

**OFFICE OF PRIVATE AND VOLUNTARY
COOPERATION**

BUREAU FOR HUMANITARIAN RESPONSE

**RESULTS REVIEW
FY 2000**

AND

**RESOURCE REQUEST
FY2003**

APRIL 1, 2001

The attached results information is from the FY 2000 Results Review and Resource Request (R4) for the Office of Private and Voluntary Cooperation (PVC) and was assembled and analyzed by PVC.

The R4 is a “pre-decisional” USAID document and does not reflect results stemming from formal USAID reviews. Additional information in the attached can be obtained from Judith Gilmore USAID/BHR/PVC.

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**MEMORANDUM TO: ACTING ASSISTANT ADMINISTRATOR
LEN ROGERS, AA/BHR**

FROM: JUDITH GILMORE, BHR/PVC

**SUBJECT: 2000 RESULTS REVIEW AND RESOURCE
REQUEST (R4)**

I am pleased to present PVC's annual Results Review and Resource Request (R4) for FY 2000. This past year, PVC initiated a strategic planning exercise that will result in the development of a new five-year strategic Plan. While this R4 discusses current program performance, it places increased emphasis on issues that affect our capacity to improve the impact of PVO programs under a new strategic plan.

The strategic and intermediate objectives outlined in the strategic plan (1996-2000) have, to a large degree, been accomplished. Grantees have put into place the criteria for performance excellence and adopted new technical and programming practices that have improved the quality and sustainability of services.

- Partnerships with local NGOs have increased significantly;
- Coalitions with commercial business that yield parallel development investments are accepted practice;
- Technical and program design capacity has steadily improved;
- More than three-quarters of the grantees plan to replicate their programs in other countries, and more than half are planning to scale these programs up; and most importantly
- the cohesion, collaboration and engagement of the PVO community have grown enormously. Much of this growth can be attributed to networks that PVC has supported.

Our increased understanding of past performance coupled with extensive debate and discussion on future options among the program staff, has allowed the office to identify a cluster of factors and emerging issues that will drive programming in the years to come.

This R4 requests a significant increase in PVC's budget for FY 2003. Several options are included in the Resources Request section of the document. PVC has been proactive this year in laying the foundation for its new strategy. A Task Force met regularly for several months and developed a paper proposing new directions for the Office. These new directions are consonant with, and supportive of, the Agency's new way of doing business, reflected in the Global Development Alliance (GDA). While some of what is proposed can and will be integrated into our ongoing programs, supplemental resources will be necessary to fund and manage the outreach and operational activities that are proposed. PVC also plans to work more creatively with high performing PVOs, through new strategic partnership grants focusing on innovation, scaling up, policy reform, and

coalition building. At the same time, PVC will make a concerted effort to work with less experienced PVOs through its mentoring programs, which will need to be expanded.

At a minimum, we will require an additional \$2.7 million to keep us whole and continue the program as planned. Our FY 2002 Budget Justification level is \$970,000 below our FY 2001 OYB. The \$8 million for Victims of Torture (\$3 million for PVC and \$5 million for allocation to Regional Bureaus) is for an activity that, when transferred to PVC, the Budget Office agreed would be additional to its regular budget level. Moreover, it was never envisaged that the funds for Regional Bureaus would be included in PVC's budget. In FY 2000, the \$1.5 million for a new Victims of Torture RFA was additional to our budget as was the \$3 million for the FY 2001 OYB, and future year commitments to this program should be treated in a similar manner. There is also a shortfall of \$2 million for our Capable Partners (CAP) project in FYs 2002 and 2003, promised at the time of the project authorization. We have sufficient carryover funds for our FY 2001 launch of the project, but given the unmet demand for our other grant resources, to fund CAP out of those resources would seriously compromise other ongoing programs.

This has been an exciting year for PVC. Many of the ideas embodied in the PVC philosophy, program and new directions have been incorporated into the GDA, giving increased prominence to the role of PVOs and NGOs in the Agency's mandate. We intend to work closely with the GDA Secretariat in implementing these new approaches and expect that our own programs with the PVO community will grow commensurately.

R4 Part I OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE

1. PROGRESS IN IMPLEMENTING PVC'S STRATEGIC PLAN

This was a transition year for Office of Private and Voluntary Cooperation (PVC). There were two primary challenges the office addressed: to document change in the capacity of our PVO partners that occurred over the span of the current strategic plan and to identify overarching trends and challenges that the PVO community will need to address in the coming years.

While the analysis of program performance and trend data is critical, it is not sufficient to build a new strategic plan. Ultimately, PVC needed to construct a deeper understanding and identify the relative importance of the various factors that drive organizational change and generate higher performance. In addition to discussing performance, this R4 places emphasis on what the office has learned from implementing the current strategic plan and the implications for future directions.

As a result of the studies conducted this year, a great deal more is known about the design, delivery and management of grants programs, and the technical assistance needed to improve PVO performance. The "learnings" that have been culled from PVC's experience implementing the current strategic plan will, to a large extent, determine the shape of the new strategic plan and, perhaps more importantly, determine the most cost-effective approach to implementing the strategy. Among the important lessons learned from the past five years is the need to focus on the operational aspects of the strategic plan; outline how the office will align the grant programs, special initiatives and work systems; and allocate resources to support achievement of the strategic objective.

Finally, while strategic plans have definable beginnings, they seldom have an absolute, definable end-point. PVC anticipates that a number of program elements and initiatives put into motion under the current strategy to build the organizational capacity of the PVOs will continue to produce results over the years to come. The most productive elements in these capacity building efforts are the foundation for a new strategy.

Most Significant Program Achievements

PVC conducted a series of longer-term (10 year) reviews and case studies of PVOs that received organizational development matching grants. These longitudinal studies and a survey of all current grant recipients were used to develop a better understanding of the capacity building process and the dynamics, timeframe and resource requirements of organizational strengthening. A cluster of themes that are the driving force to improved organizational performance—institutional assessment, partnerships, and sustainability—run throughout these assessments.

The criteria for performance excellence, that is, organizational assessments, strategic planning, measurement and analysis of performance and coalition building, have become standard practices among PVC grantees. For example:

- Over the past five years 84% of the grantees have conducted organizational assessments. As a result of these assessments a large portion of the grantees (89%) adopted new or improved management practices, while 54% adopted new technical or programming practices. These figures show a slight gain over last year. There has been a steady increase in the number of PVOs that use the organizational assessment instrument (DOSAI) that was developed by PVC the first year of the strategic plan. Approximately 44% of the grantees have used this tool.
- Networks have played a significant role in setting technical standards and strengthening technical capacity. Virtually all of the grantees (93%) are members of U.S.-based networks. Three quarters of the grantees reported that they adopted new technical practices as a result of their membership in a network.
- Progress has been made in assisting PVOs to build partnership with local partners (NGOs, private organizations, community based groups, local governments, etc.) and in strengthening their technical and organizational capacities to deliver services.
Today:
 - ➔ Virtually all of the PVOs (98%) have local partners compared to 50% in 1996.
 - ➔ While partnering with a variety of local entities has increased, there has been a substantial increase in the number of PVOs that are partnered with NGOs. In 1997, 52% of the PVOs had NGO partners compared to 72% in 2000.
 - ➔ Half of the grantees assessed the capacity of their local partners, and approximately 75% of the local partners adopted new management or technical practices and approaches. These rates have remained fairly constant over the past two years, indicating either a need for a new approach and/or additional resources to assist the PVOs to build local partner capacity.

While partnering is high, partnership failures are also substantial. One third of the PVOs reported that, over the life of the grant, they had a local partnership that did not work out. PVC has refocused its technical assistance to address partnership management issues.

