

PVO CO-FINANCING II EVALUATION

Conducted By:

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August 25 - September 27, 1986

Submitted to:
USAID Philippines
U.S. Agency for International Development

By

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PREFACE

This report is based on the findings of an evaluation team which assessed the Co-Financing II Project of USAID/Philippines from August 25 to September 26, 1986. The team consisted of Frederick F. Simmons, Team Leader Vernon C. Johnson, Eliodoro G. Robles, and Maria Beebe. Messrs Simmons, Johnson and Robles were provided under an AID contract with Development Associates, Incorporated. Ms. Beebe is a PVO Consultant to USAID/Philippines. The team worked under the technical direction of the Chief of the USAID Office of Food for Peace and Private Voluntary Organizations (O/FFPVC) and his staff.

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ACKNOWLEDGMENTS

The Evaluation Team gratefully acknowledges the cooperation extended to it by all those listed in Appendix 2 to this Report and for the technical guidance provided by Mr. Bryant George, Chief of the Office of Food for Peace and Private Voluntary Organizations (O/FFLVC) and his staff. The OFFPVC provided office space, secretarial support and equipment for the team, made all its PVO files available and completed the necessary arrangements for field travel where PVOs and sub-grantees could be observed on site. Needless to say, all these greatly facilitated the evaluation task.

Thanks are also due to the representatives of the the Philippine Government and PVOs interviewed and to the various technical officers in the USAID Mission itself for sparing time from their busy schedules to discuss relevant matters. Also, the warm and cordial attitudes of the entire Mission--from the drivers and motorpool personnel to the Mission Director, who received the team upon arrival, provided a very pleasant and collaborative atmosphere in which to work.

The Development Associates members of the team would like to record their appreciation to Mrs. Maria Beebe, who was the mission member of the evaluation team. Her thorough background knowledge of the PVO Co-Financing Project and her understanding of the overall program and country context of its activities contributed greatly to the study.

Finally, the work of the Team was greatly facilitated by the excellent administrative assistance and secretarial/computer services provided by Ms. Cresencia M. Uy.

This Report was carried out under Indefinite Quantity Contract No. PDC-1096-I-00-5051-00 by Development Associates, Inc. for the United States Agency for International Development, Mission in the Philippines. The descriptions, conclusions and recommendations are the product of the evaluation team and no endorsement of them by the Agency for International Development or other institutions involved is implied.

I. EXECUTIVE SUMMARY

1. Purpose of Activity

The ability of the Philippine Government (GOP) to provide services at the community level is limited and is likely to remain so for the foreseeable future. Private organizations have a demonstrated capacity to work effectively at that level. The basic objectives of the project are (a.) to stimulate private voluntary organizations (PVOs) to attempt more numerous and diverse development activities, (b.) to strengthen PVOs (especially indigenous PVOs) in the areas of project design, management and evaluation, and (c.) to provide constructive development programs and activities through PVOs for poor, primarily rural beneficiaries. Activities under the project take the form primarily of grants to Philippine and U.S. PVOs to carry out sub-projects which fit mission criteria. Project activities also include mission-financed efforts to guide and assist PVOs in planning, managing and evaluating development projects.

2. Purpose and Methodology of the Evaluation

The basic purpose of the evaluation was to conduct a mid-term assessment of the project to determine whether it was attaining its stated objectives and to provide a basis for mid-course revisions as needed. In addition, the evaluation was intended as a backdrop for consideration of a mission proposal to increase the amount of funds authorized for the project.

The mission provided a set of specific questions as a framework for the evaluation. The methodology followed by the evaluation team was also substantially prescribed by the mission scope of work. It involved initially a review of project materials and other background information followed by field visits to a representative sample of sub-projects. A total of twelve grants involving fourteen different activities were included in the field reviews. This represented approximately one-third of the on-going Co-Fi II grants.

