

PD-ABC-302



**A Joint Assessment
of the
Foundation For The Peoples of the South Pacific
Matching Grant**

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Matching Grant**

Prepared for
The Office of Private and Voluntary Cooperation
Bureau of Food and Voluntary Assistance
Agency for International Development

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TABLE OF CONTENTS

I. Executive Summary	i
II. Introduction	1
III. Evaluation Methodology	2
IV. FSP Background	5
V. PVC Role	8
VI. Report Findings	10
VII. Conclusions and Recommendations	28

EXECUTIVE SUMMARY

In 1988, The Agency for International Development's Office of Private and Voluntary Cooperation (PVC) in the Bureau of Food for Peace, made a \$400,000, 3-year capacity building grant to the Foundation for the Peoples of the South Pacific to professionalize its management and to provide a smooth transition to the next generation of managers.

In July, 1989, PVC requested an evaluation of FSP's progress under the grant, and asked also that the value of and criteria for such grants be evaluated. This is that evaluation.

FSP has made extraordinary progress in the course of this grant, particularly in areas of communications, financial management, accounting, staff training and development, and strategic planning. An Executive Vice President and a Finance Director have been hired under the grant; both are highly qualified professionals. FSP's Executive Director, Stan Hosie, has relocated to a new office in California, to underline the transition in FSP leadership and to increase FSP's fund raising capabilities by being closer to their traditional sources of support.

The responsibilities and job descriptions of headquarters support staff, previously "inadequate and mis-classified", have been restructured. An eight-month backlog in accounting has been

virtually eliminated, and regular financial reports to the field have been instituted, giving field staff a clear picture of the budget status of their activities. Accounts have been computerized. FSP country directors have also been trained in budgeting and accounting.

Also under the grant, a strategic planning workshop was held, paving the way for greater program integration in the future. Additional sessions for the field and headquarters to consolidate, refine, and standardize these achievements are planned over the course of the next two years.

In fund raising, FSP has concrete plans to use its 25th anniversary celebration in 1990 as an occasion to re-embrace its old supporters - both individuals and foundations. Hosie's California office is taking the lead on corporate and foundation fund raising. He is assisted there by a part-time fund raiser. A New York-based fund raising consultant has been hired to prepare an initial fund raising strategy for FSP. Steps are being taken to incorporate a metropolitan FSP in Canada, to join those already existing in Australia, and the United Kingdom.

Predictably, less progress has been made in the more complex organizational tasks, such as: sorting out and communicating changed management responsibilities during transition; fully integrating financial with program priorities at the field level; establishing the operational implications of the strategic planning done to date; and changing the methods of and attitudes

toward capturing and claiming full credit for the highly valuable work done by FSP.

FSP's progress in the first year of its grant has been remarkable, both in the quantity and the quality of work done. One year is a tiny amount of time in an organization's life, and the kind of profound, institution-wide change that FSP is courageously undertaking will require many years to accomplish.

RECOMMENDATIONS TO FSP:

Most recommendations are fairly specific, and occur in the text as part of the discussion of relevant issues. The broader, institutional recommendations are:

1. FSP has begun its professionazation by concentrating on creating systems within the three major areas of PVO management: program, finance, and fund raising; and by training staff in the use of these systems. Work to date has been impressive. The team strongly supports FSP's plans to move toward the full integration of financial and management priorities and systems throughout the whole organization. Particularly in the field, the integration of systems is essential in enabling FSP to plan for and fund its work.

2. FSP's strategic planning and financial workshops were an excellent beginning in the process of integrating disparate project activities into cohesive country programs. The team strongly supports the continuation of this work, and recommends that it be formalized and made fully operational.

3. FSP needs to recognize the value of its field work and the value of staff contributions to its field work. FSP needs to reflect those values by adequately capturing and communicating both its program impact and its true program costs to potential and existing donors.

RECOMMENDATIONS TO AID

1. The success of FSP under this grant to date indicates that PVC has an important role in assisting some PVOs in achieving economies of scale by professionalizing management. AID/PVC should give serious consideration to making other capacity strengthening grants to strategic PVOs.

2. To select the correct PVOs, PVC should begin compiling information on applicant attributes which appear to ensure success. A number of these appear at the end of this report.

3. AID/PVC needs to recognize that these are institution building grants, and that its own studies show this is a long process. Therefore, grants of this type should be a minimum of five years.

4. PVC is to be applauded for experimenting with a variety of kinds of PVO funding. This flexibility lets PVC recognize and support a valuable diversity of approaches to development.