- The PVC Strategic Plan sent a powerful message to the PVO community that shaped the progress we are now seeing in achieving both organizational sustainability and the sustainability of services at the field level. Today, there is broad agreement that the PVO community, in general, is seriously grappling with the issue of financial sustainability. The community has become conversant with the concepts and approaches to designing programs that sustain the delivery of services. The approach that PVC promoted appears to be particularly effective among relatively small, emergent PVOs and national NGOs where a deeper understanding of the financial

situation has been a powerful incentive to change within these organizations. For example:

- A rough comparison between PVC grantees and non-grantees indicates that over the past five years PVC grantees have managed to leverage more private resources than non-grantees.
- Virtually all of PVC's grantees (95%) have sustainability plans and measure sustainability outcomes in their programs. At the inception of PVC's Strategic Plan virtually none of the PVOs had sustainability plans in their program designs.
- A large percentage of the grantees (45%) plan to verify post-grant sustainability. The child survival PVOs are testing an approach to analyze the sustainability of their programs and are working towards developing a common framework for measuring sustainability in child survival projects.

Overall prospects through the budget year

Prospects through the budget year depend to a large extent on the availability of resources to address an increasingly complex, rapidly changing PVO sector. Maintaining or accelerating performance will depend on PVC's ability to take on new functions and to refine, develop, and disseminate new tools and approaches that address the needs of an increasingly segmented PVO community. The following trends will affect future performance. Availability of resources—staff as well as funds—to address these trends will determine progress.

Increased Divergence in PVO Organizational Capacity—high performance to nascent organizations

There is sufficient evidence from four years of performance monitoring to demonstrate that improved organizational capacity combined with strengthened technical skills has resulted in both improved services at the field level, as well as in program expansion. Much of the improvement in the quality of services and the “scale up” of programs can be attributed to the decade-long development of a cadre of high performance PVOs or program units within these organizations.

The emergence of high performance programming presents PVC with an unusual opportunity. These organizations, or organizational units, are the leading edge of innovative and quality programming. They are setting the standard for the PVO community and will be influential in moving the field forward. The challenge for PVC will be to expand the role of the highest performers to take on new issues, modes of operation, and to develop the next generation of programs while simultaneously building the capacity of promising PVOs. For example, in the microfinance community, approximately a quarter of the microfinance PVOs can be considered high performers because they have taken programs to scale and are setting industry standards for quality and innovation. A fourth of the PVOs are on the cusp of being high performers and another quarter has the potential. This pattern is mirrored in other sectors.

The resource requirements to maintain this dual role are significant. If high performance PVOs are going to be the engine to test new approaches, then a great deal more effort will need to go into determining the most effective strategies to increase the adoption of these approaches by other implementing organizations, such as the larger PVO community, NGOs, and university partners. Conventional communication and dissemination efforts, training, and one-on-one technical assistance are clearly not enough and probably too costly to accelerate large-scale adoption. To meet this challenge, investments in information technology and other mechanisms, such as networks that have the potential to reach and influence large numbers of implementing organizations, need to increase.

Shifts in PVO programming

Increased diversity in the PVO sector is paralleled by a fairly substantial shift in PVO programming. Both factors have the potential to affect program performance. As reported in prior Results Reports, the PVO community is shifting away from traditional humanitarian-based direct service delivery at the community and household level. In its place we are seeing a focus on strengthening systems and an increased tendency for PVOs to operate as facilitators rather than direct service providers. This change has accelerated over the life of the current strategic plan and is related, in part, to PVC's emphasis on program scale-up and sustainability. For example:

- Eighty-three percent (83%) of PVC's grantees report that they are assisting government or private businesses and cooperatives to implement decentralized planning at the district or municipal level as opposed to the direct delivery of services. This shift in programming is characterized by a larger emphasis on organization and management issues, effective partnership management, and policy advocacy. Neither PVC nor the PVOs have performance indicators that reflect this trend nor the effects on quality of services and civil society.
- Policy advocacy has become increasingly prominent in PVO programs. Thirty-seven percent (37%) of grantees report that their PVC-funded program engaged in policy advocacy in the last year. However, few, if any, grantees are measuring the results of policy advocacy. More than half of the grantees engaged in policy advocacy were able to cite positive outcomes from these activities. These range from adoption of the PVO's recommendations in national health budgets to increased community participation in local political and administrative issues.

These programming transitions will require PVC to help the PVOs to monitor program performance in both traditional service delivery programs that rely on well-established, commonly-used coverage indicators, as well as to develop or adapt performance monitoring tools and indicators in order to document change in more complex processes, such as decentralized planning and policy reform. In addition, PVC will need to work more intensively with the PVO community to develop practical approaches to aggregating performance data in these areas. To avoid duplication of effort, PVC will need to devote more staff effort to tailor existing approaches to PVO/NGO needs. PVC's collaboration with USAID's Center for Development Information and Evaluation (CDIE)

has been particularly helpful in this area. The office has used numerous products and approaches developed by CDIE to guide and orient the PVOs in measuring organizational performance and policy advocacy.

Partnership Strength and Performance

To tease additional performance, scale, and sustainability out of PVO programs will require addressing a cluster of constraints. One of the lessons learned over the past five years is that it is not enough to strengthen the capacity of PVOs to deliver sustainable services, but we must also strengthen the capacity of local partners. It is notable that one-third of these local partnerships fail. This represents a substantial loss of time, money, and potential benefits. From the perspective of PVOs the primary factors that contribute to partnership failure are divergent objectives, lack of partnership implementation, technical capacity, and financial management issues.

Program performance is likely to improve if adequate resources are directed at the other half of the partnership equation—strengthening the capacity of local organizations to work with the U.S. PVO community and to deliver quality services to their constituencies. The critical elements are in place to make this happen:

- ➔ PVC has been very successful in funding networks to improve technical capacity of the PVOs. In addition to their membership in U.S. networks, 78% of the U.S. PVOs belong to national or country level networks.
- ➔ PVC has gained valuable experience from funding a small cluster of PVO grants that support NGO service centers or intermediate organizations.
- ➔ Intermediate organizations have become increasingly important to PVOs as development partners. Currently, 13% of the grantees have partnered with intermediary support organizations to implement projects.

These networks and intermediate organizations provide an ideal platform to begin to strengthen the entire implementation partnership rather than just one partner.

While PVC has funded a limited amount of training to strengthen NGO capacity, evaluation of these efforts indicate that short, one-time trainings are of limited value in bringing about change. Effective programs have a sequence of inputs, customized help, and intensive networking among participants. PVC recognizes that it is unlikely that traditional approaches to technical assistance will be able to reach sufficient numbers of NGOs to build a critical mass of highly functional organizations in any one country. However, national networks and intermediate groups have the potential to reach larger numbers of NGOs, cooperatives and community based organizations with consistent inputs over a longer timeframe.

Based on PVC's experience with funding U.S.-based networks, the office estimates that these types of intermediate organizations can be instrumental in building the technical standards, good partnership practices, and financial sustainability of NGOs and other

local partners. Thus, they are a key intervention in the new capacity building project the office will bring on line this year to reinforce PVO programming efforts and increase overall program performance.

Finally, with the increased emphasis on implementation partnerships, there are many new implementing entities that are largely unfamiliar with both the PVO community and USAID's emphasis on managing for results and performance monitoring. PVC's experience in assisting PVOs to partner with a wide range of organizations—from commercial business to small, nascent PVOs—yields some valuable lessons on the approaches and resources needed to accomplish this task. The initial stages in partnership development require carefully timed inputs. Failure to do so will affect performance. For example, the new Farmer-to-Farmer initiative for Africa and the Caribbean will be implemented by Historically Black Colleges and Universities (HBCUs) in partnership with traditional PVOs. This new partnership will require PVC to put additional efforts and resources into assuring that these organizations can both design and deliver high quality programs, as well as document performance. Increased programming with faith-based organizations that are new to USAID will require similar inputs.