3. Findings and Conclusions

The Co-Fi II Project was authorized in February 1984. Although in terms of time the project is approximately halfway through its allotted five years, 73 percent of the funds committed have been obligated in Fiscal Years 85 and 86. Consequently, several of the activities reviewed by the evaluation team have been in implementation for only one year, more or less. The shortness of this period should be taken into account in considering the conclusions reached in the evaluation.

The basic conclusion reached by the evaluation team was that the project is, overall, an excellent effort. It is well designed, having benefitted from the experience gained in the implementation of its predecessor Co-Fi I, and it appears to be on the way to achieving its three primary objectives.

Stimulating PVOs to Attempt More Numerous and Diverse Development Activities

Findings:

There are literally thousands of PVOs registered with various agencies of the GOP. Most of them are small, local and have very limited capacity. However, there are a growing number of Philippine PVOs which are sufficiently strong to qualify for USAID grants. In 1980, the first year of Co-Fi I, 20 Philippine PVOs met USAID registration standards. By 1986 there were 51 Philippine PVOs registered with the mission plus 24 U.S. PVOs registered with AID/W for work in the Philippines. Additional PVOs are qualified. Some on the list earlier have allowed their registration to lapse because they did not receive grants. At the same time, the mission no longer encourages organizations to register if there is little likelihood that they would receive a grant. In addition to the growth in numbers of organizations there has been a parallel growth in the number of projects approved and the range of activities included. In the four years encompassed by Co-Fi I a total of 30 grants were made, 13 to U.S. PVOs and 17 to Philippine PVOs. In the three years in which Co-Fi II has been underway 38 grants have been made, 10 to U.S. PVOs and 28 to Philippine organizations. Projects have been concentrated in three areas - agriculture, health and micro-enterprise development. However,

within these broad categories there has been considerable diversification, particularly in the area of micro enterprise development, with seven grants specifically focussed on this area plus other multi-sector projects also incorporating this type of activity.

Conclusion:

Since the initiation of Co-Fi II there has been a significant increase in the number of PVOs - particularly Philippine PVOs - with the capacity to carry out development activities as well as in the number and range of sub-projects being implemented.

Strengthening the Capacity of PVOs - Especially Indigenous PVOs - in Project Design, Management and Evaluation.

Findings:

As indicated above there has been a substantial increase in the number of PVOs which can demonstrate sufficient institutional capacity to qualify for USAID registration. Under Co-Fi I, 57 percent of the grants went to Philippine PVOs while thusfar under Co-Fi II, 74 percent of the grantees are Filipino. In addition, several of the Philippine PVOs are now sufficiently established to be used as intermediary institutions which make and monitor sub-grants to smaller PVOs.

The mission has conducted annual orientations for grantees, arranged training seminars on planning, evaluation and management subjects and sponsored training for PVO staff members at the Asian Institute of Management. The mission has produced a substantial number of guidebooks and manuals to assist PVOs to design and evaluate projects. It has also provided consultants in the design and evaluation areas as well as making available the services of a public accounting firm to assist PVOs in establishing effective financial systems. These services have been well-received by PVOs and have had a favorable impact on their operations.

In their field travel the evaluation team visited PVOs which have clearly grown and matured as a result of participating in the Co-Fi II project.

Conclusion:

The combination of increased experience in planning and managing grant-supported development activities and the impact of USAID-sponsored training and guidance materials has resulted in a growing number of PVOs with the capacity to qualify for and manage USAID grant funds.

Impact on Beneficiaries

Findings:

The constraint on time available for the evaluation and the relatively short time most projects had been in operation, limited the opportunity to assess in a quantitative manner the impact of project activities on the beneficiaries. However, field observations and interviews with groups and individual beneficiaries revealed that they believe the projects are genuinely contributing to an improvement in their lives. In addition, observation of PVO staff relationships with beneficiaries revealed that they generally are very effective in working with village people and helping them organize for development purposes.

