enacted laws to provide built-in incentives for encouraging private capital investment.
9. FAA Sec. 612(b); Sec. 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized to met the cost of contractual and other services.	Financial and in-kind contributions of both private and governmental local organizations are an integral part of project budgeting.
10. FAA Sec. 612(b). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?	No

11. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rulers allow otherwise?	YES
12. FY 79 App. Act Sec. 608. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar, or competing commodity?	No

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a. FAA Sec. 102(b); 111; 113; 281a. Extent to which activity will (a) effectively involve the poor in development, but extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries?	Project will benefit the poor and disadvantaged by developing talent with appropriate technical skills through education to client groups. Also many technical skills will be oriented toward small scale cost-effective packages of improved practices appropriate to the small scale economics in the South Pacific region.

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

(1) [103] for agriculture, rural development or nutrition; if so, extent to which activity is specifically designed to increase productivity and income or fural poor; [103A] if for agricultural research, is full account taken of needs of small farmers;

Yes. Projects similar to those in the PVO program evaluation (Annex E) will be carried out under the project. All governments have given priority attention to increasing food production.

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

Yes. Through low-cost delivery systems of potable water. PVOs are active in nutrition education and WCH care per projects similar to those outlined in the PVO program evaluation (Annex E).

(3) [105] for education, public administration, or human resources development; if so, extent to which activity stregnthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, or strengthens management capability of institutions enabling the poor to participate in development;

Yes. Projects similar to those in the PVO program evaluation (Annex E) will be carried out under the project. Decentralization in the Island nations is a goal. PVOs are training indigenous personal to assume responsibility at local level.

(4) [106] for technical assistance, energy, research, reconstruction, and selected development problems; if so, extent activity is:

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

Yes. USPVO's such as VITA and ATI, provide funds for pilot efforts which will be adapted as appropriate.

45

(ii) to help alleviate energy problems;

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

(iv) reconstruction after natural or manmade disaster;

Through a central grant research is now underway to determine the most appropriate ways PVOs can respond to natural disaster reconstruction of houses and farms.

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

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

Yes. Through the use of cooperative assistance with ACDI.

c. [107] Is appropriate effort placed on use of appropriate technology?

Yes. As outlined in PVO program evaluation (Annex E), all projects are geared to what is appropriate to small island nations from a practical and cultural view point.

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

PVO's will provide at least 25% of overall project costs. AID will contribute a maximum of 75%.

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

No.

f. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civil education and training in skills required for effective participation in governmental and political processes essential to self-government.	The project will specifically address local problems identified by the local people using primarily local initiatives and felt needs of people.
g. FAA Sec. 122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase or productive capacities and self-sustaining economic growth?	Yes
2. Development Assistance Project Criteria (Loans Only)	
a. FAA Sec. 122(b). Information and conclusion of capacity of the country to repay the loan, including reasonableness of repayment prospects.	N/A
b. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete in the U.S. with U.S. enterprise, is there an agreement by the recipient country to prevent export to the U.S. enterprise, is there an agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan?	N/A
3. Project Criteria Solely for Economic Support Fund	
a. FAA Sec. 531(a). Will this assistance support promote economic or political stability? To the extent possible, does it reflect the policy directions of section 102?	N/A
b. FAA Sec. 533. Will assistance under this chapter be used for military, or paramilitary activities?	N/A

ANNEX H

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D.C. 20523

MEMORANDUM

TO: See Distribution

FROM: ASIA/PD, G. R. van Raalte

SUBJECT: PVO Co-Financing Project Paper (879-0001)
Asia Project Advisory Committee (APAC) Meeting

An APAC Committee will meet to review the subject project paper on Monday, February 13, 1984 at 11:00 a.m. in Room 1406.

Your participation is invited.