Transition in PVC's Role and Operations

To a large degree the management for results process has both challenged and changed the office. Program analysis, which is the foundation for results reporting, has generated within the office a yearly cycle of discussion and debate on program performance and information gaps. This more systematic approach to analysis has shifted grant program operations by fostering greater collaboration, integration, and consistency. Each year the office has commissioned evaluation studies, analysis, and case studies that have broadened our understanding of program performance. Increasingly, these studies are being linked to other offices in the Bureau of Humanitarian Response (BHR). In the coming year, PVC and the Office of Food For Peace (FFP) will collaborate on a series of evaluations of PVOs that have PVC Matching Grants and FFP institutional development grants.

This past year, the office identified issues and trends that will dominate the agenda for the next five years. These are NGO strengthening, policy advocacy, strategic partnerships, HIV/AIDS, information technology, and the gap between relief and development activities.

Over the next five years, PVC anticipates that it will need to address current and emerging issues, as well as maintaining the progress made in capacity building over the past five years. To do this the office will need to address the following activities:

- ➔ Design new approaches to working with high performance PVOs.
- ➔ Increase efforts to assist PVOs to scale-up their programs, while at the same time taking on new program interventions, such as HIV/AIDS.
- ➔ Address conflict and disaster prevention and mitigation linkages in development grant programs. While a remarkably small number (11%) of PVOs address potential disaster issues in the design of PVC-funded development programs, 42%

- of the grantees had to deal with either man-made or natural disasters at their project sites.
- ➔ Up-grade efforts to institutionalize the full range of partnership alliances, parallel funding, and cost recovery/containment approaches that enhance financial and operational sustainability and program scale-up into all PVO and national partner activities.
 - ➔ Increase efforts to consolidate capacity building best practices and actively disseminate effective new approaches and tools that merit broader application in order to reinforce PVO efforts to build the capacity of their NGO partners.

Clearly, there are program and staffing implications to PVC if the office is going to assist the PVOs and their local partners to work in this more complex environment. As a prelude to developing a new 5-year strategic plan a PVC task force has explored ways for the office to take on new functions and to streamline the existing grant management process. A review of current operations identified both operational changes, as well as the principles that should guide repositioning the office. These will be discussed in the yearly post-R4 retreat and in consultation with PVOs and partners in June 2001.

R4 PART II	RESULTS REVIEW BY SO
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<u>Country/Organization:</u>	Private and Voluntary Cooperation
<u>Objective ID:</u>	963-001-01
<u>Objective Name:</u>	Increased capability of PVC's PVO partners to achieve sustainable service delivery

1. SELF ASSESSMENT On Track

2 SUMMARY:

Primary Link to Strategic Agency Framework:

PVC's Strategic Objective is crosscutting, thus it forms primary linkages to several aspects of the Agency's Framework.

Secondary Link to Strategic Agency Framework (**in bold**)

1.1	Private Markets -----	16%
1.2	Ag Development/Food Security -----	4%
1.3	Economic Opportunity for Poor -----	22%
2.1	Rule of Law	
2.2	Credible Political Processes	
2.3	Politically Active Civil Society -----	2%
2.4	Accountable Gov't Institutions	
3.1	Access to Ed/Girl's Education -----	1%
3.2	Higher Ed/Sustainable Development -----	2%
4.1	Unintended Pregnancies Reduced	
4.2	Infant/Child health/Nutrition -----	39%
4.3	Adverse health outcomes due to pregnancy	
4.4	HIV/AIDS -----	2%
4.5	Infectious Diseases reduced -----	4%
4.6	Victims of Torture -----	3%
5.1	Global Climate Change -----	3%
5.2	Biological Diversity	
5.3	Sustainable Urbanization/Pollution -----	1%
5.4	Environmentally Sound Energy -----	1%
5.5	Natural Resource Management	
6.1	Impact of Crises Reduced	
6.2	Urgent Needs in Time of Crisis Met	
6.3	Security/Basic Institutions Reestablished	
7.1	Responsive Assist Mechanisms Developed	
7.2	Program Effectiveness Improved	
7.3	Commit Sustainable Development Assured	
7.4	Technical/Managerial Capacity Expanded	

Link to U.S. National Interests:	National Security
Primary Link to MPP Goals:	Regional Stability
Secondary Link to MPP Goals:	No Secondary Linkage

PVC's Strategic Objective

PVC's primary mandate is to strengthen the capacity of the U.S. PVOs to carry out innovative and effective development activities in priority sectors of mutual interest to USAID and the PVO community. The Strategic Objective (SO) of the office, "increased capability of PVC's PVO partners to achieve sustainable service delivery," reflects this mandate. PVC's SO and programs are linked to most elements in the USAID's Strategic Framework ranging from agricultural development and microenterprise to civil society and child survival. PVC's SO seeks to ensure that increased capacity results in effective service delivery at the local level, as well as sustained benefits. The five Intermediate Results (IRs) that support the SO are:

- ➔ Operational and technical capacity of PVC grantees improved
- ➔ Strengthened partnership between USAID and U.S. PVOs
- ➔ Strengthened partnership between U.S. PVOs and local NGOs
- ➔ Improved Mobilization of Resources by PVC's PVO partners
- ➔ U.S. Public Awareness Raised

Key Results

At the SO level, PVC measures three capacity dimensions. These are (1) change in PVO institutional capacity, (2) effectiveness of service delivery, and (3) sustainability. As this is the final year of PVC's strategic plan, Part I of the document presents the most significant program achievements in capacity building over the past five years and the lessons learned in implementing the strategy. This section highlights the SO and the IR indicators as they relate to enhanced capacity of the PVOs to deliver services and sustainability. In addition, it cites how managing for results has changed PVC programming.

Effectiveness of service delivery

Microenterprise Development Indicators

PVC uses the Microfinance Results Reporting (MRR) system. This was developed by USAID's Office of Microenterprise Development to provide regular reporting on USAID's microenterprise development projects (2000 data is not yet available).

The SO indicators reflect the average number of borrowers and average active loan portfolio along with the percentage of women borrowers at the PVOs' partner institutions. While the number of partner institutions supported by PVC changes from year to year, the average number of borrowers and average active loan portfolio have demonstrated significant growth each year. From 1996 to 1999, there has been a 52% increase in the average number of borrowers and a

63% increase in the average total loan portfolio per partner institution. The percentage of women borrowers has remained fairly constant from 1996-1999, with minor fluctuations.

SO Indicators	1996	1997	1998	1999
Avg. Number of Borrowers per Institution	6,494	7,927	8,816	9,888
Avg. Active Loan Portfolio per Institution	2,291,902	2,835,983	2,969,154	3,727,631
Percent of women borrowers	74.5	71.3	74.3	76.1

Child Survival and Health Indicators

Data on change in PVO capacity to deliver sustainable child survival services are calculated on a three-year mean using a performance index. Elements in the index are childhood and TT immunization coverage and changes in exclusive breastfeeding practices. As 2000 is an interim year, data on this index are not presented in this R4.

For the last two years PVC has looked beyond the coverage data and assessed how the PVOs are implementing the various technical interventions, such as immunization or breastfeeding promotion programs. This assessment is based on a “State of the Art Interventions” checklist that is used as the standard for determining the strengths and weaknesses in program design and implementation. The objective is to identify and address intervention approaches, technical issues, and overarching programmatic factors that effect performance. The following trends were identified across programs that ended in 2000:

- **Programming transition.** The intervention mix has shifted. In the initial years of the child survival grants program, approximately 90% of the level of effort went to immunization, nutrition and control of diarrheal disease. The SO level indicators reflect this program emphasis. However, in more recent years, these three interventions account for only 50% of the PVO total effort. Following USAID’s lead, PVOs have increased programming in the areas of maternal and neonatal health, malaria and pneumonia case management.

The increased number of PVO child survival projects that operate at the district level to strengthen health sector decentralization efforts shows a second important transition. In 1999, 50% of the child survival grants focused on strengthening local health systems. This increased to 54% in 2000. The projections for the future are even higher. Seventy-four percent (74%) of the projects ending in 2003 are designed to strengthen local health systems.