The team noted a multiplicity of income generating activities, many of them based on credit schemes of various sorts, some involving marketing of agricultural or other products and all of them on a small scale. Discussion in the field suggested that some PVO staff members may not grasp the complexity of marketing and credit management. Most of the PVOs have had limited experience in these areas. There was some doubt among evaluation team members regarding the economic sustainability of some of the activities observed.

Conclusions:

The impact of the PVO sub-projects observed was positive and was perceived to be so by the beneficiaries. However, some of the income generating activities warrant closer examination by an economist capable of assessing their economic viability.

Sustainability

Findings:

While the mission is not rigid in its approach to the length of grants, they are generally made for periods of one to three years. Many of the sub-projects reviewed by the evaluation team involved the creation of village level organizations. In some cases projects were designed so that the organizing effort in a given community was planned to be complete in only one year, while others were designed to take place over the entire three year period. Some beneficiaries as well as some PVO staff expressed concern that insufficient time was allowed for organizing and establishing local organizations and phasing out support from the PVO.

There is a consensus among most development practitioners that in order for village level organizations to be self-sustaining some sort of institutional support structure needs to be in place. In the longer run it is logical to look to the GOP to provide such a structure. However, some PVOs in recent years were reluctant to associate their efforts with the central government, and in any case in most areas government institutions do not extend close enough to village communities to provide the support required. In a few sub-projects involving primary health delivery schemes minimal support from a university or medical school could be envisaged following completion of grant support. In other cases, however, no institutional support was provided for.

Conclusions:

The establishment of viable community organizations is not an easy or rapid process. In many instances three years is too short. In addition, provision needs to be made for a phased withdrawal of sub-project activities.

In most cases self-sustaining community organizations require some form of continuing institutional support or reinforcement. In the review and approval of grants involving the establishment of village level organizations, continuing thought should be given to means for providing such support after the grant phases out.

Project and Sub-project Management

Findings:

The mission registration and grant approval processes appear somewhat time-consuming and cumbersome to some PVOs. Most, however, find both processes rational and acceptable. The evaluation team feels that both processes are important to project effectiveness and are not excessively complicated. They do not appear to represent an obstacle to selecting and implementing sensible sub-projects.

Conclusion:

While mission staff should continue to be sensitive to PVO concerns regarding both processes, there does not appear to be a need to change them at this time.

Findings:

PVOs are generally cost conscious. Their administrative overhead costs are relatively low - Philippine PVOs average around 7 to 10 percent while U.S. PVOs average around 25 to 30 percent. Their operations and facilities are simple and unostentatious. Their staffs generally use public transportation in the field or draw on their own vehicles when they are available. However, in some cases observed during team travel, project transportation poses a problem. The mission generally opposes the use of grant funds for procuring vehicles, partly because of the long lead time for U.S. vehicles and the difficulty of maintaining them. The mission suggests that PVOs use their own resources to procure vehicles, but in some cases this is not possible because of the limited resources of some of the Philippine PVOs.

Conclusions:

PVOs are generally cost effective mechanisms for delivering development services.

While the mission policy regarding the procurement of vehicles is understandable, in some situations it is too restrictive. Consideration should be given to permitting the purchase of motorcycles and locally manufactured vehicles with grant funds.

Findings:

The Office of Food for Peace and Private Voluntary Organizations is very small, with only four direct hire staff members of whom only two work substantially on the Co-Financing activities. In addition, however, there are two persons employed as personal services contractors and from using project funds who assist the PVOs in planning and evaluating sub-projects. With the expansion of the project in the past two years and the anticipated additional funding it will be very difficult to effectively manage the increased activities.

Conclusion:

The mission should consider the following possible options for dealing with the growing management burdens presented by the Co-Fi II project: (1.) reduce the degree of monitoring and oversight, accepting the likelihood that there are increased risks of project failures, (2.) increase the use of intermediary PVOs to award grants to smaller PVOs and oversee their implementation, and (3.) make provision for a greater amount of planning and monitoring services from within project funds.