Attachments: Issues Paper
Project Paper

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ANNEX H

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

ISSUES PAPER

South Pacific PVO Co-Financing Project Paper (879-0001)

In the next five years, this $20,000,000 project will fund PVO activities which build upon the experience of the earlier Operational Program Grants (OPG's) in the South Pacific. Since 1977 we have funded 26 OPG's totalling $14,638,000. OPG's have been given to nine US and one indigenous PVO's working in nine of the ten South Pacific nations receiving AID assistance.

Project design reflects the results of an AID audit and an outside evaluation of the OPG's made under the earlier Asia Regional projects.

The project paper was reviewed and found consistent with the published AID policy on private and voluntary organizations. Our review showed the following:

--Policy Dialogue: AID's objective is to maintain a useful and meaningful presence in the South Pacific, in concert with and supplemental to the major donors. AID's strategy is to provide modest, non-bilateral and indirect assistance from a regional development office in Suva, Fiji. The project fulfills our objectives and strategy.

--Institution Building: One third of the current OPG's are directly institution building in purpose. An inhibiting factor to institution building for PVO's is the high cost per beneficiary.

--Technology Transfer: Technology transfer is a strong element in most PVO activities funded in the South Pacific.

--Private Enterprise: Private enterprise is an issue for discussion.

The project differs from the previous South Pacific OPG's in that this project will:

1. Place PVO funding decisions entirely under the South Pacific Regional Development Office (SPRDO).

2. Fund up to $750,000 of technical assistance (including training, consultants, workshops and evaluation) to upgrade the capabilities of PVO's active in the region.

3. Make multi-project grants to the more established PVO's in the region.

4. Authorize SPRDO to approve PVO grants up to $2,000,000.

PVO Co-financing (879-0001)

ISSUES:

1. Redelegation of Authority:

SPRDO does not have redelegated authority to approve PVO activities contemplated under the project. An ad hoc redelegation of authority to SPRDO from the AA/Asia, limited to $2,000,000 (e.g. prior experience in executing large OPG's to PVO's), is recommended for SPRDO to implement the project.

2. Private Enterprise:

The SPRDO in its CDSS update states that private enterprise development and income generation activities will be attempted in PVO activities. The project paper does not discuss how these activities will be selected or evaluated. The criteria for evaluating PVO proposals should be revised to reflect these intentions.

3. Concentration of PVO Activities:

The CDSS asserts that SPRDO will redirect PVO activities towards fewer areas of concern without detracting from basic human needs concerns. The project paper evidences little or no intention to concentrate PVO activities. SPRDO should revise the criteria for evaluating PVO proposals to reflect more concentration of AID funding.

CONCERNS:

1. Disadvantaged Firms:

The Gray Amendment in the FY 84 Continuing Resolution reserves 10% of development assistance funds for use by social and economically disadvantaged firms. None of the present PVO's now working in the South Pacific are eligible.

2. Project Evaluation:

Evaluation of individual PVO sub-projects is the PVO's responsibility. Overall evaluation of the project is scheduled to start September 1986, or five years since the last overall evaluation of the South Pacific PVO program (November 1981). Because of the importance this project in the South Pacific program, the next evaluation should be sooner, such as during 1985.

ANNEX 'I'

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

ACTION MEMORANDUM TO THE ASSISTANT ADMINISTRATOR FOR ASIA

From: ASIA/PD, G. R. van Raalte

Subject: South Pacific, PVO Co-Financing Project (879-0001) Project Authorization

Action: Your approval in needed to authorize AID's South Pacific PVO Co-Financing Project with two years of funding ($6,900,000) from Sections 103, 104, 105, and 106 of the Foreign Assistance Act of 1961, as revised.

Discussion: An Asia Project Advisory Committee (APAC) review of the project paper for the project was conducted on February 13, 1984. During the course of the review and during the CDSS inter-agency review of AID's South Pacific program held the same day, you made a decision to reassess the development strategy for the South Pacific program. A revised strategy could mean an altered PVO Co-Financing project for the South Pacific.