As a result, fewer PVOs are providing direct immunization services. Rather, they are focused on improving the quality of services provided by district and municipal units or they are coaching and mentoring NGOs and/or community groups to strengthen their capacity to deliver services.

PVC's current indicators do not reflect this shift in programming. While the individual PVO projects collect performance data on these new program emphasis areas, neither common indicators nor a consistent approach is used. Thus, data cannot be aggregated across PVO projects. It will be necessary in the next few years to forge consensus among the PVOs on a set of indicators that would be appropriate for general use. The CORE Network and the Child Survival Technical Support (CSTS) Project are currently testing an approach, the "Rapid CATCH" template, to standardize definitions of indicators as well as reporting on a small sub-set of indicators.

- **Strategic Capacity Development.** At both the headquarters and local partner levels, PVOs are devoting more attention to capacity building. Only 5% of the projects ending in 1999 reported capacity development at the headquarters level as compared to 53% of the projects ending in 2000.

A growing number of health units in PVOs are conducting more specific capacity assessments targeted to their divisions. By the end of 2001, 50% of the child survival grantees will have assessed the capacity of their health functions. A common theme winds through these assessments, which points to the need to focus attention on information sharing, organizational learning, field technical capacity, and operations research. PVC intends to closely monitor this trend to determine whether it is more effective to initiate capacity building initiatives from the sectoral level or to focus on a broader organization-wide approach level.

This increased attention to strategic capacity development by the PVOs has resulted in improvements in the ability of local institutions to deliver services. Compared to five years ago, far more PVOs are focused on assessing organizational capacity at the local partner level. Only 7% of the grantees that began projects within the last 5 years measured local partner capacity in their baseline assessments. In 1999, 62% of the grantees assessed their local partner capacity as part of these baseline assessments.

By 2004 when these projects will end, the office should be able to make definitive statements regarding the change in capacity among local partner organizations.

CARE, in partnership with a Haitian health association, conducted a management capacity assessment of 9 health centers. Based on the findings, **CARE** and its partners simultaneously stimulated demand in the community for appropriate health services and strengthened the ability of the health centers to supply the required services on a lasting basis. Based on pre and post assessments, the management training resulted in a 131% increase in the capacity of the health centers. The largest gains were in the areas of planning, human resources, financial management and stock management.

Technical Interventions. Based on a review of final evaluations of 14 projects ending in 2000, almost all of the programs increased immunization coverage in their intervention areas. Some

exceeded 90% coverage for children completely immunized before 12 months of age. However, based on 5-year trend data, the following observations can be made:

- In general, PVOs have the greatest impact in improving immunization coverage when they target areas where coverage is under the national average (below 50%).
- In areas where coverage goals are not reached or drop below the baseline, the cause is usually outside the PVO's control, such as in-country vaccine shortages.
- An overarching theme that pervades the entire review is the need to adopt a comprehensive approach to the child survival interventions and to place greater emphasis on the "package" of interventions needed. For example, Vitamin A supplementation program could be promoted together with one for immunization coverage.

While the evaluation review pointed to the need to accelerate HIV/AIDS programming, it is important to note funds were limited five years ago for PVO-directed HIV/AIDS activities. However, the PVOs are both experienced in HIV/AIDS programming and are poised to expand these activities. For example:

- ➔ 63% of current grantees implement HIV/AIDS programs under other funding.
- ➔ 76% of PVC grantees plan to expand their level of HIV/AIDS activities.

Aside from increased funding, 33% of these PVOs cited programming information as the single most important assistance that PVC could provide. Several PVOs urged linkages with bilateral and multilateral efforts.

Sustainability Indicators

PVC is tracking microenterprise organizations that are financially and operationally sustainable. The following table presents data for 1997 through 1999 (2000 data will be available in 4th quarter 2001).

Sustainability Indicators in PVC-funded Microenterprise Programs

	Full Financial Sustainability	Operational Sustainability	Neither
1997	9.43%	7.55%	83.02%
1998	11.67%	21.67%	66.67%
1999	29.79%	4.26%	65.96%

(Note: An organization that has achieved full financial sustainability is no longer counted in the operational sustainability numbers).

PVC will continue to track both indicators but full financial sustainability is the primary program objective. This will also facilitate setting targets. The data indicate that a significant, growing number of microenterprise organizations have achieved full, financial sustainability. Nonetheless, nearly two-thirds of microenterprise organizations have yet to achieve either operational or financial sustainability.

In addition to the microenterprise sustainability indicators, the office has been working toward developing a measure of post-grant sustainability. For the 1999 R4, the PVC conducted a special study in conjunction with the CORE (child survival) Network. Data generated from this study was the foundation for a series of meetings and actions to develop a practical approach to measuring post-grant sustainability. The sustainability initiative is a good example of how an item on PVC's annual analytic agenda can generate sufficient program data to bring all stakeholders to the table to seek solutions. The involvement of the CORE Network, coupled with technical guidance and support from the CSTS, the child survival support contractor, allowed the PVOs to take the lead role in setting the sustainability agenda and assured buy-in and follow-up.

IR 1: PVO Operational and Technical Capacity Improved

PVC's strategic plan places a great deal of emphasis on improving the quality of PVO program plans and designs, and on measuring those improvements through the IR 1 indicator. The strategic plan stresses the ability of PVO grantees to manage grants for results with clear objectives and indicators of success always in mind. For that reason, the IR 1 indicator measures the quality of these two success factors in each proposal. PVC's strategic framework also identifies the 'sustainability' of development services and the quality of partnerships with local counterparts as fundamental to the success of any program. For that reason, these two indexes of program quality design are also evaluated for each grant proposal the office receives.

The tool PVC uses to signal its program priorities and standards to the PVO community is the Request for Applications (RFAs) issued annually by the Matching Grants and Child Survival programs. The RFAs specify the application components and program design criteria that a successful application is expected to meet, thus creating a program architecture with clear structure and quality standards. Through the RFA mechanism, PVC signals to the PVO community two important points. First, that program plans designed to enhance organizational capacity will improve the chances that an application will be successful. Second, that improved organizational capacity generates improved development outcomes. In the context of a competitive grant application process, this framework has been effective in eliciting program plans of increasingly high quality.

Continuing the trend visible since the first year after the 1996 baseline, scores in the four IR 1 indicator areas increased again this year.

- Increments of improvement over last year's scores were highest for 'sustainability' (8%), followed by 'partnership' (5%), and 'indicators' (4%).
- The 'objectives' indicator improved slightly (1%), although this score has improved consistently and significantly every year since 1996. This is also the case with the 'sustainability' score. A modest level of variability over the plan period characterizes scores for both 'indicators' and 'partnership,' although the overall trend line is strongly positive.

Although the set of IR 1 scores falls slightly short of the ambitious 5% annual improvements projected at the start of the current strategic plan (now in its final year), the discrepancies are small, and the overall score trends are clearly positive in all four indicator areas. For example:

- The trend in the scores for ‘objectives’ and ‘indicators’–, which have improved by 26% and 72%, respectively, over the five-year period of the current strategic plan,–can be probably attributed to PVC’s continued emphasis on quality results frameworks in the RFAs and proposals.
- Improvements are clearest in the case of ‘objectives’ while the ‘indicator’ scores tend to be a bit lower. This minor discrepancy is consistent with PVC’s experience working with those PVO programs whose objectives are more clear-cut and easily understood than are the indicators. In such cases, the situation tends to require seasoned evaluation officers to design the program objectives appropriately.
- ‘Sustainability’ scores have risen by 78% during the five years of PVC’s current strategic plan. This rate is a source of considerable satisfaction for the office given the low baseline score in this area and the importance USAID assigns to lasting development impacts. The impressive magnitude of this improvement reflects the value PVC has placed in the RFAs on the design of PVO programs wherein the creation of durable service delivery mechanisms is underlined as a primary goal.
- The 2000 ‘partnership’ score, though continuing a two-year period of improvement, is lower than the highest scores achieved during the current strategic plan. Reasons for this fluctuation are unclear, but may be attributed to the partnership requirement in PVC grants is quite general.