Recommendations:

1. That the USAID adopt guidelines which would permit the addition of up to a one year phase out period for three-year grants involving the establishment of community organizations and that the extent, nature and rate of phase out be worked out as part of the mid-term assessment.
2. That an agriculture economist be employed to review ongoing and planned income generating activities to ensure that they are economically viable.
3. That the USAID alter its policy regarding the procurement of vehicles and on a selective basis permit PVOs to purchase motorcycles or locally manufactured utility vehicles when they are needed to achieve project purposes.

II. INTRODUCTION

The basic purpose of the evaluation was to complete a mid-term assessment of the Co-Financing II Project to determine whether it is attaining its stated objectives and to recommend actions which might be considered by the mission to strengthen or improve implementation of the project. The scope of work (a complete copy of which is attached as Appendix 1.) was defined essentially by a series of specific questions posed by the mission. The questions are as follows:

1. Is the project attaining its specified purpose?
2. Is the project design sufficiently feasible to permit effective implementation?
3. What modifications to the project, if any, are required to improve the efficiency and impact of the project?
4. Are the sub-project purposes being attained?
5. Are sub-projects having the intended impact on designated beneficiaries?
6. Are local communities active participants in and supporters of sub-projects?
7. Are sub-projects being conducted in a cost-effective manner?
8. Are PVOs an effective delivery mode?
9. To what extent has the project responded to concerns raised in the FY 83 PVO Evaluation report?

The scope of work as defined by the mission called for an evaluation team made up of three outside consultants with PVO and/or AID related experience combined with one person employed by the mission as a consultant under the Co-Fi project itself. It provided for a total of approximately six weeks devoted to document review, interviews, field observations and report preparation.

The methodology followed by the evaluation team was also substantially prescribed by the mission scope of work. It involved initially a review of project materials and other background information. This was followed by visits to a representative sample of sub-projects. A total of twelve grants including fourteen different activities were included in the field reviews. In defining the sample of sub-projects to be visited during the field travel, an attempt was made to select sub-projects which (1) were distributed geographically in different parts of the Philippines, (2) included both U.S. and Philippine PVOs, (3) involved activities in two or more sectors, (4) included activities which were sponsored by religious as well as secular organizations, and (5) included examples of each of the three basic types of grants utilized by the mission (as described in section V B of this report).

The field travel was divided into two segments. The week September 1 through September 7 was devoted to reviewing sub-projects in the Dumaguete area of Negros Oriental, the Cebu City area of Cebu and the Davao City area of Mindinao. The second segment of field travel took place from September 11 through September 13 and was concentrated on sub-projects located in Negros Occidental.

Between the two segments of field travel the team divided, with two persons attending an annual three-day orientation for new PVO grantees while the other two members interviewed representatives of PVOs with offices in Manila. The latter also interviewed USAID members of the Project Committee and others in the mission who are involved in the implementation of the Co-Fi II Project. The team members attending the PVO orientation distributed a short questionnaire soliciting PVO perceptions of the registration and proposal review and approval processes. Their attendance at the seminar also provided the team members with exposure to an additional range of PVOs engaged in the Co-Fi II Project.

In view of the breadth of the study and the relatively short period of time allocated for it, the depth of analysis was necessarily limited. For example, little or no detailed analysis could be made of the economic impact of project activities on project beneficiaries. Conclusions were based essentially on the observations and interviews with PVO managers and beneficiaries in the

field. The conclusions reached are also limited, of course, by the fact that the project has been underway for scarcely more than two years and many of the specific activities are the result of grants made in 1985 and 1986. Nonetheless, the evaluation team believes that the materials reviewed combined with the interviews and field observations provide a reasonable basis for the mid-term assessment sought by the mission.