I. INTRODUCTION

In March 1988 The Agency for International Development's (A.I.D.s) Office of Private and Voluntary Cooperation (PVC) in the Bureau of Food for Peace, made a three-year, \$400,000 grant to the Foundation for the Peoples of the South Pacific (FSP). The goal of the grant is to "assist The FSP to implement a three-year strategic plan to give FSP itself the financial, professional and technical capability at headquarters to become a secure, stable and permanent American non-government resource agency for the South Pacific Island Nations." PVC decided that the nature of the grant warranted an evaluation review early in the grant's life. In July, 1989 a joint team composed of consultants to PVC, Franklin Moore and Nan Borton, and a member of FSP staff, Pat Monahan, Executive Vice President, implemented the evaluation under the direction of Automation Research Systems, Ltd., (ARS).

II. Evaluation Methodology

The evaluation parameters were established by Mary Lee McIntyre, The PVC Project Officer, in November of 1988 when she produced the first draft scope of work (sow). This SOW was reviewed both by FSP and the ARS consultants prior to the team planning meeting (TPM). A team planning meeting was held in Rosslyn on July 10 and 11. The TPM identified the specific purpose of the evaluation; determined the key questions necessary to collect relevant information; and the approach which the team would use to collect information.

A. The purposes of this evaluation were to:

1. Assess FSP's progress in using the PVC grant to professionalize its management.
2. Suggest additional strategies to continue strengthening FSP, and to help it plan for the next phase of decentralization, regionalization, and leadership transitions.
3. Begin identifying criteria and guidelines for PVC to use in decisions concerning other strategic management grants.

B. The key questions fell into three major categories:

1. Goals and vision
 - a. vision and goals: Does FSP have a vision and goals; are they shared and understood; who decides what they are, and how; how are they kept alive, dynamic, and changing?

b. transition: How has transition affected people's work; how aware of transition planning is staff; what are the goals, pros and cons of the transition; what process is used to involve staff; what differences has staff seen?

c. decentralization: How is decentralization envisioned; how well has it been thought through; what are the strengths and weaknesses, and how will the weaknesses be minimized and strengths maximized; what systems must be in place to support this process?

2. Management integration

a. program management: How and where do projects originate; how are they followed through; where does FSP get technical assistance, how much and when are program and resource development integrated; are there programming principles and integrated country programs; do projects support these programs; how and by whom are needs assessments done?

b. financial management resource allocation: If there were an unrestricted grant of \$25,000 to FSP, who would decide how it would be used, and on what basis.

c. Financial Management, reporting systems: On what financial information does the field base its planning; what systems could keep everyone up-to-date; do field reports integrate financial information with project progress?

d. fund raising management: Who does it, and at what point; is it project specific, program specific, or an

organization-wide activity; is there a fund raising strategy in place; how are program planning and fund raising related?

3. Administrative systems and communication

a. personnel and staff structure: What are job descriptions and lines of authority, with special attention to the Regional Director's role?

b. communications between headquarters and field: What methods are used for what types of information; what is the turn around time?

c. financial accountability: What checks exist within the system and make it accountable?

C. The approach was an interactive strategic planning intervention and a rapid management assessment of FSP's progress, to record improvements and make suggestions of other strategies and tactics FSP might employ.

The team spent eight days at FSP headquarters, reviewing documents and interviewing FSP staff, Board President Betty Silverstein, and (by phone) Executive Director Stan Hosie. Key questions were faxed to FSP's regional director and its five country directors, all of whom responded in full. The team spent one day analyzing data and developing findings and recommendations, which were discussed with the New York staff the following day. Once this report has been reviewed by PVC and FSP, the team will return to FSP to discuss the study with staff.

III. FSP Background

The Foundation for the Peoples of the South Pacific was founded in 1965 by Betty Silverstein, who convinced the Marist Fathers to allow the Reverend Stan Hosie to be its Executive Director. Hosie had just finished an extensive field study of development work being done in the South Pacific, and believed those providing assistance were ignoring local abilities and local desires. Hosie and Silverstein shared the belief that Pacific Islanders wanted and deserved greater voice and control in their own development. Thus FSP was founded with the specific intent of helping to conceptualize and strengthening local institutions to assume control of regional development.

The organization originally acted as a broker, locating funds for worthy development projects in the islands of the South Pacific, most of which were still colonies. FSP also assisted with the creation of local organizations, called Development Trusts, to articulate the development needs of the individual island nations. The main fund raising was done through Mrs. Silverstein's connections with the movie industry, and involved special events, celebrities, a thrift shop, and contributions from MGM. For the first thirteen years of its existence, FSP received no U.S. government funding. The systems developed by Silverstein and Hosie, including the trusts, supported a highly respected, effective and purely private development agency in a largely ignored part of the world.

