

Mid-Term Impact Evaluation of Phase II
NGO Sector Enhancement Initiative Project
in Ethiopia

Implemented by Pact
Under a Cooperative Agreement with USAID

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Executive Summary

Since the evaluator's mid-term evaluation of Phase One of this project three years ago, much has been achieved and impacts have been felt as a direct and documentable consequence of its interventions, as well as by the generally improving Ethiopian NGO environment. Without doubt, however, Pact has served as a catalyst for much of that improvement and the more clearly delineated future direction of NGOs in Ethiopia.

Where before there was no primary education being offered by the government, there is now a Pact "partner" NGO that is providing basic non-formal education in a community-provided building. Where there were once annual shortages of grain, there is now a grain bank being operated by a partner NGO that now assures food security throughout the year.

The majority of this is due to the capacity building and support efforts of Pact, and the obvious commitment of its NGO partners. Indeed, therein is the key point: The Pact project has enabled its current 82 partner NGOs to develop the organizational, managerial and financial capacities to more effectively and efficiently deliver services to their ultimate beneficiaries—the largely poor, rural and underserved Ethiopians most in need of such support. And Pact's partner NGOs' assistance is specifically targeted at those sectors of most importance to USAID, Pact and the greater Ethiopian community, i.e., food security/rural development, education, health, orphans/child welfare, and democracy and governance.

As fully described herein, this evaluation has taken a prospective of the project in two principal ways. First, from the vantage of its direct and indirect impacts as related to Pact's three stated objectives. And, second, from the structural and operational angle of the project—the traditional development assistance concerns of USAID and Pact, project management and specific objectives, and issues and recommendations.

While there was insufficient time for the one-person evaluation team to thoroughly examine all aspects of the project during the four weeks, it is hoped that this document provides a sufficient amount of details and examples to enable its readers to draw the same conclusions as the evaluator. In summary, Pact and USAID should be pleased with the achievements and impacts of the project, and hopefully utilize this evaluation as the basis for discussions related to the full funding of Phase Two and the envisioned Phase Three.

Introduction

This mid-term impact evaluation comes at a time when the NGO Sector Enhancement Initiative Project (the "Project") is in full swing in terms of implementation and significant ongoing results. This evaluation, therefore, will address the status of the Project in both of those terms as well as focus on the overall documentable impacts of the Project. However, in light of this evaluator's scope of work (SOW), the evaluation will be divided into two sections: 1) in a summary fashion, report on the broad impacts achieved within each of the three principal components of the Pact program; and 2) address the lengthy operational types of questions contained in the SOW (see Annex 6). Given the nature of those questions, however, additional and sometimes more specific examples of the Project's impacts also will be discussed in that section.

Consequently, it is hoped that this document will serve, firstly, as the sound basis for Pact's and USAID's future discussions and agreements regarding the annual workplans, full funding of the Project's current Phase II, and the commencement of the envisioned Phase III. Secondly, in the spirit of the "substantial involvement" clause of the Cooperative Agreement, this evaluation should serve as a guide for both parties with respect to outstanding issues, areas for improvement, and general recommendations.

The findings of this evaluation were formed through two principal means. The evaluator has expended considerable time interviewing a very wide array of NGO, GOE (Government of Ethiopia), private sector, USAID and Pact representatives at their respective offices and/or project sites, both in Addis Ababa and in various rural locations (see Annex 2; please note that the author regrets if any names and organizations were accidentally omitted).

In addition, he has reviewed an extremely large quantity of reports, handbooks, letters of exchange, promotional literature, etc., which have been synthesized and, at times, substantially quoted herein because of the extensive depth and quality of the material (e.g., the draft "Review of Enabling Environment for Ethiopian NGO Sector, December 1999"). However, with the time available and the number of documents and interviews to be considered, this evaluation represents an attempt to capture the consensus of the myriad of opinions regarding the Project's "impact", and, secondarily, provides responses to specific questions.

The Project: Its Components, Status and Impacts

As thoroughly described in the evaluator's "Mid-term Evaluation of the Ethiopian NGO Sector Enhancement Initiative Project, February 1997" and other subsequent documents, the Project effectively began in May 1996 with the formal registration of Pact/Ethiopia by the GOE. Since that time, Pact has concluded Phase I of the Project (which included a "bridge extension" to Phase II) and is now fully engaged in the implementation of Phase II, currently anticipated to conclude on September 30, 2002.

The Project is comprised of three distinct components, i.e. "Objectives", as presented below. While all three are closely interrelated and supportive of one and another, it can be said that the results achieved under Objectives Two and Three have served as the basis for the achievement of Objective One—this will become evident through the following presentation.

Objective One:

"An improved enabling environment in which NGOs work collaboratively with government on policy and development projects".

In accordance with Pact's June 1997 Technical Proposal for Phase II of the Project, the following are the principal elements of the Objective:

- Public information and communications comprised of a press kit project, communications activities, and communications channels;
- Government/NGO collaboration comprised of legislation, exposure to best practices, improved capacity of local government to collaborate with NGOs, model development projects, government/NGO fora, NGO sector, and annual enabling environment review; and
- Public/private initiatives comprised of awareness creation, public information, and model collaborative projects.

Before addressing the broader impacts of the various interventions under this objective, it is first necessary to give a summary overview of the significant achievements during both Phase I and II of the Project:

- Direct support of a coalition within the NGO sector resulting in the formulation of the "Code of Conduct for NGOs in Ethiopia, March 1999" that has been accepted and is now operational. The NGO, InterAfrica Group (IAG), was contracted by Pact to carryout a series of workshops that led to the promulgation of the Code. (Note: Unfortunately, IAG did not grant the evaluator a meeting to further discuss the Code and its impacts.);
- In an effort to change public and private sector perceptions of the NGO community, a media guidebook, a press kit, and two videos on local NGOs were produced. Also, a panel comprised of journalists from the private and GOE media and NGO representatives was convened to promote the many successes and human-interest aspects of NGO programs in the local media. Consequently, and with complementary training for GOE representatives, an *ad hoc* committee was formed to explore the collaboration between public sector and NGO experts and implementers in a range of social service fields;
- While the GOE's public review and promulgation of the long-anticipated new NGO legislation is still awaited, Pact has provided the GOE with substantial documentation on NGO legislation elsewhere in the world, and has financed exposure tours for GOE officials on best practices in

- government/non-government relations and NGO legislation in other parts of Africa and Asia (a good example of achievements under Objective Two directly impacting this objective);
- Changed perception of the NGOs' positive roles and activities among GOE representatives and the Ethiopian community at large;
 - Substantial increase in the number and quality of exchanges between local and central GOE officials and NGOs regarding the desired new NGO legislation, as well as in the contribution and participation of NGOs in national development policy formulation and implementation;
 - Substantial improvement in the NGO registration process as reflected by the increases in the number of NGOs registered and re-registered (an Intermediate Result #3 indicator for USAID's current Strategic Objective #4), and an increase in resources allocated to communities through the intermediation of NGOs; and
 - Early, yet already successful, implementation of collaborative GOE/NGO projects (e.g., the RCWDA and EMRDA projects in Region 4; see Annex 1 for the list of acronyms) that will serve as models elsewhere in Ethiopia.