In this regard, the APAC guidance cable directs the South Pacific Regional Development Officer (SPRDO) to change the criteria for awarding operational program grants (OPGs) to South Pacific PVOs. The change will reflect the overlaying emphasis on private enterprise and training and allow new strategy guidance as it is adopted.

The project differs from the previous South Pacific PVO program under project 879-0251. Authorizing this project will:

-- Place PVO funding decisions (up to $2,000,000) entirely under the SPRDO, after obtaining appropriate advice from legal, contract, controller and other technical offices.

-- Provide up to $750,000 of technical assistance to upgrade the capabilities of PVOs active in the region.

-- Make possible multi-project support grants to the more established PVOs in the region.

By authorizing the project, you will be redelegating authority to SPRDO in Suva, Fiji, to authorize AID funding for individual PVO proposals, both U.S. and non U.S., up to a $2,000,000 limit for the life of the proposal. Delegation of Authority No. 133 (Revised) permits this redelegation.

Recommendation: That you sign the attached Project Authorization allowing two-year project funding and approve the attached APAC reporting cable.

Attachments: A. Project Authorization
B. APAC Guidance Cable

Clearances:

DAA/ASIA:EStaples _____ Date _____

ASIA/TR:RSimpson	(Draft)	2/21/84
ASIA/DP:LCrandall	(Draft)	2/21/84
ASIA/ISPA:DMerrill	(Draft)	2/21/84
GC/ASIA:STisa	(Draft)	2/21/84
ASIA/PD/EA:JNussbaum	(Draft)	2/22/84

ASIA/PD:DTiedt:dt:2/22/84 doc 1000k

Department of State

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ORIGIN OFFICE ASPD-03
INFO AAAS-01 ASDP-02 GC-01 GCAS-01 GCFL-01 PPDC-01 ACTR-02
CMGT-02 CTR-02 RELO-01 MAST-01 ASSP-02 /020 A2 1028

INFO OCT-00 EB-08 L-03 EAP-00 /046 R

DRAFTED BY AID/ASIA/PD/EA:DTIEDT:RJL
APPROVED BY AID/AA/ASIA:CGREENLEAF
AID/DAA/ASIA:ESTAPLES
AID/ASIA/GC/ASIA:STISA (DRAFT)
AID/ASIA/PD:GRVANRAALTE
AID/ASIA/ISPA:DMERRILL (DRAFT)
AID/ASIA/TR:RSIMPSON (DRAFT)
AID/ASIA/PD/EA:JNUSSBAUM (DRAFT)
AID/SER/CM/SD:RPOTOCKI (SUB)
AID/ASIA/DP:LCRANDALL (DRAFT)
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P R 282136Z FEB 84
FM SECSTATE WASHDC
TO AMEMBASSY SUVA PRIORITY
INFO AMEMBASSY MANILA

UNCLAS STATE 058562

AIDAC MANILA FOR ACO DOUCETTE, RLA AND CONTROLLER

E.O. 12356: N/A
TAGS: ABLD
SUBJECT: PVO CO-FINANCING PROJECT 879-0001 APPROVAL

A. AA/ASIA HAS SIGNED PROJECT AUTHORIZATION FOR THE PVO CO-FINANCING PROJECT 879-0001. APPROVAL ALLOWS OBLIGATIONS FOR TWO YEARS (FY 84 AND FY85).

B. TEXT OF PROJECT AUTHORIZATION IS AS FOLLOWS:

1. PURSUANT TO SECTIONS 103, 104, 105 AND 106 OF THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED, I HEREBY AUTHORIZE THE PVO CO-FINANCING PROJECT (THE "PROJECT") FOR THE SOUTH PACIFIC REGION INVOLVING PLANNED OBLIGATIONS OF NOT TO EXCEED SIX MILLION NINE HUNDRED THOUSAND UNITED STATES DOLLARS (6,900,000) IN GRANT FUNDS OVER A TWO-YEAR PERIOD FROM DATE OF AUTHORIZATION SUBJECT TO THE AVAILABILITY OF FUNDS IN ACCORDANCE WITH THE A.I.D. OYB/ALLOTMENT PROCESS, TO HELP FINANCE FOREIGN EXCHANGE AND LOCAL CURRENCY COSTS FOR THE PROJECT.