In 1976, however, with the creation of the South Pacific Regional Development Organization (SPRDO) A.I.D. began to take an interest in the region. From 1976 until 1986, FSP had increasingly large AID mission grants. New systems were devised by FSP and A.I.D. to satisfy AID's grant requirements, including the creation of FSP country offices to carry out joint AID/FSP projects. The systems employed by FSP, the skills of their field staff, and the lack of a system geared toward full administrative cost recovery reflected the dominance of AID mission funding in FSP's portfolio.

In fiscal year 1987, however, AID priorities changed, and FSP suffered a 75% drop in its annual budget. Because of the skills and energy of its President, Executive Director, and staff, the agency survived this blow. However, the precipitous plunge in funding, and the need to attract and serve new and multiple donors, has put enormous managerial and administrative strains on an agency whose strength has always been its field work.

In 1986, the International Science and Technology Institute, Inc. (ISTI) evaluated FSP's programs and development trusts in the Solomon Islands and Tonga as part of PVC's institutional development evaluation series. The study was highly laudatory, of FSP saying "FSP is the most respected private voluntary organization active in the South Pacific nations....(with) a broad experience in the successful management of a range of development projects throughout this diverse region."

Recognizing the seriousness of FSP's budgetary crisis, however, they went on:

The team made only one recommendation:

AID's Bureau of Food for Peace and Voluntary Cooperation should provide bridging support for FSP to ensure that it develops during the next three years the specific capabilities needed to survive in this changed funding situation.

IV. PVC Role

In response to FSP's Matching Grant Proposal and the PVO Institutional Development Evaluation Series, PVC provided a three-year \$400,000 grant to FSP. The grant was to:

"Develop strategies for resource mobilization; Document the impact of their programs; Improve systems of personnel, program and financial management; and place FSP programs more specifically within the current development context and strategies of the South Pacific Nations within which FSP."

While PVC grants normally include funding for field operations, PVC has also funded PVOs to enable them to make both management system changes and to make improvement in the level and type of technical expertise impacting their field operations. The type of grant to FSP was described by PVC as "a model of A.I.D.'s attempt to help small PVOs over financial and management problems so that they could achieve economies of scale." There are strategic reasons for A.I.D. to keep FSP as a channel to the South Pacific, an area in which only four US PVOs have activities. (These PVOs are: Project Concern, the Asia Foundation, Helen Keller International and Save the Children Federation). With the rapid changes in A.I.D.'s strategy in the South Pacific it has been suggested that A.I.D. might be partially responsible for problems encountered by PVOs it uses as

intermediaries there. Seeing this grant as a possible model, the evaluation team was asked to use the FSP's evaluation to provide initial guidelines to PVC on the effectiveness of this sort of grant; to determine what constitutes reasonable expectations for such a grant; and what criteria might be used to decide in what cases a strategic support grant can be useful to the PVO and to AID.

V. Report Findings

As mentioned earlier, information was collected in three major categories; the report findings are reported under the same three categories.

A. Goals and Vision

1. Vision and goals. FSP has had a clear vision since its founding; the vision created FSP. The vision is to enable Pacific Islanders to take over their own development. The goal has also remained clear and unchanged: to strengthen local organizations so Pacific Islanders can carry out their own development. As the PVO Institutional Development Evaluation Series makes clear, FSP has had remarkable successes in creating country development trusts. Although there have been set-backs, FSP's record in institutional development is outstanding. These trusts are full members of the FSP coalition, with standing equal to the metropolitan FSPs in the industrialized world - a degree of genuine partnership not often seen.

This vision and goal were the creation of the founders: Betty Silverstein and Stan Hosie, who have nurtured and kept it at the forefront of FSP for twenty-five years. The vision is the soul of the organization, and it is no surprise that the vision is fully shared throughout FSP. A vision, by definition, is not achieved by consensus; this vision is, however, shared, and has not had to be revised. It was remarkably advanced for its time,

and remains advanced to much of what is current development practice.

There is far less clarity on the degree to which FSP staff share a common understanding of the approaches and the timing to achieve this vision.

For the past several years, FSP - most particularly Betty and Stan - have been thinking about ways to turn over more control and responsibility to a regional organization. They see this as the logical and necessary next step in achieving their vision - "we want to bring everyone into one consortium in the South Pacific, and have an islander head that consortium", said Silverstein. Their plans are for the creation of PIDA - the Pacific Islands Development Association - to be located on one of the island nations. They see the United States FSP as "the source of PIDA credibility as its parent organization" (Hosie) for five or ten years, but they are also clear that US/FSP's lead role will end, and US/FSP will become a technical assistance organization under PIDA's control.

The validity of this approach falls outside the scope of this evaluation. However, in querying field staff, and in reading workshop reports, it became clear that there is a wide range in the understanding and acceptance of this "logical outcome" of the FSP vision. It is in defining the practical application of the vision that differences in interest, comprehension, and support begin to surface.