In the design phase for the next strategic plan and RFAs, the office will consider the fact it may not have fully articulated the proposal review criteria for effective and durable partnerships. Volatile ‘partnership’ scores are also consistent with PVC’s grant-making experience in which for a variety of reasons a significant minority of partnership relationships has tensions or difficulties. PVC will want to evaluate in detail the factors underlying the uneven trend in ‘partnership’ scores as it distills lessons from the current results framework and prepares for the next strategic plan.

3. PERFORMANCE AND PROSPECTS

In general, PVC has achieved most of its SO and IR level targets. Where targets were not met, additional analysis was undertaken to provide more detailed information on performance. PVC continues to streamline and refine the indicators used to measure capacity development at the SO level, as well as adjust to programming trends that require more specificity in measurement.

4. POSSIBLE ADJUSTMENTS TO PLANS

PVC has a process in place for revising the current strategic plan. A series of case studies were developed, trends identified, and program options outlined. A schedule for initiating a dialogue and consultations with PVO partners regarding the directions of a new strategic plan will begin in June 2001. PVC anticipates that the new strategy will be in place by December 2001.

Managing for Results

The greater emphasis placed on analysis of program performance in the grants programs is a reflection of PVC's efforts to assure that the R4 is not just a results-reporting exercise. One of the lessons learned from the first strategic plan is that the yearly results report is insufficient to improve program performance unless it is accompanied by (a) an ongoing dialogue with PVO partners on program performance trends, and (b) the development of special studies or operations research designed to address operational constraints.

Over the past two years, PVC has moved closer to management based on a data mode of operation. Not only has there been increased measurement and analysis of program performance, the office has also sought to extract larger meaning from data and information to support program decisionmaking and operational improvements. PVC supports a yearly internal review of program performance and the development of a yearly analytic agenda. All grant programs have final evaluations that compare baseline and final performance data. The support contractors synthesize evaluation findings across all programs to identify over-arching trends and issues.

PVC is placing greater emphasis on both the quality and accuracy of program data. Emphasis is also being placed on developing a more comprehensive county-level approach within programs and across the entire portfolio. For example, the child survival program instituted a team approach to site visits. When child survival staff conduct site visits they encourage all child survival grantees and their local partners to participate in a joint team visit to PVC-funded projects in the country. These site visits culminate in a joint meeting with the Mission. Indications are that this approach is leading to greater collaboration and networking among the PVOs and their local partners. The approach has the potential to forge a stronger working relationship with the Missions and to provide them a more comprehensive understanding of how PVO results contribute to their strategic objectives.

Finally, an office taskforce is addressing several issues, such as streamlining the grant cycle, aligning programs, increasing our ability to respond to new issues, using our grant resources more strategically.

More Efficient and Productive Technical Assistance Models

Designing efficient and productive business processes are key issues for PVC. There is a need to streamline our approach to building capacity among the PVO partners; decrease the management burden on PVC; and to reach larger numbers of PVOs with the limited resources available. Rather than rely on traditional training and technical assistance delivered by short-term consultants, the office has put into place a system that places the responsibility for problem solving into the hands of specialized PVO networks (CORE and SEEP). PVC's technical assistance contractors, CSTS/Macro International, Dimensions International and DATEX, INC, support these actions. This arrangement places accountability for problem solving directly with the implementers, the PVOs.

What has emerged from this system is a very engaged "learning network." This system has taken on difficult and often sensitive technical and program issues (e.g., post-grant sustainability), supported dialogue, developed solutions, and established standards and consensus among the PVO community. The support contractors serve as a neutral technical/program reference point. By aggregating data on program performance across all PVC-funded projects, the support contractors can identify large, overarching trends and bring the various PVOs to the table for dialogue, debate, and discussion.

This network-centered approach allows PVC to work in partnership with the PVO-managed networks and to selectively invest in special studies on key issues that the networks can then use to catapult action among their membership. The long-term involvement of the network assures continuity and follow-up at a relatively modest PVC investment. While a role still remains for the more labor- and cost-intensive training and technical assistance approach, PVC is clearly moving toward cost-effective and demand-driven mechanisms that can be replicated at the field level.

Exporting this network model to country programs is already underway. PVC envisions that this approach will allow the office to develop a country-level focus rather than a purely grant-centered view. Such a focus will maximize the synergy among the PVC-funded grants within a country and to provide consolidated results report to the Mission. Some initial steps for developing a country focus have been taken. For example, the CORE and SEEP networks, are replicating their approaches at the country level.

5. OTHER DONOR PROGRAMS

The International Forum on Capacity Building (IFCB) provides a valuable avenue for donors and Northern and Southern NGOs to share information and improve coordination in their respective capacity building efforts. Other donors supporting the IFCB include the United Nations Development Programme (UNDP), the EC, and the World Bank.

6. MAJOR CONTRACTORS AND GRANTEES

All of PVC programs are implemented by U.S.-based PVOs. The office maintains three support contracts to assist in the PVO registration process and in providing administrative and technical support for management of the grant portfolios.

ANNEX A

PERFORMANCE MONITORING TABLES

Table 1: SO1 Performance Indicator 4

Objective Name: Strategic Objective 1.4 : Change in key microenterprise measures of performance				
Objective ID: 963-001-01				
Approved:		Country Organization: Private and Voluntary Cooperation		
Indicator: Change in key microenterprise measures of performance				
Unit of Measure: 1) Avg. number of borrowers per institution 2) Avg. active loan portfolio per institution 3) Percentage loans made to women borrowers	Year	Measure	Planned	Actual
Source: Microenterprise Results Reporting (MRR) system, Office of Microenterprise Development. The baseline data is 1996.	1996 (B)	Avg. No Borrowers	-	6,494
		Avg. active portfolio	-	2,291,902
		% Women borrowers	-	74.5%
Indicator Definition: Measures the change in PVO service delivery capacity.	1997	Avg. No Borrowers	7,548	7,927
		Avg. active portfolio	2,514,572	2,835,983
		% Women borrowers	70%	71.3%
	1998	Avg. No Borrowers	9,435	8,816
		Avg. active portfolio	2,892,703	2,969,154
		% Women borrowers	70%	74.3%
	1999	Avg. No Borrowers	11,322	9,888
		Avg. active portfolio	3,327,554	3,727,631
		% Women borrowers	70%	76.1%
2000	Avg. No Borrowers	13,209		
	Avg. active portfolio	3,838,031		
	% Women borrowers	≥75%		

Table 2: SO1 Performance Indicator 5

Objective Name: SO 1.5: Percent change in key measures of Microenterprise sustainability				
Objective ID: 963-001-01				
Approved:		Country Organization: Private and Voluntary Cooperation		
Indicator: <u>Operational sustainability</u> is defined as the capacity of a financial institution to cover all its operating costs with its own revenues without subsidy. <u>Financial sustainability</u> is defined as the capacity of a financial institution to cover all of its financial and operational costs by the revenues from interests and fees.				
Unit of Measurement: Percent microenterprise institutions/activities which achieved operational sustainability.	Year	Key Measure	Planned	Actual
	1996 (B)	Operational sustainability	-	13%
		Financial sustainability	-	6%
Source: 1) MRR system, Office of Microenterprise Development. 1996 year data is baseline. Data reported in R4 is prior years data. For 1997 R4, 63 records from 1996 were reviewed; 83 records were reviewed for 98R4. Document review of program plans and records. Twenty-one programs reviewed for 97R4.	1997	Operational sustainability	15%	2%
		Financial sustainability	62%	52%
	1998	Operational sustainability	15%	22%
		Financial sustainability	62%	12%
	1999	Operational sustainability	15%	Data not yet available
		Financial sustainability	62%	
	2000	Operational sustainability	15%	
		Financial sustainability	TBD	
Indicator Definition: Measures change in sustainability and community willingness to support services. Financial input at the local level includes user fees, income generation, fund raising, Voluntary community contributions. Data for this indicator will not be collected until program evaluations are revamped.		Comments: 1) An organization that has achieved financial sustainability is no longer counted in the operational sustainability numbers. 2) From 1997 to 1998 there was a trend towards increasing sustainability. During that period, there was a 16% increase in the number of institutions that graduated from no measure of sustainability to either operational or financial sustainability.		