2. THE PROJECT WILL PROMOTE DEVELOPMENT ACTIVITIES IN SOUTH PACIFIC ISLAND NATIONS BY UTILIZING THE MANAGEMENT EXPERTISE OF PRIVATE AND VOLUNTARY ORGANIZATIONS PVOS, IN COLLABORATIVE ACTIVITIES, PRIMARILY APPROPRIATE EDUCATION TO IMPROVE THE SOCIAL AND ECONOMIC STATUS OF RURAL AND URBAN LOW-INCOME GROUPS. GRANTS TO PVOS FOR A SPECIFIC ACTIVITY WILL BE FOR A MAXIMUM OF 75 PERCENT OF TOTAL COSTS OF THE ACTIVITY. AT LEAST 25 PERCENT MUST BE CONTRIBUTED FROM SOURCES OTHER THAN A.I.D. FUNDS ALSO MAY BE USED FOR ACTIVITIES SUCH AS SEMINARS, WORKSHOPS, TECHNICAL ASSISTANCE, ECONOMIC ANALYSIS AND TRAINING TO IMPROVE THE COORDINATING EFFECTIVENESS OF PVO PROJECTS AND FOR SUPPORTING PROJECT EVALUATION.

3. THE PROJECT AGREEMENT OR GRANT AGREEMENT WHICH MAY BE NEGOTIATED AND EXECUTED BY THE OFFICER TO WHOM SUCH AUTHORITY IS DELEGATED IN ACCORDANCE WITH A.I.D. REGULATIONS AND DELEGATIONS OF AUTHORITY SHALL BE SUBJECT TO THE FOLLOWING ESSENTIAL TERMS AND COVENANTS AND MAJOR CONDITIONS, TOGETHER WITH SUCH OTHER TERMS AND

CONDITIONS AS A.I.D. MAY DEEM APPROPRIATE.

4. SOURCE AND ORIGIN OF COMMODITIES, NATIONALITY OF SERVICES. COMMODITIES FINANCED BY A.I.D. UNDER THE PROJECT SHALL HAVE THEIR SOURCE AND ORIGIN IN THE UNITED STATES OR THE BENEFICIARY COUNTRY, EXCEPT AS A.I.D. MAY OTHERWISE AGREE IN WRITING. EXCEPT FOR OCEAN SHIPPING, THE SUPPLIERS OF COMMODITIES OR SERVICES SHALL HAVE THE UNITED STATES OR THE BENEFICIARY COUNTRY AS THEIR PLACE OF NATIONALITY, EXCEPT AS A.I.D. MAY OTHERWISE AGREE IN WRITING. OCEAN SHIPPING FINANCED BY A.I.D. UNDER THE PROJECT SHALL, EXCEPT AS A.I.D. MAY OTHERWISE AGREE IN WRITING, BE FINANCED ONLY ON FLAG VESSELS OF THE UNITED STATES.

5. NO GRANT TO A PVO TO FINANCE A SPECIFIC ACTIVITY OF THE PVO UNDER THIS PROJECT SHALL EXCEED DOLS 2 MILLION OVER THE LIFE OF THE ACTIVITY, EXCEPT WITH THE PRIOR APPROVAL OF AA/ASIA. SIGNED CHARLES W. GREENLEAF, ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA. END OF TEXT

C. APAC REVIEW AND CDSS INTER-AGENCY REVIEW OF AID'S SOUTH PACIFIC PROGRAM PROMPTED AA/ASIA DECISION TO REASSESS DEVELOPMENT STRATEGY FOR THE SOUTH PACIFIC PROGRAM. A REVISED STRATEGY COULD MEAN AN ALTERED PVO CO-FINANCING PROJECT FOR THE SOUTH PACIFIC. WE WILL KEEP SPRDO POSTED OF BUREAU'S DEVELOPMENT ON A MORE FOCUSED STRATEGY FOR THE SOUTH PACIFIC.