These differences in comprehension and support are understandable; as organizations always face time-lag between ideal and real, and are made up of individuals with vastly different skills and interests. However, there is a danger to FSP's plans if the movement toward this vision and this goal are not more fully understood by field staff and partner agencies. Hosie realizes the need for increased understanding; and feels a need for some targeted training to field staff in this important part of FSPs strategic planning.

Training will be important, for until the longer-term goal of a PIDA are clearly understood and accepted by the staff, the shorter-term goals of regionalizing the program director position and of shifting responsibilities among the California, New York, and field offices: will lack logic; may not fully reflect the needs and realities of the field; and may not be accepted or properly used by field staff. Also, the proper mix of skills and attributes for the program director needs to be based on a common understanding of FSP goals over the next five or so years.

2. Organizational transition. FSP is virtually unique among organizations in that its founders have chosen to begin an orderly, thoughtful, and conscious transition to new leadership for FSP. No specific timetable has been set, but Pat Monahan, who was brought on-board to assist in transition, has taken over responsibility for all day-to-day operations. This has freed up Stan Hosie to "look at the big picture", as he states, to

participate more in the U.S. PVO community, and, with Betty Silverstein, to expand fund raising and prepare for the 25th anniversary. His re-location from New York to California underscores his new role, although he and Betty remain actively involved with Pat in decisions affecting the organization as a whole.

Because Hosie and Silverstein are so open in discussing their gradual withdrawal from FSP, Pat and other new senior staff have been able to be fully involved in transition planning. The evaluation team felt this clear, open desire for change - and the willingness to make sacrifices for it - is possibly the single most important reason FSP has made such impressive progress under this grant. Such a stated commitment to change can serve as a vital factor in PVC's decisions on making this kind of grant available to other PVOs.

The transition, orderly and open though it may be, has some inherent problems. Because the Hosie and Monahan roles are evolving, there is no real clarity in the organization on lines of authority and reporting. This does not manifest itself in harmful ways, as no one is attempting to manipulate the situation. However, the lack of clarity does breed confusion and could create cracks into which important things might fall. It was our recommendation to staff that there be more communication with the field on the subject of roles and responsibilities, even if only to indicate that there is awareness of the confusion, and to explain how things will be clarified.

No matter how well planned, transitions from visionary founders to a second generation of managers are very difficult. Betty, Stan, and Pat deserve special commendation for the sensitivity they are bringing to the task.

3. Decentralization

The PVC grant includes the appointment of a Program Director, a new position for FSP and one intended to carry out the integration of FSP's somewhat scattered project activities into coherent country programs. FSP hired a program director in June, 1988, but the person did not work out. FSP is now advertising the position.

It was recently decided that this position should be located in Fiji (where the regional director is based), rather than in New York. This is seen as part of refocusing FSP into the region, and as a step toward supporting PIDA. While this makes a good deal of development sense, and is part of a larger strategy to refocus and decentralize all aspects of FSP to the Pacific, the evaluation team felt that more thought should go into the short-term implications of this move.

It seems ambitious to give program authority to a new person in a new position at a time when the agency's existing roles and responsibilities are unclear to the field and are shifting at headquarters. Field responses indicated country directors were uncertain of the purpose of the program director, and of his/her relationship to the existing regional director and regional office.

Also, until the program direction vis-a-vis PIDA is more clearly determined, FSP lacks the information to determine the long-term skills needed in this position. Additionally, until FSP's management systems are more integrated, and field and headquarters responsibilities more clearly defined, FSP runs the danger of exacerbating an existing split (not hostile, but apparent) between the field and headquarters, between fund raising and program implementation, between the "doers" and the "supporters". At a time when headquarters is making so much progress on professionalizing, setting standards, and exerting financial management and planning oversight, it could lose an important part of its control over its own process of change by posting program responsibilities to the field prematurely.

We do not state this as a recommendation, because it is a very complex issue involving much that is outside the scope of this study. However, we do recommend that FSP not feel pressured by the language of its grant to fill this position before it feels fully ready to do so, and we recommend that PVC be flexible in altering the nature of this particular "output" as and if requested by FSP.

B. Management Integration

The team looked at the various aspects of management (program, finances, and fund raising) both individually and as they are integrated as equal pieces in a whole pie. The team found that there have been great improvements in the way each area is managed, but, given the short time this grant has run,

the integration of the elements into a management whole will need further time and effort.

It is important to note that FSP received this grant for management strengthening not because FSP had been mis-managed in the past, but because there was no previous need for the kinds of management currently needed. When FSP functioned as a fund broker or as a partner in achieving AID mission development goals, financial management skills were not critical; nor were extensive field staffs needed with experience in program design or skills to attract, nurture, and manage multiple fund sources. It is very much to FSP's credit that, when AID funding to FSP was drastically cut, FSP recognized the need to quickly acquire an entirely new and quite sophisticated type of management. That FSP has come so far in a year is extraordinary; that they have not yet achieved total intergration of all the pieces is no criticism.