As stated earlier, the most current and comprehensive assessment of the enabling environment is found in the November/December 1999 "Review of Enabling Environment for Ethiopian NGO Sector", by Ms. Lisbeth Loughran and Messrs. Jeffery Clark and Daniel Bekele. As a follow up to the May 1998 "Report on the Enabling Environment for the Ethiopian NGO Sector" (which also included Mr. Clark's participation, consequently providing a significant degree of continuity), this very timely, must-read report provides a variety of observations that are cited below and worthy of close scrutiny by Pact, USAID, other donors, and the NGO community.

By any objective measurement, growth in the Ethiopian NGO sector and enhancement of collective operational capacity and relevance to advancing national development priorities over the decade of the 1990s were extremely impressive. Now steady improvement in the enabling environment, in which NGOs form and operate, promises to facilitate additional significant growth within the sector during the opening years of the new century. The indigenous NGO community has taken root in Ethiopia and is poised to play a gradually expanding role of central importance to the country's political, social and economic evolution.

A number of indicators support this conclusion. The central and critical factor in improvement in the enabling environment, however, is that political forces within the Government of Ethiopia and the ruling EPRDF coalition have been able to accommodate operational space for the NGO sector within their ideological perception of the nation's basic structural alignment and accept NGOs as legitimate players in its political and economic transition. This shift in attitude is not yet complete and certainly is not in place across the entire political/governmental landscape, but telltale signs are strong and convincing.

While these are encouraging achievements and positive indications for the future, they must be correctly attributed to a variety of socio-political and economic reasons, as well as interventions by domestic and international NGOs and donors—one of them being Pact. Indeed, as one examines the factors listed below—which frame the conclusions reached by the report's authors—the very close correlation between those factors and Pact's past and current interventions (as listed above) become very evident.

- The number of NGOs registered with the government has grown significantly and the percentage of those registered NGOs being indigenous entities has eclipsed that of international counterparts;
- The act of registering for NGOs has receded as a continuous issue as the process has become relatively transparent and routine;
- Media portrayal of the NGO sector has undergone a radical transformation as the number of articles concerning NGO activities has increased significantly, the opportunities for journalists to

pursue investigative reporting have expanded, and the editorial cast of news stories has notably shifted to more positive portrayal of those activities;

- Collaboration between NGOs and government agencies at all levels—most significantly at the regional and local levels—has exploded in frequency and importance;
- Adoption of the Code of Conduct by the NGO sector has sent a positive signal about its ethical underpinnings to critical observers, provided evidence of ability of the sector to impose self-regulation, and spurred consultation and collaboration within the community;
- The mobilization of NGOs around humanitarian needs in the face of the border war with Eritrea and drought in the northern and eastern regions has served to underscore their legitimacy and relevance in the eyes of key government officials; and
- Cautious optimism has replaced trepidation in anticipation of the introduction of national NGO legislation.

In summary, while “progress is hardly uniform or consistently observed across the spectrum of NGO operations...NGOs in Ethiopia have crossed a threshold of acceptance and relevance that well places them to assume a permanent position as serious contributors to the country’s development process and its political, social and economic evolution”. The large and diverse audience of interviewees repeatedly verified the essence of this assessment.

In fact, it is not an overstatement to say that the Project’s multifaceted interventions, coupled with other complementary and propitious events, have been very instrumental in bringing about this major improvement in the enabling environment - an environment that is progressively more conducive to significant NGO advancements in the years ahead.

As stated by one NGO representative: “Pact has served as an intermediary between the government and the NGOs. It bridged the government—NGO gap. Consequently, there is now a common language between the government and NGO sector because of Pact as well as the Code of Conduct”.

Objective Two:

“NGOs have improved capacity to carry out effective programs”.

As per Pact’s Technical Proposal for Phase II, the following are the principal elements of the Objective:

- NGO capacity building comprised of building in-country capacity to deliver training and mentoring services, organizational assessments, training, mentoring, resource center, rural development/food security learning centers (an anticipated IIRR activity to be discussed later), and exposure visits; and
- Strategic Action Grants (SAGs) comprised of commodity, personnel (both short- and long-term) and activity grants.

As with the first objective, before addressing the broader impacts of the various interventions under Objective Two, it is appropriate to first give an overview of the significant achievements during both phases of the Project:

- An overall improvement in the management and financial capacity (as measured, *inter alia*, through “re-OCATing” in the case of 29 of the first NGOs) of 82 NGO “partners”. (In fact, Pact has been directly involved with (and, therefore, OCATed) 93 NGOs, but 11 NGOs have either been de-registered by the GOE or the partnership was terminated for cause; this essential, indeed, healthy process will be addressed later);
- Through a variety of training courses and mentoring, those same NGOs have improved their technical knowledge and skills (consequently, their service deliver capacities) in the Project’s key sectoral foci, i.e., rural development and food security, street children and orphans (subject of a

- separate evaluation conducted concurrently with this evaluation by a representative from USAID/Washington's office of Displaced Children and Orphans Fund), education, democracy and governance, and health (an initiative requested by USAID/Ethiopia during Phase II);
- An extensive variety and complexity of SAGs among all partner NGOs which have resulted in direct impacts on the recipient NGOs (in terms of both their organizational and individual staff competencies, and utilization of participatory methodologies) and their respective target beneficiaries/communities in six regions (examples of both will be described below);
 - An articulated strategy among a majority of partners on how to address gender issues, the development and use of gender indicators, the establishment of NGOs' links to women's affairs bureaus, and improvements in gender representation among the partners' beneficiaries and within their management and board structures;
 - Exposure tours to other countries in Africa, Asia and Latin America for approximately 40 NGO and GOE representatives that has resulted in direct impacts on their respective institutions (as will be described later) as well as the multiplier effects due to Pact's very strong partnership network (through regular "partner meetings", the quarterly newsletter IMPact, and other NGO and GOE fora); and
 - Through the extensive utilization and mentoring of local consulting organizations, a capacity now exists in country to design, conduct and evaluate participatory training that is based on adult learning principles.

When considering the impacts of these interventions, there are the following three vantages from which they are assessed: 1) what impacts have the activities had on the organizational, managerial and financial capacities of the NGOs; 2) what impacts have been realized by the respective NGO's intended beneficiaries; and 3) what impact has there been on the NGOs' capacities to obtain additional donor or community resources to assure its sustainability?

With respect to the direct impacts on each of the partner NGOs, the evaluator received extensive and very positive feedback from the large sample of NGOs (during meetings with 5- to 15-person sectorally-focussed groups as well as in one-on-one meetings, hence greater candor). What came through with total unanimity was the influence that Pact's Organizational Capacity Assessment Tool (OCAT) had on the NGOs' internal perceptions, objectives, strengths, weaknesses, etc.

As oft repeated by a large number of representatives: "We would normally look at ourselves but not in such a complete and critical, yet constructive, way. This has been a 'systematic learning process' for all of us that has been very beneficial to us and our beneficiaries". Another NGO representative was even more candid when he said: "The OCAT exercise was first seen by us as a means to get Pact's grants for our specific activities, but we now see it as a self-improvement tool".