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III. PROJECT CONTEXT

A. Country Setting

1. Economic Situation

Although reasonable economic progress was attained in the Philippines in the 1970s, it derived substantially from heavy government spending. During this period rice production increased to a level of near self-sufficiency and the share of non-traditional manufactured exports in relation to total exports increased from 8 percent in 1970 to 33 percent in 1979. The apparent "progress", however, left a myriad of structural problems in its wake. For example, the industrial sector is greatly inefficient with considerable idle plant and equipment. The approach to development during the Marcos era was based on a policy of import substitution, a wide range of protection measures, overvalued exchange rates, and fiscal incentives that skewed investment toward an urban-based, capital intensive, import dependent industrial sector further exacerbated by cronyism, mismanagement and corruption. The majority of the population failed to benefit significantly from the economic growth of the 1970s, and the early 1980s brought a marked deterioration in the economy.

The new government of President Aquino, while taking immediate action to curb the recession, faces an enormous set of inherited economic problems on the one hand and intense public expectations on the other. Real GNP declined by 10 percent between 1983-85 reducing it to the same level that had existed 10 years earlier and was continuing to decline further in the first half of 1986 but at a slower rate. The 1986 deficit has been curbed somewhat in its rate of increase but is still at the untenable level of \$1.46 billion. The country's foreign debt created during the Marcos era stands at \$26 billion and even with rescheduling, servicing will require about 37 percent of presently depressed export earnings. Limited foreign exchange could well further constrain economic recovery efforts. Large amounts of new money from outside will be required if an adequate short-term foreign reserve level is to be maintained. In human terms the IBRD estimated in 1983 that 34 percent of the nation's families lived in

poverty. Given the economic recession since 1983, estimates are that 70 percent of the population now live below the poverty line--a disproportionate number of these undoubtedly live in rural areas. The high rate of population growth is of course a contributing factor.

Notwithstanding what appears to be a progressive and enlightened strategy and policies aimed at recovery and development, assured recovery is not yet in sight.

Among the guiding principles of the new government's program for development are a strong free market orientation with heavy reliance on the private sector, increased efficiency and the overall reduction of poverty. The core of the strategy is rural-based employment generation with special attention to agriculture. This priority sector is to be supported by agricultural marketing reforms, strengthening of the rural banking system for the expansion of credit to producers, crop insurance, price supports on selected commodities and other forms of risk reduction as incentives for agricultural investment.

Objectives and strategies of USAID relate closely with those of the Philippine Government. The primary attention is drawn especially to unemployment and underemployment among the rural poor and to the general dynamics of poverty. Reversing the current recession is an over-riding concern as is local resource management and the increase of productivity especially in rural rainfed agricultural areas.

Historically and presently PVOs have played an important role in the economy of the Philippines. Growing disenchantment with the Marcos government in the 1980s caused a sharp rise in the numbers of PVOs as they attempted to span shortcomings of government at the grassroots. For its part the Aquino government is in the process of working out structural and policy reforms but so far has only begun to engage in project and program implementation. A new constitution is being drafted by a Constitutional Committee and until it is in place and elections can be held, this holding pattern also applies to provincial and municipal governments, and again leaves a partial vacuum for PVOs to fill.

It is the evaluation team's opinion, moreover, that even if the tempo of government increases and meaningful policies and actions are applied, there is a conceptual and programmatic "floor" below which government programs (even with donor assistance) will be barely visible, if at all, and can have little impact at the grassroots. PVOs, on the other hand, are in direct contact with and have among their participants the landless and the poor to whom both GOP and USAID are according priority. It is apparent that complementarity between PVOs working from the bottom up and government and larger private bodies extending downward can form a valuable linkage for sustaining widespread economic and social development.

Economic conditions at provincial and municipal levels are equal if not more depressed than the national economy and the numbers of people affected are rising. In Negros Occidental appeals from USAID-assisted PVOs are being made to planters to share at least 10 percent of their land with workers for production of food crops (especially rice and vegetables). Small loans are being advanced to cooperative associations for sub-loans to their members for pigs, ducks, and inputs such as fertilizer. Clearly PVOs are organizing community activities where none have been organized before and are learning much about designing and administering local projects in the process. Moreover, PVOs are obliged to align these programs in harmony with USAID and GOP program objectives and in doing so can test, with minimal risks, cultural practices and agricultural designs that are applicable to low income beneficiaries.