Table 3: IR 1 Performance Indicator 1

Performance Indicator 1: Percent PVOs that develop quality program plans					
<p>Unit of Measurement: Percent (%)</p> <p>Data Source: During the applications review score sheets are filled out by MG technical reviewers and CS PVC staff.</p> <p>Indicator Definition: Indicator measures the change in the quality of PVO program planning.</p> <p>Population: All applications in the MG and CS divisions. Applications scored in 1996, 1997 and 1998 were 76, 61 and 73, respectively.</p> <p>Criteria developed for five sub areas : 1) Measurable and quantifiable results-oriented objectives (Obj), 2) Appropriate indicators (Ind); 3) Use of state of the art (SOTA) technology, 4) Sustainability (Sust) plans, and 5) Partnerships (Partn)</p> <p>Scoring system: 1) Excellent; 2) Good; 3) Acceptable with minor changes; 4) Acceptable with major changes; and 5) Unacceptable</p> <p>Calculation: Numerator: number of program applications that scored acceptable with minor changes, good and excellent. Denominator: total number of program applications</p>	Year	Quality Scored	Planned	Actual	
	1996 (B)	Obj	-	-	53%
		Ind	-	-	39%
		SOTA	-	-	83%
		Sust	-	-	37%
		Partn	-	-	58%
	1997	Obj	58%	58%	57%
		Ind	44%	44%	61%
		SOTA	≥90%	≥90%	97%
		Sust	42%	42%	52%
		Partn	63%	63%	72%
	1998	Obj	65%	65%	63%
		Ind	65%	65%	52%
		SOTA	≥90%	≥90%	95%
		Sust	55%	55%	52%
		Partn	75%	75%	77%
	1999	Obj	≥65%	≥65%	66%
		Ind	≥65%	≥65%	63%
		SOTA	≥90%	≥90%	Not scored
		Sust	≥60%	≥60%	57%
		Partn	≥80%	≥80%	64%

	2000	Obj	≥70%	67%
		Ind	≥70%	56%
		SOTA	Not Scored	
		Sust	≥60%	66%
		Partn	≥80%	69%

ANNEX B

Building PVO Operational and Technical Capacity

PVC's Strategic Plan (1996-2000) recognized the increasing importance of PVOs to USAID's programs, and put into place a strategy that would build the technical and operational capacity of the PVOs to deliver sustainable development assistance. The current R4 consolidates data and information on changes in PVO capacity over the life of the PVC's strategic plan. This Annex illustrates the broad categories of organizational change as they occurred in specific PVOs. Particular emphasis is placed on the effects on organizational change on program scale-up and sustainability. Insights on the costs of managing change are mentioned.

PVC has placed a great deal of emphasis on understanding the dynamics of change and the critical factors that were most effective in building PVO organizational competence. The special studies^{1,2} PVC conducted to examine the role that PVC-funded grants played in building the operational and technical capacity of PVOs are cited. These studies demonstrate that with PVC assistance, US PVOs have emerged as major development partners in a number of key areas critical to USAID interests. The PVC grants were instrumental in accelerating organizational change, developing and testing new program models, and building strategic partnerships that foster sustainability.

Enhanced Capacity of PVOs to Deliver Services

Accelerated Organizational Change

The strongest evidence of PVC's success in capacity building is the emergence of a cadre of high performance PVOs, or program units within PVO organizations, which are the leading edge of innovative and quality programming in the PVO community. In essence these PVOs, have become, or are on the cusp of becoming, "learning organizations" for the entire private sector development community.

PVC's Matching Grants in the microfinance sector illustrate this evolution. In 1987, microfinance Matching Grantees combined reached fewer than 50,000 clients. Today, they are reaching approximately two million clients worldwide. Loan volume has doubled (312 to 529,000 in 98) from 1996 to 1999. Much of this growth can be attributed to a series of strategic grants to PVOs that have taken their programs to scale and built quality and performance into their operations.

- **Catholic Relief Services** (CRS used a series of matching grants to build competency in a new program sector. CRS made a number of operational changes that culminated in a comprehensive approach to microfinance programming. CRS is now considered a leading innovator in the microfinance field. Many of the organization's innovations developed under the grant for the microfinance sector have been adopted by other sectors within the organization.

¹ *The Assessment of PVC's MG Impact on Microfinance*, Detwiler & Ashe, March 2000

CRS continues to build new approaches to microfinance and is currently developing a certification approach for local organizations and has implemented an innovative socially conscious mutual fund created to generate a regular stream of income for CRS microfinance programs.

Similar actions that accelerate organizational change and scaled-up program operations have been taken by other microenterprise grantees. For example with PVC's assistance:

Prior to the award of their first PVC grant **CRS** had limited experience in small enterprise development, no technical staff and reached a very small number of clients with micro-finance services. By the end of the second matching grant the organization had put into place a comprehensive and innovative approach to micro-finance and poverty lending. Currently the micro-finance program at CRS:

- serves over 150,000 clients in more than 30 countries;
- Has a strong six person technical unit at headquarters with 36 field based technical staff --- paid for by the PVO.

- **ACCION** built its capacity to significantly increase outreach to clients, enhance operational sustainability and increase access to funds from commercial sources. Active clients have increased from 13,000 in 1987 to over 447,000 in 1999. This year for the first time ACCION has moved beyond its traditional base in the Latin America to develop an Africa microfinance initiative that is poised to replicate the success that characterizes their Latin America operations.
- **Freedom From Hunger (FFH)** used PVC funds to develop and refine a successful methodology that integrates microfinance and education into a comprehensive and cost-effective approach that has had a major influence on PVOs that operate village banking activities. FFH has recently taken this methodology to scale through its partnership with WOCCU and its associate credit unions. FFH is unique in that it has measured the effects of its approach at the household level.

As a result of a series of strategic grants to PVO working in microfinance there is now in place a cadre of high performance organizations that have taken their programs to scale, and built quality and performance into their operations. This "leading edge" of PVOs are setting the standards for the industry, consolidating best practices and are now in position to test a new generation of approaches in microfinance development. These PVO will be influential in moving the rest of the PVO practitioners' forward.

While some large PVO have needed a series of grants to make major program changes, smaller more mission-focused PVOs have managed to enact massive organizational transformation in a relatively short time frame.

- For example: based on a practical, results-focused strategic planning process **African Wildlife Foundation (AWF)** implemented an impressive transformation. In three years AWF moved away from donor-driven priority setting to a streamlined program approach. A PVC grant funded the multi-stage strategic planning that allowed AWF to move quickly to revamp, simplify and operationalize a new approach. A key element in the plan was the building of strategic partnerships and alliances with

national groups, private sector, other US government donors and PVOs. AWF developed an innovative approach, Conservation Service Centers, which are composed of multi-disciplinary teams that prepare, broker and sustain wildlife business deals. The original model has been replicated in three additional countries with money leveraged from USAID missions and the private sector.

In addition to the microfinance model, where the PVOs developed the internal capacity to take programs to scale, a second model has evolved. Advocacy has emerged as a key tool for program replication. This trend is particularly evident in the health sector where PVOs have used PVC-funded grants to test innovations and new program models that have the potential for wide applicability and replication.