Besides the various supportive comments from the NGOs (ones which the evaluator appreciates would inherently be positive given the nature of his role and cultural norms), we also have the benefit of the results of Pact's first "re-OCATing" exercise which took place in October 1999 among 29 of the first 35 partners. Without describing in detail the composition of the OCAT, it can be said that the analytical tool (developed for the Pact/Ethiopia program and now used in Pact's other country programs as well as by other donors here and elsewhere) is a way by which NGOs are assessed in terms of the following seven criteria and, in turn, ranked as a "nascent, emerging, expanding or mature" institution: governance, management practices, human resource management, financial resource management, service delivery, external relations, and sustainability.

What is demonstrated within the draft "Consolidated Report on Participatory Organizational Capacity Re-Assessment of 29 Partner NGOs, October 1999" is the fact that in 21 of the cases (72%) there was an improvement in the average composite scores for the seven criteria. While recognizing the subjectivity aspects of the OCAT (an issue acknowledged and debated within Pact), it certainly can be said that there is ample evidence to support the consensus of opinion delivered to

the evaluator. Indeed, by recognizing the margin of error issue, it appears that in four additional cases the negative score is so small that it would be considered insignificant when put through any sound statistical analysis.

Another aspect to consider is the correlation between the NGOs' completion of Pact's three core training courses and attainment of a higher or lower average OCAT score. It is worth noting that in those eight cases where the NGOs had a decrease in their average score, the large majority did not take the core courses or additional training courses, nor did they receive the associated mentoring from Pact - a significant and very distinguishing feature of Pact's capacity building program. Indeed, as stated by one NGO representative, "...the mentoring concept was foreign to Ethiopia until Pact began its program".

(See Annex 4 for a graphic comparative presentation of the re-OCATing results, by each of the seven criteria and four stages of institutional development, as well as by the individual analytical elements within each of the criteria. The "core" courses are: 1) Strategic Planning and Management; 2) Participatory Project Design, Monitoring, Evaluation and Reporting; and 3) Financial Management.)

With regards to the impacts on the respective NGO's intended beneficiaries, the evaluator expended substantial time discussing this topic with the NGO representatives as well as with the direct beneficiaries at a number of project sites (i.e., HUNDEE in Sululta; JACH and ACSI in Bahir Dar; and RCWDA, KCADO and EMRDA in the Oromia Region. See Annex 2 for the list of organizations and persons contacted).

At the project sites, the evaluator was able to ask the attendees, through a translator, a number of simple and standard questions regarding their perceptions of the NGO's level of assistance as well as its capacity to deliver and monitor those services, whether they be existing or new services (e.g., services which may have recently commenced as a consequence of the NGO's receipt of one of Pact's "activity grants" - one of its primary objectives being to demonstrate institutional capacity to other prospective donors). In the absence of any real way to quantifiably capture the results of these comments (especially given the time available, the subjectivity of the process, etc.), a number of the key and oft repeated points made by both the NGO representatives and, most importantly, the beneficiaries follows:

- They (the NGO) are better organized and seem to have a clear plan for providing support to us. They inform and follow up with us on all aspects of their assistance.
- They (the beneficiaries) are more motivated to support the NGO and their work; the motivation even includes the creation of income-generating activities (an issue to be discussed later).
- An old man stated that he lived through the Emperor Haile Selassie and Dergue periods but this is the best time of his life, and it is because the NGO (HUNDEE) has been able to assure him and his family of a steady food supply (and, consequently, security) through HUNDEE's successful operation of the grain bank.
- The NGOs are now seen as a means to address a variety of community-related issues because they (the NGOs) appear to be better able and willing to assist the people.
- The NGOs have demonstrated a sincere commitment to the people—something that has not always been evident from the government.

The final measure of the Project's real impact within this objective is with respect to the NGOs' capacities to obtain additional donor or community resources in order to sustain their assistance programs. As Pact has successfully conveyed the message to its partner NGOs that they are not a donor but rather an agent for institutional capacity building, the NGOs have come to realize the importance of maintaining existing as well as securing new financial assistance.

After numerous discussions with the diverse interviewees, it became very evident that a really accurate measure of the lasting impact of Pact's interventions is to ask whether or not a partner NGO is better

able to "market itself" as a reputable, transparent, and effectively-managed institution to other contributors or donors - be they communal, intra-Ethiopia (not very common given the lack of domestic tax incentives [discussed later], tradition, etc.) or international. What came from this line of questioning of both the NGOs and other involved donors was a resounding "yes".

Once again, the empirical information gained by the evaluator is best presented by the utilization of a number of regularly-cited points made by a variety of parties:

- Other donors have noted that we are now a more dynamic organization, and that we have an increased capacity to manage their resources. We have gained credibility and a good image.
- We are now using the OCAT and our results as a public relations and marketing tool with international donors. They greatly appreciate our commitment to self-examination and improvement.
- By taking Pact's Participatory Project Design, Monitoring, Evaluation and Reporting training course and subsequent mentoring services, we have been able to develop better project proposals that have resulted in a significant increase in donor funds.
- And from an international donor: Before Pact's interventions, we were the only donor assisting the NGO. Now there are a number of involved and interested donors. The OCAT process helped them identify and address issues. We are now receiving financial reports on time and they are more accurate and thorough. The development of the Strategic Plan helped to reflect upon and focus the NGO's program. The NGO now produces good and focused proposals, and they now have the capacity to report on project performance and its finances.

An interesting anecdote to this demonstration of the NGOs' capacities to now garner additional donor resources: In one case, an NGO partner noted that, while obtaining some new donors' assistance, they had lost an earlier donor because it had been determined that the NGO had, in fact, "graduated" in terms of a demonstrated need for further assistance. While difficult for that particular NGO, it is one of the best indicators of program impact and success!

Objective Three:

"NGO umbrella and networking groups take a proactive approach in representing and supporting members".

In accordance with Pact's Technical Proposal for Phase II, the following are the principal elements of the Objective:

- Strengthening of one existing network, i.e., Forum on Street Children, through technical assistance and SAGs;
- Support and facilitate the formation of six formal and informal sectoral umbrellas and networks through training and mentoring, technical assistance, and SAGs; and
- Education regarding the role of umbrellas and networks through the sensitization of NGOs on their uses and functions, and through exposure visits.

As with Objectives One and Two, before addressing the broader impacts of the various interventions under Objective Three, it is appropriate to first give an overview of the significant achievements during both phases of the Project:

- Pact and CRDA (the Christian Relief and Development Association, the oldest and largest membership organization for NGOs in Ethiopia and the only other principal provider of NGO capacity building) have developed a formal collaboration structure through periodic meetings (a topic to be addressed later), and participation in jointly-sponsored activities;

- Support (i.e., facilitation not formation) and mentoring for four formal and informal NGO umbrella groups/networks in basic non-formal education, micro-finance, micro-credit, and orphanages/child welfare;
- A variety of generic training courses provided to NGOs on networking that has resulted in a greater understanding and appreciation for the roles and values of umbrella groups/networks;
- NGOs receiving support services through the umbrella groups/networks; and
- Participation in exposure tours in other countries that looked specifically at networking.

When considering the broad impacts to date, it first must be acknowledged that the level of activity in this area has not been as substantial as in the other two objectives. Nonetheless, there is very ample evidence of impact based upon the interviews conducted with those NGOs engaged in one of the networks as well as those who desire to formalize a network. The perceptions of Pact's Program Managers and Co-Directors were also insightful in this regard.