1. Program management. By means of a strategic planning workshop funded under this grant, FSP began the difficult and important process of establishing program priorities. This is a vital step toward program management. Without focus it is impossible to have cohesive programs; there can be only scattered, non-related activities leading to nothing larger than their own limited output. As long as FSP operated primarily as an AID implementer, country program focus was not important. FSP's projects fit into and supported AID's larger program goals. As an agency seeking and receiving funding from

many sources, however, it is vital that all activities be related to a larger program goal. Without that program focus, benefit sustainability is less likely, impact is curtailed, and resources are not achieving their greatest usefulness.

Having stated, agreed-upon country program goals is a notable achievement. Having it thoroughly operational is a different, longer process, and will require continued training and program oversight. Field staff will need help in defining appropriate new activities, and in resisting the temptation of guaranteed funding for activities no longer appropriate to FSP's program. This will be particularly hard, given FSP's very difficult current financial situation.

Currently, country directors who wish to undertake an activity submit a concept paper to FSP headquarters. Pat Monahan reviews it in detail, and communicates her suggestions back to the country director. Proposals are written in the field, and passed through the regional director for review of both the narrative and budget. No activities are undertaken until funding is obtained - although, as noted in the financial management section, budgets in the past have failed to reflect the full costs of an undertaking.

There is no project approval mechanism at FSP. If an activity is clearly not in line with FSP's objectives, Monahan will tell a country director not to do it. In order to ensure that FSP country directors are carrying out a program, and to prepare for the time when FSP will need criteria by which to

allocate headquarters funds, the team recommends that FSP begin discussing how to create a project approval system. The evaluation team also recommends that FSP work with country directors to ensure written program plans and objectives are prepared for each country.

Other program management issues, such as project reporting, baseline and impact data, and budget preparation are discussed below, as they are more accurately described as pieces in the missing integration of program, financial, and fund raising management.

2. Financial management. Many of the most dramatic improvements we noted fall within this area, partly because they are easy to see, but also because finances receive the attention of very skilled people in the New York office.

Marv Christensen, the financial manager, was hired in September, 1988 under this grant. Under his leadership, FSP has computerized its finances, and has begun financial planning. Christensen is assisted by Laurie Rapkiewicz, fiscal officer who has been with FSP for seven years, and Kerrie Greenwood, receptionist and secretary/bookkeeper, who was hired in March, 1989. With help from Laurie and Kerrie, and from an accounting consultant hired under the grant, Christensen has whittled an eight-month backlog in accounts to a two-month backlog, and expects to be current by September - the end of FSP's fiscal year. He has instituted monthly financial reports to the field. These reports allow a country director to know what New York

charges are levied against projects, and to know how much money remains in a project budget. He is developing internal financial reports (revenues and expenditures) for use as management tools at headquarters. Laurie and he have even instituted a reporting system for the field that allows headquarters to prepare project expense reports. This is something which FSP could not previously do.

Christensen has also prepared a comprehensive field accounting manual which includes FSP's Chart of Accounts, copies of all FSP forms, budget worksheets, sample grant confirm letters, and budgeting articles from professional journals. This manual was given to all FSP's field staff during a three-day finance workshop in Fiji. At the workshop Christensen provided intensive instruction in the how and why of budget building and financial reporting. He also used the trip as an opportunity to consolidate FSP's bank accounts in the Solomon Islands, from 28 or so to two. Christensen explains that field accounting systems had been designed essentially for only one grant - AID - but these systems could not support a multi-grant agency. Since field staff were untrained in accounting practices, their idiosyncratic solutions included such steps as ensuring project budget control by opening a new account for each project.

Christensen's plans include: continuing to train staff so that proposal budgets match FSP's accounting system and fiscal year (neither of which has been the case in the past); formalizing FSP's financial reporting to donors; training field

staff to include more actual project costs (such as evaluation visits, headquarters costs, etc.) in their budgets; and getting accounts caught up so that more of his time can be used in monitoring current project expenses against budget. He is also preparing for the third of the three FSP workshops under this grant. This workshop which will meld the work of the first two (strategic planning and financial management) by dealing with financial and program development as an integrated issue.