Over a series of PVC grants, **SAVE the Children** developed and tested a new approach, “positive deviance”, that identified how poor families manage to raise health children under conditions of high child mortality. The concept of “positive deviance” has been extremely influence in the health sector, widely adopted by other PVOs and is now a standard part of child survival practices.

Evidence suggests that the transfer of new approaches rarely occur without some external impetus and sufficient evidence to

demonstrate the effectiveness of the intervention. Over the past 10 years PVOs working in the health sector have developed strong technical and program implementation skills and are thoroughly grounded in measuring program performance and impact. This has allowed them demonstrate to national governments, other PVO/NGOs or the business community what it is possible to achieve if these interventions were replicated on a larger scale. The Project HOPE example cited in the following section is typical --- innovative program design combined with wide dissemination of the approach⁶ and replication.

Increased Strategic Partnerships

In 1996 PVC sent a powerful signal to the PVO community by including "sustainable capacity to delivery services" as a key element in the office Strategic Plan. PVC provided targeted technical assistance to the PVOs to assist them to develop business plans; implement cost recovery approaches and builds business partnerships in order to sustain activities funded by the grants. This attention to sustainability has resulted in greater emphasis on alliances and coalitions between PVO and business and foundations that have leveraged significant private resources for PVO development efforts. For example:

- **Project HOPE** worked with commercial tea plantations in Malawi to implement an employer financed preventive health program that worked in tandem with the Ministry of Health. The program changed the way Project HOPE conceptualized health service delivery and resulted in the PVO actively perusing alliances with commercial organizations as a means to building scale into programs. Project Hope

⁶ *Innovative Approaches to Child Survival – summaries of evaluation studies by La Leche League, Project HOPE, Project Concern & World Relief.* Edited by Burkhalter and Bashir, BASICS. *High Impact PVO Child Survival Programs: Proceedings of an Expert Consultation*, Gallaudet University, Washington, D.C. June 21-24 1998 Volume 1 & 2.

was able to capitalize on the results of the initial program to attract Press Agriculture, the largest agriculture corporation in Malawi, as a new private sector partner. Both of these programs set the stage and provided the impact data that allowed HOPE to demonstrate to potential Latin American private sector business partners the value of investing in preventive health service for workers and their families.

As commercial businesses commit to delivering services to their workers there is both a shift in health costs from the public to the private sector and a net gain in sustaining the delivery of these services. These approaches have not been limited to the health sector. For example,

- **Land of Lakes**, a PVC-funded agricultural cooperative addressed declining health status of Uganda's workforce by assisting a local dairy cooperative to forge a partnership with a private sector health organization to create the Uganda Health Cooperative which developed a prepaid health care services for the dairy cooperative membership. Land of Lakes is replicating this approach in other East African program sites. This innovative approach characterizes the Farmer to Farmer program's PVO implementers who have consistently sought multi-sectoral solutions to agri-business and economic development issues. The experience gained from testing multi-sectoral models for delivering sustainable services is particularly relevant in the Africa Region in light of the need to mitigate the economic and social repercussions of HIV/AIDS.

Finally, the emphasis on sustainability has increased the flow of private resources to the PVO community. A rough comparison between PVC grantees and non-grantees indicates that over the past five years PVC grantees have managed to leverage more private resources than non-grantees.

The Costs of Managing Change --- critical elements

While it is not unusual for programs to demonstrate changes in organizational capacity, it is a far more difficult task to document an approach that will *consistently* bring about organizational change. PVC has made an effort to understand the relative importance of factors or processes that give raise to change. Over the past five years much has been learned about the cluster of factors that have the power to challenge the fundamental way organizations operate and how to design and deliver a package of services that will generate organizational change. In most cases the following factors were closely link to improved organizational capacity and program performance.

Specific Funding for Capacity Building

The availability of PVC funding for institutional assessment and development as well as for service delivery was critical and unique among USAID programs. This support allowed the PVOs the time to assess organizational needs, reflect on program directions and develop strategic plans. The grants provided the resources to hire specialized staff to match the revitalization of programs. As a result, the PVOs have put structure around

what sometimes was often an amorphous set of projects, substituted strategic planning for piecemeal programming and placed greater emphasis on hiring professional staff and institutionalizing these positions within the organizational structure

Organizational Self Assessment --- a powerful incentive for change

The availability of organizational assessment tools such as the Discussion Oriented Self Assessment (DOSA) assessment, Institutional Strengths Assessment (ISA), or approaches such as Appreciative Inquiry, that were either developed or promoted by PVC, were very influential in the change process. The PVOs used these techniques, often tailoring them for to their organizations needs or for use with their local partners. Today, in PVC-funded programs, organizational self-assessments are a conventional practice. While the availability of organizational assessment tools were important, PVC learned that it was not necessary to subsidize specialized training and technical assistance in order to increase use of these tools. Development and promotion was frequently sufficient to insure adoption.

Organizational Assessments --- Analysis to Action

- ▶ 84% of the PVOs conducted an organizational assessment,
- ▶ as a result of the assessment 89% of these PVOs adopted improved management practices or organizational systems,
- ▶ 60% adopted new program or technical practices

Capacity Building --- a lengthy and multistage process

As might be expected, one-time events or interventions were less effective in bringing about organizational change related to complex multi-stage issues such as building organizational sustainability or transferring specific technical skills. PVOs that participated in the more intensive technical support initiatives (GEM, SDS) noted that these programs were effective in large part because of the continuity of inputs, customized help and networking. While the special initiatives have piloted new approaches and developed important lessons regarding how to build organizational capacity, it is the large, member-run special networks (CORE, SEEP) that have been particularly cost-effective in providing technical assistance to large number of PVOs. In addition to their broad outreach capacity, networks are clearly a leaner, less management intensive model for PVC to use to provide longer-term technical and organizational assistance.

USAID's Pivotal Role

The primary and most consistent source of technical assistance and guidance available to the PVOs is the PVC program staff. The extensive interaction between PVC program staff and the PVO grantees on technical and organizational development issues is a vital element in building the technical and organizational capacity of the PVOs. Much of this capacity building is centered in the review processes the office developed. PVC has put into place:

- a multistage grant review process that provides feedback to the PVOs on the strengths and weakness of their applications;
- a detailed implementation plan review process that provides a challenging forum for the PVOs to discuss their program implementation plans and exchange ideas with a broad range of technical and program development experts; and
- A monitoring and evaluation system that is designed to build PVO performance monitoring capacity.

At each stage in these processes there is extensive dialogue with the PVO community. This approach has been very effective in providing guidance to the PVOs on organizational assessment and strengthening as well as setting technical and implementation guidelines and standards. These systems and review processes are continually reviewed, updated and new approaches are tested.

ANNEX C

GREATER HORN OF AFRICA INITIATIVE (GHAI)

PVC contributes to the GHAI with its own funds each year. The chart indicates the level of USAID funds, as well as the PVO cost share leveraged for these activities in the region in FY 2000. The activities contribute to directly to two of the operating principles: African Ownership and Promoting Stability. Working with local NGOs, PVC's PVO grantees are strengthening local organizations to take a greater role in delivering essential services while raising institutional capacities. The activities contribute to promoting stability by focusing on local level activities to promote a strengthened civil society.