2. GOP Perceptions of the Role of PVOs

Statements regarding government attitudes toward and support for private voluntary organizations do not yet constitute a coherent national policy. However, on the basis of precedents, as well as occasional statements and announcements of plans and activities from government circles, it is generally understood that the Philippine Government actively welcomes volunteerism and that governmental policy regards PVOs as important partners in development. Historically PVOs have played an important role in the Philippines. There has been a substantial growth in the number of both indigenous and foreign PVOs within recent years. In 1983, a count

under a USAID contract revealed the existence of some 15,000 organized PVOs/NGOs. According to more recent estimates there are now some 30,000 PVOs, big and small, operating in the country and the number is still increasing.

USAID experience with the PVO Co-Financing I Project (1980-84) had shown that the Philippine Government, through the National Economic Development Authority (NEDA) had been supportive of PVO activities particularly in the areas not fully covered by government efforts and had looked with favor on activities which complemented on-going programs and governmental policies and priorities. During the period of Co-Fi I, NEDA had been involved not only in the formulation of policies relating to PVO participation, but it had also played the role of reviewing and endorsing PVO project proposals to help ensure their relevance to government objectives and priorities. Although the role of NEDA in the review of PVO project proposals had not always been free from legitimate criticism regarding delays, etc., NEDA had generally been supportive of PVOs and their involvement in nation-building.

The growing disenchantment with the Marcos government in the early 1980s led to increased PVO activities and involvement as they attempted to span the shortcomings of that government at the grassroots. A partial measure of that trend is evident in the experience with USAID's PVO Co-Financing II Project, under which some 38 PVO projects have been extended financial grants in various parts of the country. The Aquino government is still in the process of working out structural and policy reforms but its oft-repeated and popularly understood priority focus on the people, "especially the poor", which continue to constitute the bulk of the Filipino populace, is bound to present more opportunities for PVOs to play a role either on their own or in conjunction with the government. A number of initiatives relating to PVOs are actually now being taken by agencies under the new government. These agencies are NEDA, the Ministry of Agriculture and Food, the Ministry of Health and the Presidential Commission on Government Reorganization.

NEDA has not only continued to cooperate with USAID in the PVO Co-Financing II Project, but it is also now proposing to decentralize development planning and administration giving greater autonomy to regional and local development councils so that, among others, action on matters relating to PVOs may be expedited. Within recent months, the Ministry of Agriculture and Food (following on a First Agrarian Reform and Rural Development Conference held in May 1986, an event which it helped to sponsor along with a number of PVOs/NGOs) has also been consulting with PVOs, and has established a PVO Liaison Desk in which five technical staff officers of the Ministry have been assigned to take charge of relations and consultations with PVOs. As explained to the evaluation team by a ministry representative the reason behind this structuring of ministry linkage with PVOs is that "there are a lot of things which PVOs can do better than the government, particularly in community development projects and therefore they should be part of the national development network". It is relevant to add in this regard that the Ministry of Agriculture and Food, as further gathered, "is now to concentrate on facilitating small development projects on an increasing scale at the grassroots level". It is in this strategy context that the Ministry has started to establish relations with PVOs.

Similarly, the Ministry of Health has begun to work with PVOs and is now committed to collaborate in a health services distribution project with a Co-Fi II supported PVO in Davao. On August 21, this year, the Minister on Presidential Commission on Government Reorganization conducted a forum to which non-governmental entities, volunteer service agencies, PVOs and other appropriate agencies were invited for the purpose of discussing the role of the voluntary sector in national development. Specifically the forum discussed areas for private initiative, volunteer services and voluntary sector role vis-a-vis government priorities and programs and possible mechanisms to maximize linkages among the PVOs themselves, as well as with government programs.