3. Fundraising Management. While the ability to generate new funding is clearly the critical determinant of FSP's ultimate success under this grant, fund raising management is the most problematic area for FSP and for PVOs in general. For FSP, there are two short-term inhibitors: although one of the major intents of this grant is to improve FSP's ability to raise money, grant funds cannot be used for fund raising, necessitating complicated shifts in job responsibilities. Secondly, the success of fund raising rests heavily on the ability of the program and financial systems of the agency to produce clear and accurate information on costs and impact - on "bang for the buck" - and FSP's systems are not yet capable of doing that. FSP faces a genuine and classic dilemma - its most important short-term need, successful fund raising, can really only occur at the end of a longer-term and complex process of putting together effective systems in program and finance. A third inhibitor, the inherently modest culture of FSP, will be discussed separately.

FSP is clearly aware of this short-term long-term dilemma, and is working on both short and long-term fund raising strategies. Silverstein and Hosie are preparing to take full advantage of FSP's 25th anniversary in 1990 as the centerpiece of a series of fund raising efforts, from special events to corporate appeals. A public relations firm has been engaged to produce a New York gala. Silverstein plans to use the next fourteen months to cajole her many celebrity friends into serving on FSP's two advisory committees -committees with a heavy emphasis on helping FSP raise funds. (The California Committee, the newer of the two, has put on successful events for FSP on the west coast, including a one-woman show with Mariette Hartley.)

Additionally, FSP engaged a fund raising consultant to work with staff on a long-term fund raising strategy, which also capitalizes on the 25th anniversary. The plan is a thoughtful and solid one; however, FSP's issue at the moment is finding the time and the money/staff to carry it forward.

Hosie is working to realize the funding potential inherent in the existence of other FSP "metropolitans" - those FSPs existing in the United Kingdom, Australia, and Canada. Incorporation of the Canadian FSP, already under way, will make that entity eligible for CIDA funding, which FSP does not currently receive. The UK FSP recently raised \$150,000, and its co-directors are on an FSP-sponsored visit to see the field programs. PIDA, incorporated in the South Pacific, would be

ideally positioned to receive the increasing amount of European (and other) funding earmarked directly for local organizations.

That FSP is achieving success in fund raising is best indicated by a comparison of non-AID grants received in 1988 and 1987. Although amounts remain small - \$589,256 in 1988 and \$335,348 in 1987 - that does represent a 57% increase in private grants. Overall support in that period increased from \$1,646,590 in 1987 to \$1,920,613 in 1988 - a nearly \$300,000 increase, only \$10,000 of which A.I.D. is the source.

4. Management Integration. It is in looking at FSP's fund raising operations that the need to continue to move toward greater integration of finance, program, and fund raising becomes obvious. Again, this is not news to FSP senior staff and leaders, nor is it reasonable to expect that this integration could be accomplished in so short a time. However, the team felt that the task is both critical and difficult, and so made a series of suggestions and recommendations.

The central problem is that FSP's information systems do not let them link costs to results in a compelling, complete way. Consequently, FSP cannot prepare a needed series of brochures and handouts - the "packet" that will allow them to engage the attention and interest of potential donors. While it is carefully putting systems in place, FSP does not yet have the material to market itself in a world where PVO marketing is becoming the necessary norm.

There are a number of symptoms of this problem:

1. Proposal budgets, prepared in the field, do not include real headquarters overhead costs, and many field grants carry no overhead at all. Field budgets do not often include line items for country personnel involved in the project. This means headquarters is subsidizing field activities with that most precious of all money, unrestricted funds. Aware of this, FSP has recently ruled that the field cannot accept grants carrying less than 15% overhead, but that figure still represents a considerable understatement of cost.

2. Field reports do not link expenditures with project progress. As Monahan said, there is no way New York can know that project drawdowns represent any movement toward project objectives.

3. Project narrative reports, submitted quarterly, have improved under Monahan's tutelage; however, they still do not contain the kind of impact information donors expect and desire, and that FSP needs to be able to market itself.

4. There is no "catalogue" of what FSP is doing in the field, what the project benefits are, and for whom.

5. All New York staff costs are lumped into General and Administrative overhead; there is no direct-costing of people against the projects and programs on which they are working. For example, Monahan, who is a nurse, spent weeks of her time working out the specific medical and public health details of the implementation of a proposal for a Vitamin A program, yet her

time appears nowhere in the budget for that activity. This is another example of an approach that worked under a single-donor model, but is harmful in a multi-donor organization.

There seem to be two main causes for this problem. One is the lack of an agency-wide recognition of the interrelatedness of program, finance, and fund raising - a systems issue that FSP recognizes and is overcoming. The three annual workshops under this grant seek to achieve that integration, by starting with strategic planning and program focus, moving to financial and accounting skills and systems, and culminating in the 1990 conference, which will link financial and program development planning.