Country	Child Survival	Cooperative Development	Farmer-to-Farmer	Matching Grant	Victims of Torture	Total
East Africa				\$64,000		\$64,000
Ethiopia	\$399,954		\$142,959		\$99,061	\$641,974
Horn of Africa			\$134,549			\$134,549
Kenya	\$661,935					\$661,935
Rwanda	\$434,965			\$127,553		\$562,518
Tanzania		\$218,243		\$469,793		\$688,036
Uganda	\$300,797	\$131,209		\$125,465	\$99,061	\$656,532
Sub Total	\$1,797,651	\$349,452	\$277,508	\$786,811	\$198,122	\$3,409,544
Cost Share	\$449,413			\$786,811	65,380	\$1,301,604
Total	\$2,247,064	\$349,452	\$277,508	\$1,573,622	\$263,502	\$4,711,148

Greater Horn Countries:

Burundi, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Somalia, Sudan, Tanzania, Uganda, Horn of Africa, East Africa

Washington and Overseas Workforce Tables

Org_BHR/PVC End of year On-Board FY 2001 Estimate	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2	Total SO/SpO	Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con- tract	Legal	All Other	Total Mgmt.	Total Staff
OE Funded: 1/																
U.S. Direct Hire	17							17							0	17
Other U.S. Citizens								0							0	0
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN								0							0	0
Subtotal	17	0	0	0	0	0	0	17	0	0	0	0	0	0	0	17
Program Funded 1/																
U.S. Citizens	4							4							0	4
FSNs/TCNs								0							0	0
Subtotal	4	0	0	0	0	0	0	4	0	0	0	0	0	0	0	4
Total Direct Workforce	21	0	0	0	0	0	0	21	0	0	0	0	0	0	0	21
TAACS								0							0	0
Fellows	4							4							0	4
NEPs								0							0	0
Subtotal	4	0	0	0	0	0	0	4	0	0	0	0	0	0	0	4
TOTAL WORKFORCE	25	0	0	0	0	0	0	25	0	0	0	0	0	0	0	25

1/ Excludes TAACS, Fellows, and NEPs

Washington and Overseas Workforce Tables

Org BHR/PVC								Total	Org.	Fin.	Admin.	Con-	All		Total	Total
End of year On-Board	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2	SO/SpO	Mgmt.	Mgmt	Mgmt	tract	Legal	Other	Mgmt.	Staff
FY 2002 Target																
OE Funded: 1/																
U.S. Direct Hire	19							19							0	19
Other U.S. Citizens								0							0	0
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN								0							0	0
Subtotal	19	0	0	0	0	0	0	19	0	0	0	0	0	0	0	19
Program Funded 1/																
U.S. Citizens	4							4							0	4
FSNs/TCNs								0							0	0
Subtotal	4	0	0	0	0	0	0	4	0	0	0	0	0	0	0	4
Total Direct Workforce	23	0	0	0	0	0	0	23	0	0	0	0	0	0	0	23
TAACS								0							0	0
Fellows	4							4							0	4
IDIs								0							0	0
Subtotal	4	0	0	0	0	0	0	4	0	0	0	0	0	0	0	4
TOTAL WORKFORCE	27	0	0	0	0	0	0	27	0	27						

1/ Excludes TAACS, Fellows, and NEPs

Washington and Overseas Workforce Tables

Org BHR/PVC End of year On-Board FY 2003 Target	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2	Total SO/SpO Staff	Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con- tract	Legal	All Other	Total Mgmt.	Total Staff
OE Funded: 1/																
U.S. Direct Hire	21							21							0	21
Other U.S. Citizens								0							0	0
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN								0							0	0
Subtotal	21	0	0	0	0	0	0	21	0	0	0	0	0	0	0	21
Program Funded 1/																
U.S. Citizens	4							4							0	4
FSNs/TCNs								0							0	0
Subtotal	4	0	0	0	0	0	0	4	0	0	0	0	0	0	0	4
Total Direct Workforce	25	0	0	0	0	0	0	25	0	0	0	0	0	0	0	25
TAACS								0							0	0
Fellows	4							4							0	4
IDIs								0							0	0
Subtotal	4	0	0	0	0	0	0	4	0	0	0	0	0	0	0	4
TOTAL WORKFORCE	29	0	0	0	0	0	0	29	0	0	0	0	0	0	0	29

1/ Excludes TAACS, Fellows, and NEPs

Washington and Overseas Workforce Tables

Org BHR/PVC End of year On-Board FY 2003 Request	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2	Total SO/SpO Staff	Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con- tract	Legal	All Other	Total Mgmt.	Total Staff
OE Funded: 1/																
U.S. Direct Hire	21							21							0	21
Other U.S. Citizens								0							0	0
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN								0							0	0
Subtotal	21	0	0	0	0	0	0	21	0	0	0	0	0	0	0	21
Program Funded 1/																
U.S. Citizens	4							4							0	4
FSNs/TCNs								0							0	0
Subtotal	4	0	0	0	0	0	0	4	0	0	0	0	0	0	0	4
Total Direct Workforce	25	0	0	0	0	0	0	25	0	0	0	0	0	0	0	25
TAACS								0							0	0
Fellows	4							4							0	4
IDIs								0							0	0
Subtotal	4	0	0	0	0	0	0	4	0	0	0	0	0	0	0	4
TOTAL WORKFORCE	29	0	0	0	0	0	0	29	0	0	0	0	0	0	0	29

1/ Excludes TAACS, Fellows, and NEPs

Information Annex Topic: Institutional and organizational development

What the information annex will be used for: prepare the cross-cutting theme chapter of the FY 2000 Performance Overview. The 2000 revision of the Agency Strategic Plan includes five cross-cutting themes in addition to the six Agency goals and the management goal. It also includes a commitment to report on one of the themes in depth in the Performance Overview each year. Institutional and organizational development has been chosen as the theme to be reported on in the 2000 Performance Overview.

The Performance Overview chapter aims to document the following points, based on the information requested:

- * support for institutional and organizational development is systematically programmed in results frameworks for the majority of Agency OUs;
- * support for institutional and organizational development systematically cross-cuts Agency goal areas in OU programs;
- * institutional and organizational development support is provided to public sector, private for-profit and private non-profit organizations consistent with program objectives;
- * a variety of types of capacity-building (e.g., financial accountability and sustainability, management and

Guidelines for Identifying Institutional Capacity Development. An institutional development IR should contain two elements: (1) the name of the overarching institution concerned and (2) the change taking place. IRs Institutions are defined as the "rules of the game" and the measures for enforcing those rules. In other words, for our purposes, institutions refer to the broad political and economic context within which development processes take place. These include policies, laws, regulations, and judicial practices. They also refer to less tangible practices like corruption, presence or lack of transparency and accountability. The rules and norms we are concerned with are political and economic, not social. Not every IR about policy is to be called institutional development. If the IR is about adopting/implementing a specific policy, it is not institutional development-- it falls under the goal area for the sector it addresses. Include only IRs about changing the

Guideline for Identifying Organizational Capacity Development IRs. The IR should have these elements: (1) It must name or allude to a specific organization or type of organization (an organization is a group of individuals bound by some common purpose to achieve objectives) and (2) it has to how or what action is being done to develop the organization.

Verification	Objective ID	IR No.	IR name	Indicators	Public sector	Private for profit	Private non-profit
	963-001	IR 1.1	Operational and technical capacity of PVC's grantees improved	% of PVOs that develop quality program plans in key areas			Y
	963-001	IR 1.2	Strengthened partnership between USAID and US PVOs	% of program funds channeled through US PVOs			Y
	963-001	IR 1.3	Strengthened US PVO and NGO partnership	% of PVC grants where there has been a clear transfer of resources by the PVO to local level partners			Y
	963-001	IR 1.4	Improved mobilization of resources by PVC's PVO partners	% of PVC grantees with a diversified funding base			Y
		SO1	Increased capability of PVC's PVO partners to achieve sustainable service delivery	change in the mean capacity score of PVC-supported PVOs on PVC-developed capacity self-assessment instrument			Y
				% of PVC's partners that adopt new management systems &/or technical approaches & innovations			Y
				% of network members that adopt new management systems & technical approaches as a result of membership in PVC funded networks			Y
				change in key measures of child survival program performance: imm. & TT coverage, exclusive BF rates	Y		Y
				change in key microenterprise measures of performance: loan volume & borrowers, %women borrowers		Y	Y
				% of ME programs that are operational sustainable		Y	Y
				% of programs that achieve post-grant sustainability			Y