Here again, the best way to convey what these interventions have really meant to the NGOs, and what they have done in support of the enhancement of the enabling environment, is to summarize or quote a number of the observations made by the interviewees:

- The willingness now of NGOs to create networks demonstrates the growing maturity and, equally important, the confidence they have in their positions;
- As in the case of Pact's individual partner NGOs, some of the recently-established networks are now receiving support from donors because of Pact's initial support. For example, in the case of the micro-finance association, they are now receiving support from the African Development Bank, World Bank, Irish Aid, etc. "A lot of interest and support is coming now because of Pact;"
- "Networks/associations were long overdue as there has been a felt need, but the process needed to be transparent and it took much effort and cajoling - Pact provided that help";
- Significant networking is occurring on a daily basis at Pact's Development Resource Center where NGO, GOE and private sector representatives exchange information and ideas. This is also being achieved through the wide distribution of Pact's quarterly newsletter IMPact;
- "Pact's efforts have brought about a phenomenal change in the establishment and fostering of linkages among NGOs";
- "The culture of networking just didn't exist before Pact";
- With respect to the recently-formed voter education informal network among six NGOs, the GOE is supportive of their planned efforts; and
- "The exposure visits have not only helped to obtain new information but they have enabled us to establish informal networks with our NGO and government colleagues".

Broad Concerns and Specific Questions

In accordance with the SOW, the following section will address the more general concerns of any development assistance program as well as the specific questions raised therein. As stated earlier, by responding to the wide variety of questions presented, further aspects of the Project's overall impacts will be demonstrated.

Development Assistance Concerns

Relevance: While there has been substantial progress made toward the establishment of a more enabling environment and the improvement in the NGOs' capacities to serve as partners in Ethiopia's development, there is no question that the development constraints, and the strategies to address those constraints, are still applicable. Likewise, in all respects, it appears that the Project's specific activities are still focused on those constraints. However, as will be discussed in the recommendations section, there are a few areas where some additional fine-tuning is suggested.

Effectiveness: There's no doubt that the Project is fulfilling Pact's and USAID's expectations in terms of the stated objectives, and that those objectives are still valid. Based on discussions with USAID staff, however, it is evident that they are in the process of re-examining their overall strategic goal and objectives and, consequently, the role that Pact will play in the achievement of those objectives. Therefore, at the appropriate time, it is critical that Pact (along with other NGOs) be called upon by USAID to provide valuable, "first-hand, field-based" inputs for that strategy development process.

Efficiency: While the evaluator has not undertaken a cost-benefit analysis of the overall program, it would appear from his years of working with U.S. PVOs on development assistance programs that USAID and the people of Ethiopia are receiving a very good return on the USAID investment. The low operational costs of Pact (as compared to any profit-making firm), coupled with the laudable utilization of all Ethiopian staff (except for Pact's American Co-Director) in its office in Addis Ababa, clearly suggests a high degree of efficiency.

Likewise, over the years, Pact has progressively increased its use of local human resources for most of its in-country work. Additionally, the Pact staff has increasingly assumed a much greater role in the provision of training—previously the domain of local contractors.

Impact: This topic has been and will be further discussed in the pages that follow.

Innovation: As discussed earlier, the Project has been effectively capitalizing on exposure tours - both to other countries as well as regions of Ethiopia - to expose NGO and GOE representatives to a wide variety of different ideas and approaches for capacity building, networking, etc. While seemingly costly to some, the returns on these investments of time and financial resources have been extraordinary. A case in point: As a clear and direct result of the participation of an influential GOE/NGO representative from Ethiopia's Region 3 in the Bangladesh exposure tour, a policy change now officially permits non-formal education in the Region - some of which is now undertaken by Pact's NGO partners.

With the substantial improvement in the NGOs' acceptance within the GOE and the broader Ethiopian community, however, it appears that Pact should further capitalize on the opportunities for more domestic "exposure tours". This, in turn, will further enhance the networking objectives of the Project.

A related innovation, and one which should be resuscitated, is Pact's support and facilitation of the local development of low-cost promotional videos for some of the larger NGOs (as has already been done for Jerusalem Association Children's Home, and Rift Valley Children and Women Development Association). The potential promotional returns—financial for the NGOs as well as fostering the "development partnership" image with the GOE and general public - cannot be overstated. Additionally, Pact's supportive efforts to get these videos aired on local television certainly should be continued.

Finally, special recognition should be given to Pact's more recent training initiatives in conflict prevention and management, leadership, and resource mobilization. All of these courses have been well received by the NGO and GOE participants (especially for the GOE representatives in the case of the conflict prevention and management course) and continuation of such courses are highly desired and recommended. Of particular importance for the future is the resource mobilization training that was first conducted in December 1999. In light of the following discussion on sustainability, it is imperative that Pact continues its efforts (and encourage others, e.g. CRDA) to enable partner NGOs to expand the donor base, whether domestic or international.

Sustainability: This issue needs to be addressed at a number of different levels. First there are the issues related to an individual NGO's as well as the overall NGO community's capacity to retain trained and capable staff. In this regard, it is very impressive to see that while, for example, there appears to be a significant turnover of trained NGO accountants (a major component of Pact's training program), the vast majority of them are reported to have moved to another NGO rather than seek employment in the more profitable private sector. Fortunately, it would appear that the sector is greatly benefiting from the personal commitment and devotion that people have toward the NGO community and its greater purposes. In a broader sense, it can be assumed that the overall NGO sector's human resource capacity will improve as a consequence of this altruistic commitment to the objectives of NGOs.

Second, there's the very significant issue over the viability of some of the Pact-supported Ethiopian NGOs. As with anywhere in the world, it would be unrealistic to expect that every one of the NGOs supported by Pact, especially since many are only "nascent" or "emerging", will survive in their present form. However, it must be emphasized that Pact is certainly providing the essential organizational, managerial and financial cornerstones to best equip the NGOs for a successful and sustainable program. (The prospects for income-generating activities to complement other donor resources are discussed in the Issues and Recommendations section).

Nonetheless, there will be some NGOs which will either merge, in one form or another, with a larger, more established NGO or another similar such struggling NGO, or simply terminate its existence. As will be discussed in the next section, Pact has had to terminate some of its partners during the course of the Project, and will certainly need to do so in the years ahead, for a number of different reasons.

Lastly, there are the issues surrounding the sustainability of Pact/Ethiopia—in whatever form that might be. As will be addressed later, this is an issue that is now on the minds of Pact and has certainly been considered by USAID/Ethiopia, particularly in the context of CRDA and its expanding role and membership.

Democracy Building: As specifically noted within the SOW, the underlining theme and emphasis of the Project is participatory development that serves as the foundation for building an active Ethiopian civil society.

While the Project is, in fact, working specifically with a cluster of democracy and governance-related NGOs, it is its overall engagement (and that of CRDA and others) with the NGO community at large that is making a significant difference in the efficiency and transparency of the Ethiopian society. Pact's major initiative of engaging GOE representatives in a wide variety of Project-supported activities is worthy of special mention in this regard. Likewise, the expanding prominence

of networks and associations are primary vehicles for the further engagement of civil society in the overall direction and success of Ethiopia.