The second we believe, may be a more subtle issue in FSP's progress toward effective marketing, however. FSP as an organization is excessively modest, even diffident. Hosie ruefully agreed, indicating that is probably what happens in an organization founded by a priest and an altruist. However, FSP staff does need to learn to value themselves and their time to a degree not currently done, and to value the results of FSP's work. The real costs of project and program design, monitoring, evaluating, oversight - all the day to day work that makes FSP so successful - needs to be recognized as essential, and to be valued realistically. Equally, the impact of FSP's work needs to be recognized, captured, and presented as important and interesting information. The field needs to understand better its need for headquarters support, and the validity of those

headquarter's costs (which are exceedingly modest). The whole organization needs to modify its attitude towards making its own worth known and understood. (It was in this area of suggestions that the team encountered the only sense of resistance we felt throughout the course of our discussions. Given that we were suggesting not management changes but attitudinal ones, this was no surprise.)

The team has a number of suggestions and recommendations on management integration and marketing:

1. The 1990 workshop, incorporating strategic and financial planning and program development, is critically important to increasing FSP's ability to cover its costs and to represent its real achievements attractively to donors. The workshop - or a separate and additional one - is an ideal time for field and head quarters staff to brainstorm together on how to do this. It is also a time to ensure everyone understands why these steps are important, even if uncomfortable. Setting the agenda and selecting the facilitators for this conference is of critical importance to FSP.

2. FSP should begin using time sheets which keep track of staff time spent on various projects immediately. (We will send samples). This helps people recognize the value of their time.

3. FSP would benefit from technical assistance in designing project budgets which accurately reflect all project costs, including the direct cost of New York staff input. Ideally, this should occur before the 1990 conference. If the current grant

does not have funds for this kind of TA, FSP might approach PVC with a request for additional funding.

4. FSP could begin working out reporting formats that capture impact and progress information in order to begin creating its "package" for funders, including catalogues of activities, success, and impact, and an FSP case statement.

5. FSP should continue the work it has been doing with its fund raising consultant, as an important investment in its future.

6. In the process of linking financial and project information from the field, FSP might begin having project submissions include activity timelines (such as quarterly workplans and annual project objectives). Progress could then be more easily tracked; financial judgments could then become part of determining a project's validity.

7. Training needs to continue with field staff so that they understand the usefulness and validity of headquarters and field office costs, and so that they include them in budgets.

8. FSP might look at the program director's job as including the collection and writing up of impact information, and include those skills in the job description.

C. Administrative Systems and Communication

1. Personnel and Staff Structure. The team's recommendation that there be more communication with the field about the evolution of Stan and Pat's respective roles is discussed above, as are our findings and thoughts on the program

director role. Discussion with headquarters staff and field questionnaires indicated satisfaction with personnel and staff structure in other areas.

2. Communications between headquarters and field. All the field staff reported great improvement in the quantity and the quality of their communication with headquarters over the past year or so. All were satisfied with the timeliness of New York responses to their inquiries. Kerrie had a quick verifiable indication of this improvement - the 1989 fax file is much fatter than that 1988 file.

3. Financial accountability. As already mentioned, FSP has good internal systems to ensure financial accountability. Vouchers and receipts are universally used, and disbursements in excess of \$2,000 require two signatures.

FSP wants to separate and update its current personnel and accounting manual, prepared in 1982. Christensen wants each subject covered in its own manual, and wants to bring both up-to-date on new systems. Because of the rapid changes in laws governing employee benefits and financial accountability, FSP may need technical assistance in reviewing the manuals.

Christensen has involved FSP's auditors, Coopers and Lybrand, in the financial systems changes he has introduced, in order to ensure that proper accounting practices have been followed throughout.

VI. Conclusions and Recommendations

FSP has done a tremendous amount of very valuable work in this first year of its PVC support grant. Senior staff in particular display an impressive understanding of what needs to be done, and an uncommon degree of agreement on goals, on strategies, and on tactics to get it done. Staff seriousness of purpose is palpable - there is no lip-service quality to their work in changing FSP's management systems and approaches. The team felt that FSP has genuinely exceeded reasonable expectations in living up to the purposes of this grant.

FSP has also been creative in achieving this progress. Both David Korten's strategic planning workshop (1988) and Marv Christensen's budget and accounting workshop (1989) not only accomplished organizational management goals, but also enlisted the energy and enthusiasm - and understanding - of field staff, ensuring that the changes are agency-wide, and not limited to headquarters or to senior staff.

As intended, the grant has freed up FSP's founder-leaders, Stan Hosie and Betty Silverstein to work on broader fund raising strategies, and has allowed FSP to hire two senior staff people to professionalize the operations of the organization. The third senior position proposed in the grant, that of Program Officer, remains unfilled, and this position would probably benefit from more thought about its need and its potential benefit.

