

**USAID/Office of Private and Voluntary
Cooperation**

Annual Report

FY 2005

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Please Note:

The attached RESULTS INFORMATION is from the FY 2005 Annual Report and was assembled and analyzed by the country or USAID operating unit identified on the cover page.

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Office of Private and Voluntary Cooperation

Performance:

USAID and its U.S. private voluntary organization (PVO) and cooperative partners provide a wide array of effective humanitarian and development services in a number of sectors through local non-governmental organizations (NGOs), including local cooperatives, in countries worldwide. Because USAID and its U.S. implementing partners are focused on achieving sector-specific humanitarian and development results in a well defined time period; however, it is often difficult to ensure that there is adequate focus on the longer-term effectiveness, accountability, and sustainability of both the local NGO service providers with whom we work and the services they provide.

Almost all USAID operating units say that they are addressing the "capacity" of local NGOs. However, there is no commonly agreed definition of what capacities need to be built or how, nor is it clear that most operating units are, in fact, actually affecting "capacity". Typically, "capacity" is used to address the technical skills of an organization that will ensure its ability to deliver quality, sector-specific services as part of (and only for the duration of) the USAID-funded activity; on the other hand, the organizational skills of an organization are far less frequently addressed -- or are addressed less systematically or comprehensively -- thereby leaving in doubt the ability of the organization to continue to deliver quality services after donor involvement ends. As noted in an April 2002 USAID paper, entitled "Institutional and Organizational Development: R4 Data Analysis for Annual Performance Report FY 2000," "even greater use of [institutional development/organizational development] processes and strategies could contribute further to the sustainability of development assistance through enhancing national ownership and on-the-ground capacities to sustain the work initiated through USAID assistance" (page 14). PVC's program results reporting confirms this concern that organizational capacities are a significant factor in ensuring longer-term sustainability of not only the NGOs but, more importantly, of the services they deliver. A recent survey of U.S. PVO grantees provides some of the following anecdotal evidence: the NGOs' "overall sustainability is compromised by outdated business practices"; key weaknesses are "inefficient operations and often high cost of services"; "partners' institutional strengths and weaknesses have a direct impact on their ability to deliver quality services on a sustainable basis."

Technical skills are logically addressed as part of a sector-specific activity to achieve clearly identified, sector-specific results; organizational skills, while frequently recognized as important, are by definition long-term and non-sector-specific, therefore they are less likely to be included in activity implementation, particularly where funds are considered inadequate to achieve the specific technical results at hand. However, the longer-term sustainability, effectiveness and accountability of local NGOs, if addressed appropriately and adequately, should lower USAID's overall costs in the long run, by precluding the need for additional phases of activities over many years, and ensure that the organizations assisted are better able to respond to a wider variety of potential situations, so that USAID and other donors might not need to return with future assistance in a different but related area.

The Office of Private Voluntary Cooperation (PVC) systematically tests, demonstrates and documents the essential components of organizational development, the priority order and methods in which organizational components need to be addressed, and with what level of resources. In addition, the office addresses the roles of NGOs in different country contexts, e.g., humanitarian emergency, conflict, post-conflict, and stable development, to ensure that organizational best practices can be as tailored as possible to appropriate country settings and circumstances. The findings from PVC research, assessment, technical assistance and demonstration activities are then disseminated widely throughout the Agency and to the PVO and other donor community. Key findings from research and pilot activities in FY 2004 include:

- In the initial stages of PVC organizational development assistance, local NGOs may tend to report a high level of organizational self-confidence (i.e., they believe their organizations are operating effectively and accountably). By contrast, their U.S. PVO partners as well as external assessment teams may rate some of these same local NGOs' organizational development capacities somewhat lower, presumably reflecting a broader perspective on what constitutes an effective, accountable and sustainable organization;
- What are often promoted as PVO-NGO "partnerships" in some instances can disadvantage local NGOs in terms of effectiveness and sustainability in service delivery. An expatriate PVO in some cases controls the donor resources and well as the development information in such a way that the local NGO does not sufficiently gain either the full range of management experience, tailored to the local environment, or how to conceptualize, plan and implement a humanitarian or development activity. Likewise, where support to cooperative development creates dependency, it undermines the mutual self-reliance that is central to cooperation;
- Donor and PVO activities implemented with local NGOs are most often results-driven, therefore focused on the donor's timeframe and agenda. As a result, donor-funded activities often "use" local NGOs, rather than "build" them, the result being that sustainability of the local organization and the services it delivers may be doubtful over the longer term;
- Cooperatives (and, by extension, NGOs) function best when local laws and regulations provide a level playing field for competition with other enterprises/service providers;
- While NGO networks can offer benefits to both donors and members, it is also true that donors can defeat the potential benefits with too much funding and over-direction. It is important that networks maintain a sense of autonomy and ownership from donor;
- There has been a general decline in support for accountability in donor-funded activities over the past 10-15 years. Despite a new-found public interest in accountability, there may be difficulty in identifying and implementing common donor accreditation of NGOs and their activities.

The systematic testing, demonstration, documentation and dissemination of many lessons learned in local NGO organizational development has been in implementation only since late FY 2003, therefore it is too early to state other significant program-wide results as yet. Anecdotal accounts, however, indicate strong support for this focus on organizational capacity building. For example:

- One mission with which PVC works closely in the implementation of a PVC-funded NGO Sector Strengthening grant has established a committee made up of representatives from several of its strategic objective teams to meet regularly with the PVC-funded grant staff to review and talk about how the organizational capacity lessons being learned under the PVC grant can be integrated into the mission's program portfolio-wide;
- While local NGOs participating in the NGO Sector Strengthening program are reportedly more likely to focus on service delivery goals based on their clients' needs at this early stage of grant implementation, an external assessment found that they are receptive to improving their organizational capacity because they understand that it will help them provide more and better client services. Some of the local NGOs noted that the baseline data collection for PVC's performance management plan was the first time that they had openly discussed their organizations' internal operations and that they found the discussion useful.
- The Capable Partners program initiated a web portal in August 2004, providing a mechanism for continual dissemination of key capacity building information. This portal contains 2,475 documents, 208 web site links, and 12 multimedia presentations. Since its inception, the site has registered 3,687 logins, demonstrating a demand for information on NGO organizational development.

One key challenge to ensuring sustainable, effective and accountable local NGOs across all sectors is a lack of an appropriate funding mechanism. Since organizational "capacity building" is truly cross-cutting, and USAID funding is driven by sector-specific technical categories, PVC's budget is made up of a collection of budget bits and pieces, cobbled together. The amount of funding needed for research and pilot activities is relatively modest but needs to be sufficient and sufficiently wide-spread across sectoral budget categories that PVC can demonstrate organizational development that is effective for all

organizations, regardless of the specific services they deliver.

For more information, please go to
www.usaid.gov/our_work/cross-cutting_programs/private_voluntary_cooperation/

Results Framework

963-001 Increased capability of PVC's PVO partners to achieve sustainable service delivery

SO Level Indicator(s):

- Percent of PVC grantees rating their overall capacity to deliver services as excellent or very good
- Percent of PVC grantees that are stronger now than at the beginning of grant
- Percent of PVO grantees conducting organizational assessments over the life of the grant
- Percent of PVO grantees that assessed local partner capacity

1.1 Operational and Technical Capacity of PVC's Grantees Improved

1.2 Strengthened Partnership between USAID and US PVOs

1.3 Strengthened US PVO and NGO Partnership

1.4 Improved Mobilization of Resources by PVC's PVO Partners

1.5 US Public Awareness Raised

963-002 Enhanced NGO capacity to deliver development services in select USAID countries

SO Level Indicator(s):

- Number of target NGOs demonstrating improved organizational development
- Percent of recipient NGOs showing improved delivery of development services
- Percent of target NGO constituents perceiving services as effective

2.1 Strengthened operational, technical, and financial capabilities of NGOs and cooperatives

2.2 Expanded linkages among NGOs, networks, and public and private sector institutions

2.3 Wider and more effective learning and dissemination of tested innovations, best practices, lessons learned and standards

963-003 Increased mobilization of U.S. Development Resources

3.1 Increased operational and technical capacities of select PVOs

3.2 Expanded collaboration between PVOs and corporations