Specific Questions and Issues

Project Management

Overall design and implementation: Based on Pact's original project proposal of January 1995 and subsequent Phase II proposal, as well as the initial "enabling environment study" in March 1996 and subsequent updates in May 1998 and December 1999, Pact has successfully implemented (with revisions, when and where appropriate) this capacity building program. The objectives have been realistic and achievable, although the unforeseen delays in the Project's implementation (due initially to the GOE registration process and then the sudden loss of the first Pact Director) had an impact on the actual achievements in the program's early stages.

The strategies utilized by Pact appear to have been well conceived, and are well founded on Pact's experiences with their programs in other countries. The utilization of Pact's international network and specific programs has greatly enhanced the performance of this project and the attainment of the specific objectives. Indeed, that same network will be of great service to the Pact partners in the years after Pact's direct participation is concluded.

Pact/Ethiopia and USAID/Ethiopia project management: By way of background, Pact is implementing the Project under a Cooperative Agreement with USAID that specifies a "substantial involvement" role for USAID. As such, USAID is expected to provide Pact "...with overall policy and technical guidance which ensures that program implementation is consistent with USAID/Ethiopia's Strategic Objectives".

Pact's Co-Directorship: During the early stages of Phase One (i.e., up until the death of the Pact/E Country Representative in February 1997), all principal management responsibilities were vested in the Country Representative, although a rudimentary co-directorship structure existed with the most senior Ethiopian staff member. Without doubt, that primary leadership structure was best suited for those early, and very difficult, stages of project start-up and implementation. However, with an eye to the long-term future of a post-Pact local entity and recognition of the proven talent and capacity of that senior Ethiopian staff member, Pact/Washington formalized (with USAID/E's concurrence) the creation of the current Co-Directorship arrangement.

During the evaluation, it was clearly evident that the dual directorship is working, both from the prospective of the interviewed Pact staff as well as the NGO partners. Since the arrival in September 1997 of the Pact/W Co-Director, substantial effort has been made to configure a workable division of responsibilities between the two Co-Directors. While recognizing that such a management arrangement is never static, the two individuals have worked well in a give-and-take way to adjust their roles to suit the needs of the organization and the strengths of the individuals.

In turn, this management structure has facilitated a very collaboratively-determined division of labor among the NGO program managers and other principal staff. As a consequence, the key implementation staff (indeed, all support staff) work together in a very collaborative fashion, wherein many of the staff are fully conversant in the principal aspects of a colleague's work and can assist one and another when and where necessary.

Substantial Involvement: It would appear from the brief discussions with USAID staff, and more lengthy ones with Pact staff, that there has been a sometimes-uneven level of USAID engagement, as anticipated in the specific clauses of the Agreement.

While there has been fairly regular participation in certain day-to-day implementation aspects of the Project, USAID has for only the first time since the Country Representative's death officially reviewed and approved Pact's annual workplan (for calendar year 2000). However, prior to the

Representative's death in February 1997, there was a greater USAID engagement in the review of Pact's workplans, project start-up activities, etc.

Likewise, there has been only one instance where USAID has responded to Pact's semi-annual Project Activity Status Reports. While not specifically called for in the Agreement, an interchange between USAID and Pact certainly would be expected regarding these comprehensive reports, especially since they appear to be very valuable in terms of USAID's performance reporting responsibilities.

Finally, given the multi-sectoral focus of the Project (which directly coincides with USAID/E's areas of engagement), it seems unfortunate that USAID is not better capitalizing on the experiences, information and achievements of the Project. (In fact, while USAID's principal Ethiopian cognizant officer has been regularly involved in training, panel discussions, partners' meetings, etc., the evaluator was informed by Pact staff that repeated invitations to other USAID staff largely have not been capitalized upon to enable them to become more familiar with the Project and its impacts).

Therefore, and in recognition of the fact that USAID is currently undertaking a strategic planning exercise, it is strongly recommended that USAID form a more structured and regular multi-office meeting wherein Pact is able to share its valuable field-level information. Indeed, during this important planning period for USAID, it seems even more imperative for it to capitalize on the Project's experiences and staff insights. In the broader context, the resurrection of the USAID/Partners retreat (last conducted in October 1998) would be another way to assure valuable NGO partners' inputs.

Pact/Washington support: While not a major focus of this evaluation, it does appear that Pact/E is receiving excellent support from its headquarters. Due to a number of extenuating circumstances, however, it did appear during the evaluator's tenure that the headquarters staff was not able to respond in a timely fashion to a couple of specific and urgent requests made by the American Co-Director. On the other hand, it is clear that headquarters is doing its best to assure that its responsible program manager provides the necessary level of backstopping, as evidenced by her upcoming trip to Ethiopia.

The Monitoring, Evaluation, Reporting, and Information Tracking (MERIT) system: Very significant progress has been made with respect to the operationalization of the MERIT system and, most importantly, the usefulness of the information being provided to program managers and the Co-Directors. With the very capable assistance of the system administrator, the MERIT system is now producing a wide variety of reports that are enabling the program managers to monitor various important NGO partner activities, e.g., training courses attended; and types, size and terms of SAGs awarded.

However, from the relatively brief time spent examining the system, there are a few suggestions on utilizing the system as a more proactive management tool. First, based on the results of the October 1999 (and subsequent, as they become available) "Participatory Organizational Capacity Re-Assessment of Partner NGOs" report, the program managers need to utilize the MERIT system to actively monitor the correlation between the re-OCATed scores and the respective NGO's attendance at core and secondary courses and utilization of Pact's mentoring services. As indicated earlier, such a correlation exists and the findings should be used by the program managers to encourage the lagging NGOs accordingly. In turn, and in the face of the pressures of bringing on new partner NGOs and "graduating" older partners, the outcome of this periodic examination of "non-performers" and follow-up support may be the appropriate cessation of the "partnership".

Second, the system manager and the program managers should examine ways by which the MERIT system can be further refined so that a sort of "red flag" mechanism is in place to alert program managers to possible issues or problems, such as the one identified above. (Apologies are in order if such a facility already exists but was not apparent to the evaluator). As the Project has matured and substantial experience has been gained with the partner NGOs, it is clear that such a proactive

management tool is essential for both Pact/E and its partners. And, in a related matter, the program managers need to assure that they keep up on their timely entry into the system of the required information—the system is only as good as the information entered!

Operational procedures and administrative support: While not having the time to examine many aspects of Pact's specific internal procedures, the evaluator has, nonetheless, a broad concern regarding the overall partner-management capacity of the office. As implied above, Pact is now at a point with its partners that some will be "graduating" from the receipt of the primary elements of Pact's support program, while others may need to have a cessation in their relationship with Pact until such time as they demonstrate the necessary long-term commitment, etc.

Therefore, in light of the current Phase II completion date of September 30, 2002 (i.e., in context with the average amount of time required for a successful and completed partnership) and the continuing demands from NGOs to become Pact partners, it is essential that Pact's management continue to focus on the issues and criteria for partner "graduation" and "cessation", and act accordingly. This will, in turn, enable Pact management to more effectively manage the overall partnership portfolio and assure the continuation of the high levels of support to each NGO necessary for their successful "graduation" to "maturity."