D. AUTHORIZING THE PROJECT FOR TWO YEARS OF OBLIGATIONS--INSTEAD OF THE FIVE YEARS IDENTIFIED IN THE PROJECT PAPER--SHOULD STILL PERMIT ORDERLY PROJECT MANAGEMENT AND NO DELAY IN APPLYING NEW STRATEGY GUIDANCE WHEN ADOPTED.

E. SPRDO SHOULD REVISE CRITERIA FOR PROCESSING PVO ACTIVITIES IDENTIFIED IN PROJECT PAPER UNDER SECTION IV. C., ADMINISTRATIVE ARRANGEMENTS, TO REFLECT THE OVERLAYING EMPHASIS ON PRIVATE ENTERPRISE AND TRAINING AND TO ALLOW NEW STRATEGY GUIDANCE AS IT IS ADOPTED. REVISED CRITERIA SHOULD BE CABLED TO ASIA/PD AT EARLIEST POSSIBLE DATE FOR USE IN APPROVING PVO ACTIVITIES OVER DOLS 2,000,000. PLEASE ADVISE IF YOU REQUIRE ADDITIONAL GUIDANCE IN DEVELOPING REVISED CRITERIA.

F. THE PROJECT DIFFERS FROM THE PREVIOUS PVO ACTIVITIES FUNDED UNDER 879-0251 BY DOING THE FOLLOWING:

--PLACING PVO APPROVAL DECISIONS (UP TO DOLS 2,000.000) ENTIRELY UNDER THE SPRDO, AFTER OBTAINING ADVICE FROM APPROPRIATE SOURCES, SUCH AS LEGAL, CONTRACTS, CONTROLLER AND TECHNICAL SPECIALISTS.

--PROVIDING UP TO DOLS 750,000 OF TECHNICAL ASSISTANCE TO UPGRADE THE CAPABILITIES OF PVO'S ACTIVE IN THE SOUTH PACIFIC,

--MAKING POSSIBLE MULTI-PROJECT SUPPORT GRANTS TO THE MORE ESTABLISHED PVO'S IN THE SOUTH PACIFIC.

--REDELEGATING AUTHORITY TO SPRDO IN SUVA, FIJI, TO APPROVE INDIVIDUAL PVO ACTIVITIES, BOTH U.S. AND NON U.S., UP TO A DOLS 2,000,000 LIMIT FOR THE LIFE OF THE PVO ACTIVITY. APPROVAL FOR PVO ACTIVITIES ABOVE THIS AMOUNT REMAINS WITH AA/ASIA.

G. AID FUNDS FOR PVO ACTIVITIES WILL CONTINUE TO BE OBLIGATED THROUGH OPERATIONAL PROGRAM GRANT (OPG) AGREEMENTS. REDELEGATION OF AUTHORITY NO. 99.1.200

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ALLOWS SPRDO TO EXECUTE OPG AGREEMENTS FOR PVO'S UP TO DOLS 1,000,000. OPG AGREEMENTS OR AMENDMENTS ABOVE THIS AMOUNT MUST CONTINUE TO BE AUTHORIZED BY SER/CM OR ACO/MANILA AS APPROPRIATE.

H. PROJECT, AS AUTHORIZED, ALLOWS SPRDO TO CONTINUE FUNDING ACTIVITIES APPROVED, PARTIALLY-FUNDED, AND IN PROGRESS UNDER THE PREVIOUS PROJECT 879-0251.

I. COPY OF PROJECT AUTHORIZATION AND ACTION MEMORANDUM TO AA/ASIA ARE BEING POUCHED TO SPRDO, RLA/MANILA AND ACO/MANILA. SHULTZ