

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

Operational Plan

FY 2006

June 13, 2006

Please Note:

The attached RESULTS INFORMATION is from the FY 2006 Operational Plan and was assembled and analyzed by the country or USAID operating unit identified on the cover page.

The Operational Plan is a "pre-decisional" USAID document and does not reflect results stemming from formal USAID review(s) of this document.

Related document information can be obtained from:
USAID Development Experience Clearinghouse
8403 Colesville Road, Suite 210
Silver Spring, MD 20910
Telephone: (301) 562-0641
Fax: (301) 588-7787
Email: docorder@dec.cdie.org
Internet: <http://www.dec.org>

Portions released on or after July 1, 2006

Program Performance Summary FY 2005: 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 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 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, of 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, however, FY 2005 surveys of grant recipients under the Cooperative Development and NGO Sector Strengthening Programs has resulted in both quantitative and qualitative evidence that indicates strong support for this focus on organizational capacity building. For example:

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. In the future, 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 so that whatever office implements these types of activities can demonstrate organizational development that is effective for all organizations, regardless of the specific services they deliver.

FY 2006 Program

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

Strengthen Civil Society

Strengthen Civil Society(\$20,206,000):

Although the reorganization indicates that PVC will no longer function as an office after this fiscal year, funding will continue to be needed to support on going USAID commitments under the Matching Grant (MGP), NGO Sector Strengthening (NGOSSP), Cooperative Development (CDP), Capable Partners (CAP) and Ocean Freight Programs (OFR). The PVOs and Cooperatives help strengthen the organizational capabilities of hundreds of local NGOs in a range of countries around the world. The purpose of these activities is to strengthen local NGOs, cooperatives, and networks. These programs will contribute to the identification of key organizational components (e.g. leadership, strategic planning, administration, customer responsiveness, financial management) of NGOs, cooperatives and networks of NGOs that require strengthening. The activities will also identify relative priorities and emphases among these organizational components and relative resource amounts necessary to ensure the greatest possible level of sustainability at the least cost and the highest possible standard of service delivery. Linkages between cooperatives, NGOs and NGO networks are also made, wherever feasible, with local governments, private sector enterprises, and local media to further ensure sustainability. In FY 2006, the 13 NGOSSP grantees will continue their cross-cutting capacity strengthening work with more than 300 NGOs and some 30 NGO networks through 12 country and 2 regional programs in Africa, Latin America and Asia. The Cooperative Development Program will continue to work with eight Cooperative Development Organizations with programs in 21 countries to develop, test and implement innovative solutions to such major cooperative development issues as: regressive legislation and regulation; achieving scale and salience; enriching the quality of governance and leadership; strengthening management and financial autonomy. In FY 2006, the Matching Grant Program will continue to foster innovative organizational and technical capacity building approaches among U.S. PVOs and their local NGO partners. During this next fiscal year, the MGP will manage 11 cooperative agreements with US PVOs operating in 29 countries worldwide. This cross-cutting program enhances the organizational and technical capacity of PVOs and NGOs in multiple sectors, including microenterprise development, the environment, agriculture and education.

Funding also will allow the continuation of a field demand-driven technical assistance program initiated in FY 2003 (The Capable Partners Program). In FY 2006, this program will provide workshops, technical assistance and "innovation grants" that focus on expanding public-private alliances. The program will continue to provide broader organizational development assistance directly to NGOs and networks upon request from missions and other USAID operating units and will develop and disseminate information on organizational sustainability that will be available electronically to NGOs worldwide. Primary cooperative agreement for technical assistance: Academy for Educational Development; primary sub-grantee: Management Systems International. A small competitive action research program is funding 18 activities by PVOs, cooperatives and Universities that will draw on experiences and lessons learned on a broad range of organizational development topics, such as the effectiveness of NGO networks in conflict affected areas. Approximately 50 U.S. PVOs, Universities and Cooperatives implement these grant programs in cooperation with hundreds of local organizations.

The Ocean Freight Reimbursement program provides small competitive grants to nearly 60 U.S. PVOs annually. Funds are used to reimburse the PVOs' costs to transport donated commodities, such as medical supplies, agricultural equipment, educational supplies and building equipment, to support their programs overseas. The Denton program allows PVOs and private citizens to use space available on U.S. military cargo airplanes to transport humanitarian goods and equipment to countries in need. Approximately 50 PVOs implement this program.

USAID manages the small grant program with Peace Corps for grass-roots community development activities. Funding for these small grants comes from mission contributions.

FY 2007 Program

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

Strengthen Civil Society

Strengthen Civil Society (16,500,000):

With the reorganization and subsequent dismantling of PVC, funding will be required to continue existing cooperative agreement obligations under the Matching Grant Program, Cooperative Development Program, NGO Sector Strengthening Program, Capable Partners Program and the Ocean Freight Reimbursement Program. Each of these programs will be dispersed to other offices in the agency which will assume responsibility for managing these activities.

FY 2006 Program

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

Strengthen Civil Society

Strengthen Civil Society: Strengthen Civil Society: USAID will offer training courses (half to full day only) to PVOs and other U.S. NGOs on topics such as strategic and funding priorities and procurement procedures so that potential PVO/NGO partners can better understand how to present their interests in ways that donors can perceive the match of U.S. NGO skills and abilities with investment priorities and available funding. In addition, USAID will work with other offices and missions throughout the Agency to make available Web-based information that is more user-friendly and accessible to potential partners. In addition, there is a growing number of U.S. and overseas organizations addressing the issue of organizational standards (i.e., established and recognized principles and practices which can be measured and documented) and offering accreditation or certification that NGOs meet specific standards to a sufficient degree to merit some recognition of achievement. USAID will provide information, in terms of Web links, handouts and responses to questions, on these standards to organizations and encourage potential NGO partners to participate in one of these external standards programs as part of ongoing organizational self-improvement efforts. USAID will not fund organizational self-improvement of potential new NGO partners. The intent of this activity is to encourage potential NGO partners to address programmatic and management improvements independently as a way of enhancing their attractiveness as high quality funding recipients to donors in general.

FY 2007 Program

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

Strengthen Civil Society

Strengthen Civil Society: Strengthen Civil Society: Depending upon demand, USAID will continue to offer training courses on topics of particular interest to potential NGO partners. The focus will continue to be on helping potential partners to better understand how USAID and other donors work and what they expect of grant partners so that NGOs can better prepare proposals based on needs and expectations. USAID will also continue to improve and expand Web-based information that is user-friendly and accessible to potential partners. Information will continue to include organizations addressing NGO standards and certification. Partners are to be determined.

Results Framework

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

Program Title: Local NGO Capacity Enhanced

- 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

Discussion: SO level indicator 3 has been changed to : 'Percent of NGOs that make changes as a result of OD assessments'. This was formerly 'Percent of target NGO constituents perceiving services as effective'.

Explanation for Change: It's easier to document and demonstrate that partners have made changes in organizational practices as compared to surveying perceptions. This is also a more meaningful indicator.

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

Program Title: Increased Mobilization of Resources

- 3.1: Increased operational and technical capacities of select PVOs
- 3.2: Expanded collaboration between PVOs and corporations