Workplans: Once again, there has not been adequate time available during this impact evaluation to thoroughly examine the annual/quarterly workplans and the performance against those plans. However, based on the numerous discussions with the program managers, grants and financial management office staff, and the Co-Directors, it appears that they collectively consider these plans as vital planning and management tools. While there is, undoubtedly, the usual advancement or slippage of specific activities within each officer's workplan, it appears that the quarterly reviews with the responsible officers assures that the overall objectives and achievement dates are kept at the forefront of their individual workplans.

International Institute for Rural Reconstruction (IIRR): IIRR signed a Partnership Agreement with Pact on October 20, 1995 for the period from July 31, 1995 through December 31, 1997; and was subsequently amended as part of Pact's extension under a "bridging" agreement with USAID. As highlighted in the February 1997 mid-term evaluation (conducted by this evaluator), however, there were a number of issues at that time regarding the collaboration between the two organizations and the coordination of their respective training programs. There were also issues over IIRR's timely and accurate financial reporting.

In December 1997, the "IIRR Rapid Assessment-A Discussion Document" was completed by a local consulting firm. Following comments from both Pact and IIRR, the document's author wrote a very candid preface to the report stating:

"The comments from Pact and IIRR were crucial in that they have forced the consultant to revise her views in one crucial way. Previously, she believed that despite a history of misunderstanding and some tension between the partners, these problems could be sorted out through a process of compromise and flexibility, and with a spirit of goodwill. The consultant now wishes to express reservations about this earlier, optimistic opinion. In particular, IIRR staff comments reveal a negativity quite at odds with developing a sound working relationship with Pact. Their comments are written with a passion which, while commendable for their obvious commitment to IIRR's "good name", show a frank hostility to change and compromise.... In short, there will be no quick fix to what is clearly a complex problem".

Nonetheless, as is thoroughly documented within the Pact files, very substantial efforts were made by Pact to continue to have IIRR engaged within the Project, albeit under the terms of a specific contract for training services rather than a grant. Without belaboring the details, suffice it to say that IIRR was unwilling to provide the requested services in the manner appropriately requested by Pact. Therefore, their relationship ended in late 1998, although the transfer of the remaining property back to Pact did not occur until early 1999.

As to the impact of this organizational separation, it can only be described as very positive. Pact, through the employment of an additional program manager for food security/rural development, in conjunction with the local consulting firm, Development Studies Associates, are now very effectively and efficiently fulfilling all the requirements for full support to those NGO partners. Indeed, Pact is no longer expending inordinate amounts of time having to manage the poor-fitting international NGO partnership

Christian Relief and Development Association (CRDA): Without providing all the details on the CRDA's membership composition and the portfolio of support to its members, it is important to acknowledge the very significant role that the country's largest umbrella NGO membership organization plays within the NGO community. As is known by all, CRDA over the past few years has been going through a substantial evolution in terms of the services being provided to its members—especially as the nature and magnitude of the NGOs' roles have changed so significantly in Ethiopia.

In what appears to be an excellent and very positive example of "replication is the best form of flattery," CRDA has been undertaking a number of initiatives and approaches that are very similar to those first-ever-in-Ethiopia efforts conducted by Pact, e.g., strategic planning, board development, mentoring, and the fostering of GOE/NGO relations. Additionally, CRDA has utilized Pact training staff for its own internal capacity building efforts, although it appears that CRDA does not want to undertake its own OCAT exercise—even though it is now conducting an OCAT-like exercise on some of its members.

While there are issues regarding the apparent duplication of some training courses, this is really only a matter of improving the coordination and collaboration between the two organizations (and recipient NGOs) rather than a case of a more fundamental problem of direct, adversarial competition. As more than one NGO representative essentially put it: "There's more demand than there is supply of the capacity building support services required by all the Ethiopian NGOs". (For reference purposes, see Annex 3 for a list of NGOs that are Pact partners but not CRDA members, and a list of NGOs that are associated with both Pact and CRDA).

Indeed, what is evident here is a very healthy and constructive competition (and this is desirable) that is leading to a more responsive and comprehensive NGO support infrastructure—after all, the two institutions have very similar objectives. Yes, there is room for improvement, and the two agencies have been working toward that end. While not as regular as they should be, meetings are held at both the technical committee level as well as the senior management level. They also hold a semi-annual meeting for all of those same staff members in order to ensure the full and timely sharing of information.

Therefore, what is recommended is the following: 1) the continuation, when and where appropriate, for the fullest possible collaboration on mutually-desired programs and new interventions, e.g., the NGO Affairs Committee and regionally-focused programs; 2) the strict adherence to the schedule of meetings at all levels (extraordinary efforts should be made to quickly reschedule any delayed meetings; too much is happening within the two organizations and the NGO community to let too much time elapse between the meetings); and 3) Pact's Ethiopian Co-Director should assume total responsibility for all aspects of the above recommendations (to the extent that it be one of the specific components of his job description), with special attention paid to ensuring the regular occurrence of the technical committee-level meetings as well as the senior management meetings.

Phase III and institutional life after Pact support: There are a number of unknowns with respect to where USAID will be directing its resources in the years ahead. As suggested earlier, however, there are a number of good, multi-sectoral, field-based reasons why Pact (and, indeed, other NGOs) should be utilized during USAID's ongoing development of its new strategy.

While recognizing the uncertainties related to USAID's potentially new Strategic Goal and Objectives and the associated levels of resources, Pact/E must still proceed, nonetheless, with its

essential long-term planning process. In that regard, a third phase of the Project had been envisioned in Pact's original unsolicited proposal submitted to USAID/E in January 1995, and as further amplified in April 1995 at the request of USAID.

What makes some preliminary long-term planning necessary for Pact, even at this stage of Phase II, is the fact that they are working on a long timeframe with respect to the addition of any new NGO partners. Specifically, with the ample experience gained with the current 82 partners, it is clear that the entire process—from partner identification and OCATing, to training and mentoring, to SAGs (with terms of a year and sometimes longer), to final “graduation”—spans a very considerable period of time. Therefore, although the current Phase II termination date of September 30, 2002 seems a long way away, Pact must now focus its attention on its current partnership portfolio, on those partners either nearing “graduation” or possible “cessation,” and the period of time during which they can take on new partners, given the above time requirements.

It is in this context too that Pact must very soon update its vision of a Phase III, especially in the context of the absorptive capacity and organizational evolution of the Pact/E office. Mindful of the previous discussion on CRDA and the continuing foreseeable demands and need for the services of both Pact and CRDA, the next year and a half will require Pact's focused attention on what Phase III should look like and how will a post-Pact/USAID-supported entity sustain its operation. As stated in Pact/W's document entitled “Exit Strategies-Transitioning from International to Local NGO Leadership”:

The real story of local sustainability only unfolds after the international NGO gracefully exits. Creating a sustainable, dynamic local NGO means that the international NGO must take on a new role and step back when its goals are accomplished. Sustainability truly begins when the local NGO takes the organizational torch and determines its own chosen path.

As with the sustainability issue for individual NGOs, the current national debate over income-generating activities for NGOs is also very applicable for the Pact/E program and office after USAID and Pact/W assistance is terminated. See the Issues and Recommendations section below for a complete discussion of this topic.