Particular credit is due to FSP senior staff for the skill they have brought to the difficult task of balancing short and long term goals, needs, and priorities. Particularly in a small agency (there are only 4 paid staff in the New York headquarters) it can be tempting to skip the often awkward, often resisted, and sometimes humdrum work of establishing credible, effective management systems. FSP staff have avoided that error, knowing that they could not achieve the critical amalgam of program, finance, and fund raising until the basic management systems were in place. Many of the team's suggestions concern management integration, but these must be read with the understanding that this integration could not have happened yet, and could never happen without the work that is currently being done.

The team was also impressed with how extensive the changes in FSP are. They are not just the generational change discussed in the grant proposal. Equally significant to the organization - and to the difficulty of the task it is undertaking - is the change in the role of headquarters in relation to the role of the field, and the role of field staff now in relation to what it traditionally has been. It is not a surprise that seven of FSP's eleven paid staff have begun their work since this grant began.

FSP would never have been able to accomplish what it has without the exceptional openness and support of its founders, Stan Hosie and Betty Silverstein. Their role in calling for and encouraging change is extremely rare, and is what gives the organization the strength to take on such a mammoth re-

orientation. Without their vision, FSP would be inseparable from dozens of other agencies with financial uncertainties. Great credit goes to them and to senior staff for instituting institutional change without losing the vision that gives FSP its niche and its purpose.

Recommendations to FSP. Most of these are given in the section on evaluation findings, so they can be seen within the framework of FSP's operations. Among those worth repeating:

1. The team applauds FSP's strategies for moving toward the full integration of program, finance, and funding, and encourages critical attention be given to the 1990 field conference to launch that process.

2. The team strongly supports FSP in formalizing its strategic planning through written country programs and objectives.

3. FSP needs to begin accurately capturing information on the impact of its work, in order to prepare the FSP " packet" for potential donors, and needs to consider the role of the program director in ensuring this happens.

4. Project reporting needs to reflect project objectives and workplans, and progress toward them. Reports also need to reflect the relationship between expenditures and outcomes for measurement of impact.

5. FSP staff time needs to be accurately valued and reflected in budgets, so that the true cost of activities will be known and covered in proposals.

6. FSP should discuss with in PVC the possibility of additional funding to meet technical assistance needs as they are identified as part of the process of professionalization. Budget preparation, the revision of accounting and personnel manuals, and short, targeted field training visits were all mentioned during our visit. These should all be considered in a possible extension of the Matching Grant from three years to five years.

Recommendations to AID

1. To date, the success of FSP under this grant is resounding, and PVC should give serious consideration to retaining this kind of grant on a limited basis.

2. In order to do this, PVC needs to begin compiling information on applicant attributes which appear to ensure success. Critical elements of FSP success have been:

a. leaders actively seeking change who are clear in their understanding of its benefits;

b. a clear, focussed mission and a dominant vision: FSP did not have to begin the process of professionalizing by deciding what kind of PVO it wants to be;

c. a track record: FSP's 25 years of field work prove its integrity, and AID had positive independent evaluations of the value of that work;

d. a strategic interest to AID: FSP is one of very few vehicles for development assistance in the South Pacific, and FSP's work in institutional development provides important

knowledge for AID and for the PVO community;

e. a willingness to involve the whole of FSP in change. FSP has skillfully avoided defining management improvement as something which only involves senior managers;

f. trust and performance. FSP's role in the PVO community meant that Hosie had a relationship with PVC even when the agency was not receiving grants from that office.

3. This study indicates that the process of institutional change and professionalization is a long one, and a three-year grant may only be one step on a continuum. This finding is consistent with AID's studies of institutional development in the third world - it is a long process, requiring varying degrees of support over a multi-year period. PVC may wish to consider extending this to a five-year grant, as it now does with all new matching grants.

4. PVC was wise to conduct an early progress review, like this one of a management support grant. To wait until after mid-point in a grant is to risk insufficient time for any course corrections needed.

5. Since U.S. government funds cannot be used for fund raising, PVC and some PVOs in similar positions as might benefit from discussing other ways in which PVC might be able to help a PVO improve its fund raising strategies.

6. In the past, a PVO receiving mission funding was sometimes ineligible for PVC funding. In this evaluation, the

negative results of that exclusion on FSP are spelled out. To the extent possible, it would benefit missions, PVC, and recipient PVOs if this exclusion could be overcome.

7. This grant shows that PVC has a positive role to play in ensuring PVO diversity. While it is not PVC's job to guarantee PVO survival, there are clear instances where a grant like this one ensures PVO pluralism in ways useful to AID and to the PVO's beneficiaries. In making this grant, PVC recognizes the value to development of a U.S. PVO community of varying sizes, styles, and operational strengths, and recognizes that the need for and type of AID assistance warranted varies among the different types of PVOs.