Project Objective Components

The purpose of the following section will not be to explicitly address each and every question presented in this section of the SOW (especially since the majority have already been covered in the preceding sections) but rather to provide additional points regarding the Project's impacts and the future.

Enabling environment: While many aspects of this topic have been addressed under the Objective One discussion, there are a few additional concluding comments to be made. First among them is that it is important to realize that what is occurring today within Ethiopia is a fundamental attitudinal change in the perception of NGOs—and that is from all quarters of the public and private sectors. They are no longer just “assistants in relief” but rather “partners in development.”

Pact, in concert with the CRDA and others, have served as the “critical mass” required to energize and empower the NGO community to the point where they collectively feel that they have a real “voice” in the development of their nation, and that they are being listened to by their government. Indeed, NGOs have become their own “agents of change”—not just for their organizations but also for others in the NGO community and beyond.

As reported from a number of different vantage points, there is a feeling that relationships have considerably improved between the GOE and NGOs, between the NGOs themselves, and between donors and NGOs. With respect to the GOE, they are now looking to NGOs not just as implementers of their own community programs but for inputs on new policy proposals (e.g., discussion at the regional levels on income-generating activities for NGOs), and they are even

directly supporting prospective and ongoing programs (e.g., with preliminary assessments, and technical and material support).

In sum, as one GOE representative stated, "the government used to see itself as a controller of NGOs, but now it sees itself in a partnership with NGOs". And here's one good example: the Foreign Relations and Development Cooperation Bureau for Addis Ababa City Administration will soon be issuing its own newsletter to NGOs.

As to the future, Pact should continue to foster the collaboration between the NGO community and the GOE, at both the central and regional/zonal levels. Pact's current strategy of including a diverse group of GOE representatives in a variety of training courses (such as the highly successful and requested "Conflict Prevention and Management" course) certainly should be continued. In turn, Pact and the NGO community should capitalize on the growing "goodwill" among the parties to advance some of the critical issues of today and tomorrow, e.g., the long-awaited new NGO legislation, the permissibility of NGO income-generating activities, support for NGO networks and associations, and revision of Ethiopian tax laws to encourage charitable contributions.

NGO capacity building: In addition to the significant improvement in the NGOs' organizational capacities between the first and second OCAT exercises, an interesting outcome from that first group of re-OCATed NGOs was the confession by many organizations that they were more honest the second time around. As they now see the OCAT as an important tool for their own improvement, and not merely as a means to receive SAGs, they have a much greater appreciation of its utility. That message is now making the rounds among other current and prospective partner NGOs. As stated by one senior NGO representative: "The OCAT was not initially welcomed as it was too revealing and sometimes embarrassing, but now it is really appreciated".

Mention also should be made with respect to the highly successful "university students internship program" which has played an important capacity development role within partner NGOs. In addition to meeting many of the NGOs' technical assistance requirements, and in a very cost-effective way, the Pact-initiated program has opened a new area of employment prospects for university graduates. This program has been very well received by the NGOs and certainly should be continued.

Another area for further emphasis is the expressed impacts as a result of Pact's introduction of the concept and practice of mentoring - a technique now being supported and emulated by CRDA and other donors. As stated by one of Pact's consultants: "Compared to other donors, Pact is very unique in terms of skills transfer, technology transfer, in-service training, and mentoring".

Lastly, in addition to the previously mentioned "Conflict Prevention and Management" training course, special note also should be made with respect to Pact's other more recent training initiatives in leadership and resource mobilization. Pact is currently further assessing the outcomes from those first courses conducted last November and December, and is reviewing a report on the "culture of giving in Ethiopia". Following further refinements, the courses will be offered again, especially as the issue of resource mobilization becomes an evermore-prominent issue for the larger number of NGOs competing for the limited domestic and international support.

Network promotion: While networking in the formal, institutional-facilitation sense is fairly new to Pact's program of endeavors, it has been supporting informal networking from the very inception of the Project. Specifically, Pact has been the catalyst for the creation of the broader NGO network through, *inter alia*, its semi-annual Partners' Meetings, widely-attended training courses, the IMPact newsletter, and the Development Resource Center.

For the future, Pact will be continuing its network facilitation efforts so that the NGOs may capitalize further on the power and influence of their collective strength, as well as serve as prototypes for other prospective networks. In the future, the collective "voice" of these networks may very well need its own structure, i.e., a national network of networks (as discussed with the CRDA Executive Director). While farther into the future, such an umbrella network could serve, in a complementary

way to Pact, CRDA and others, as a means to share and address the common set of issues and opportunities across the entire array of sectors.

Strategic Action Grants: The SAG administration and management has come a long way since the Mid-term Evaluation of February 1997. The significant achievements are not just measured in terms of the refinement of the SAG manual (now embodied in the July 1998 version, as amended) and the very thorough grants management achieved through the MERIT system but, most importantly, in the awarding and disbursement of the different types of SAGs. On the other side, as discussed in the earlier section on Objective Two's impacts, it is very evident that the SAGs have had a profound and lasting impact on all aspects of the recipient NGO's operations and the delivery of their intended services, i.e., capacity building for targeted sectoral NGOs that has directly resulted in improved service delivery in those USAID-priority sectors

As clearly demonstrated by the Annex 5 chart, there seemingly is no longer cause for any concern regarding the "slow burn rate" of the SAG activities. Indeed, there was a seven-fold increase (EB 12.84 million vs. 1.83 million) in the amount of SAGs awarded in 1999 versus 1998 (the largest increase occurring with Activity Grants), and current projections indicate that the total amount for 1999 will be met or exceeded in 2000. It is especially for this reason that Pact is currently pursuing with USAID an additional obligation of funds into the Cooperative Agreement to cover anticipated expenditures well into USAID's FY 2001. While NGO partner representatives repeatedly acknowledged that Pact is not a "donor in the traditional sense", a large number of them have received SAGs that have the same look as a traditional donor-funded activity, especially in the case of the Activity Grants for specific NGO-implemented projects. The strong argument for giving these is that the NGOs are able to put to actual practice the planning, organizational, managerial and financial management skills developed during the partnership relationship with Pact. Additionally, it enables them to demonstrate to ongoing or prospective donors their expanded capacities to manage additional activities and resources.

As will be discussed in the following section, however, Pact is now at a critical point in terms of the levels and duration of SAGs, especially in the context of the more "mature", soon to "graduate" partners.

Development Resource Center: As stated before, the DRC has not only filled a very significant gap in terms of the availability of development literature and photocopiers, computers and printers, the Internet and e-mail, and a variety of computer training for Pact partners, but it also serves as a very successful venue for NGO networking. The clientele includes not only various members of the NGO community (and not just Pact's partners), but also college students, researchers, and GOE representatives (statistics are kept on all visitors, their organizations, and their interests).

These services, however, are being provided free of charge and, therefore, while being closely monitored and controlled, raise the question as to cost recovery. This issue and the broader aspects of income-generating activities for NGOs, including a post-Pact/USAID organization's capacity to sustain operations, are discussed below.

Issues and Recommendations

While there have been a number of issues and recommendations raised at various points throughout the above text, the purpose of the following is to capture all key issues and recommendations so that this section of the evaluation may serve as a focal point for review, discussion and action. The list, however, is not intended to be in a priority order nor inclusive of all issues now before Pact and the NGO sector.

“Cessation” (or termination) and “graduation” of NGO partners:

This is not a comfortable topic within Pact or among the partners, but is one that must be further addressed and resolved within Pact, and the NGOs to be advised accordingly. While substantial discussion has already occurred within and between the parties (and discussed during the evaluator’s debriefing of the Pact staff, a small group of NGO representatives, and USAID/E staff), there soon needs to be some initial operational agreements and the establishment of parameters, especially in the case of “graduation.”

This is particularly important in light of the current issues of Pact’s absorptive capacity to handle any additional partners, for which there is substantial demand, and the timeframe required for a new partner NGO to go through the full cycle of OCATING, training, mentoring, SAGs, etc., as described earlier in the context of the current Cooperative Agreement termination date of September 30, 2002.

A very related element of the question of an NGO’s graduation is the timeframe and number of Activity Grants that a partner receives. As the underlying rationale for the awarding of Activity Grants is to permit an NGO to put their enhanced skills and capacities to work and be able to demonstrate those skills to prospective donors, it begs the question of whether or not Pact is becoming more of a donor than a capacity building partner when it gives more than one or two Activity Grants to one NGO. (A review of one MERIT-generated document demonstrated that there are a good number of examples where NGOs are receiving numerous Activity Grants). Further consideration and resolution of the issue is essential.

Resource mobilization, income-generating activities, and domestic tax incentives for charitable contributions:

These three form the cornerstones of an NGO’s sustainability (whether that be a partner NGO or Pact/E after Pact/W and USAID support is concluded).

Many of the partner NGOs are now receiving donor support (and will hopefully continue to expand such support as a consequence of the Project). This support also will hopefully expand too as a result of Pact’s (and, more recently, CRDA’s) resource mobilization training and promotion efforts - this should be an area of high priority for Pact during the remainder of Phase Two.

Regarding income-generating activities for NGOs, there seems to be some inconsistencies internally within the GOE (i.e., between DPPC and the Ministry of Justice), and between “regional NGOs” (i.e., GOE-affiliated NGOs) and true NGOs. While it is hoped that the long-anticipated new NGO legislation will specifically address and clarify the permissibility and eligibility of income-generating activities (a topic now being addressed at the regional government level), Pact and its partners (and CRDA, USAID and others) should continue to encourage the GOE to submit for public review and then promulgate the new legislation—this should likewise be a high priority for all parties.

The potential for Pact’s sustainability, as well as all the other NGOs, is obvious (e.g., Pact’s ability to recover costs for the DRC’s services and, more significantly, the paid provision of capacity-building training, etc. to private and public sector institutions would then enable Pact to continue its altruistic support to the NGO community).

Lastly, the GOE has no tax incentives for charitable contributions; indeed, there is a disincentive (as reported to the evaluator by one NGO representative) as the GOE actually taxes declared charitable contributions as if they were profits. As discussed during the USAID debriefing on this evaluation, collective efforts from all quarters, especially USAID through its relationship with the Ministry of Justice, must occur for the sake of the long-term viability of the essential Ethiopian NGO community.

Increased Pact- CRDA collaboration:

As stated earlier, Pact and CRDA need to fulfil their pronounced commitments to collaborate when and where possible. From Pact's vantage, this should be achieved by: 1) assuring the regular occurrence of both the technical and senior-level meetings; 2) the continuation of collaboration on mutually-desired programs and new interventions; and 3) the Ethiopian Co-Director taking the lead role in making sure that all this occurs. Both parties need to continue to remind themselves that the occasional perceived institutional competition that occurs is a healthy and advantageous by-product of their respective efforts.

Regional governments' perceptions of their roles in NGO programs:

While the evaluator saw and heard of a number of very encouraging examples of close collaboration between regional governments and NGOs (e.g., in the Amhara and Oromia regions) that are very positive indications for the future, significant caution should be expressed, however, as to the degree to which the government agencies directly involve themselves in the NGOs' activities.

As intimated in varying degrees throughout the translation of the "Amhara National Regional State: NGOs' Program/Project Implementation Guidelines", issued during the evaluation, the Amhara regional government may be seeing NGOs too much as an extension of the government arm, as exemplified by the highly-supported "regional NGOs".

By way of example, in the closing section of the Guidelines, it is stated under "Issues Which Need Immediate Attention", that one issue is: "holding sector offices responsible and accountable for NGO projects just like they are for government projects". (However, it is appreciated that this is a translation and, therefore, there may be some margin of error). In any case, there is enough evidence to clearly suggest that this apparent trend should be of considerable concern, watched very closely, and addressed accordingly.

USAID and Pact collaboration:

As noted earlier, these are important times for both USAID/E and Pact/E as to their future directions. Recognising the multi-sectoral, civil society development nature of the Project, it appears very evident that USAID should more fully capitalise on the potential cross-sectoral synergies and field-based information and contacts coming through the Project.

As recommended during the debriefing at USAID, special efforts should be taken by both parties (especially now as USAID is going through a strategic redesign) to ensure the fullest possible collaboration; regular meetings with and field visits by representatives of USAID's various technical offices should be established. At a broader level, the resurrection of the USAID/NGO Partners Roundtable also would be sensible, particularly in light of the ongoing strategic design process.

MERIT system:

It warrants repeating that the MERIT system should become more of a proactive tool for a good number of the different officers within Pact, including the Co-Directors. The program managers and others need to work with the system operator to ensure that they are getting the information they need and want. Likewise, the staff need to do their utmost to ensure that the system contains timely and accurate information.

With reference to possible candidates for "cessation" of assistance, the MERIT system can be better utilized to "red flag" NGOs that are not receiving the essential training and mentoring (but are receiving Activity Grants, for example) and, therefore, warrant closer scrutiny by Pact management.

Current and future interventions:

The videos done on JACH and RCWDA have been very helpful to those respective NGOs as well as the greater NGO community, and further gains hopefully can be achieved with the sought-after airing of the videos on national television. To the extent possible and feasible, it is recommended that Pact continue to support similar such video production efforts, although it is likely that the possible airing of those videos on national TV will be the responsibility of the NGOs.

Continuing to support the positive efforts of the national press and journalists also should complement these expanded NGO promotional efforts. The consequences of these collective efforts will be an evermore expanded and knowledgeable NGO network and support infrastructure. Pact's continuing concerted focus on a number of specific existing or new networks is also critical to the sustainability, efficiency and clout of the NGO community.

On repeated occasions, it was very evident that both the international and domestic exposure tours have had profound impacts at the regional policy level as well as upon individual NGOs and the network at large. For example, as directly observed by the evaluator, the information exchange and support structure established as a consequence of EMERDA's staff visit to the RCWDA's program was very significant. Therefore, it is strongly recommended that Pact continue to support the very low-cost, high-rewards domestic exposure tours, while still capitalizing on international tours when the program content and participants are so justified.

With respect to the expanded participation in and support of the NGO community's overall advancement, Pact should certainly continue its university students internship program with the NGOs, as well as maintain its program of GOE representatives' participation in training programs, exposure tours, etc.

Lastly, it goes without saying that Pact, as an acknowledged innovative and dynamic force in Ethiopia, should continue to look for new areas of opportunity, within the country and the region, where they can continue to bring about positive and sustainable change for the nation's NGO community and the greater society.