The above initiatives under the new government should augur well for the future of PVOs and the role that they may have to play both in the short and long term as the country moves on in its policy of strengthening local governments and community capacities to deal more effectively with rural poverty.

B. USAID Program

1. Overall Strategy

The goal of the current USAID program is to improve the well-being of the majority of Filipinos by supporting programs geared to self-sustaining and equitable economic growth. To achieve this goal, increases in productivity, employment, and income must occur. Such gains cannot be made, however, in the absence of a healthy economy based on appropriate economic, agricultural and other policies. U.S. assistance is designed, therefore, to support programs and policies which will give the Philippine economy a solid foundation for growth. At the same time, the process of improving the conditions in underdeveloped sectors in the Philippines must continue. Accordingly, U.S. development strategy in the Philippines is directed at:

- (a) improving the domestic terms of trade of agriculture, and
- (b) improving access to appropriate productive infrastructure, new technologies and basic goods and services.

2. Role of USAID PVO Activities

PVO activities are not a substitute for necessary structural reform. However, PVOs provide the only readily available mechanism for addressing the more immediate problem of access to basic goods and services. The PVO Co-Financing II project supports the goal of improving the conditions in underdeveloped sectors many of which are beyond the means and reach of the central and local governments of the Philippines. The project gives priority to PVO subprojects which complement other USAID activities oriented toward this goal.

The first co-financing project, Co-Fi I, provided funds to make grants to PVOs for specific development projects from FY 1980 to FY 1983. Thirty sub-project grants were awarded to eight U.S. PVOs and ten Philippine PVOs to implement sub-projects in agriculture, rural and community development, environmental protection, public health, law and justice and education.

The total value of the sub-projects was \$10.85 million with the AID input amounting to \$6.61 million or approximately 61 percent of project costs.

A mid-term evaluation of PVO Co-Fi I was conducted from August to November 1982. The evaluation concluded that "The project has demonstrated the soundness of the co-financing approach and the ability of the PVOs to promote development among rural low-income groups". The evaluation recommended "that a follow-on PVO Co-Financing II be developed, approved and implemented".

PVO Co-Financing II was authorized in February 1984 and was to cover a period of five years. Annual obligations of approximately \$2 million were planned for a total of \$10 million. In early FY 1985, the mission decided to accelerate implementation and to commit all project funds by the end of FY 1986. It also requested that the project authorization level be increased by \$6 million. As of September 30, 1986 all of the initial \$10 million authorized under Co-Fi II had been obligated.

IV. PROJECT PURPOSES

The project's stated purpose is "to improve the socio-economic status of selected poor groups through participatory development programs and innovative, small-scale or pilot activities which are proposed, developed and implemented by PVOs". In the pursuit of this purpose, the specific objectives and expected project achievements are:

1. To stimulate private voluntary organizations to attempt more numerous and diverse development activities,
2. To strengthen PVOs' capacities (especially indigenous PVOs) in the areas of project design, management and evaluation, and,
3. To provide constructive development programs and activities through PVOs for poor, primarily rural beneficiaries.

In FY 84 grants were made to seven PVOs for the same number of sub-projects. In FY 85 fourteen grants were approved for twelve PVO grantees. The projects covered a range of specific activities, such as agricultural policy and development, cooperatives, human resources' development, health care delivery, family planning, integrated farm development, marine, agro-forestry, water resources and small enterprise development. The list of grants obligated in FY 86 numbered 17 new projects for 15 PVOs. The project extended the range of activities to other areas of rural development such as credit programs, upland development, barrio water systems, out-of-school youth manpower skills training, micro-enterprise development, and industrialized handicraft. Two projects in the areas of agricultural policy development and integrated farm development and productivity were given incremental funding during the period. In addition, five FY 85 projects dealing with human resource development, health care delivery, health resource distribution, provincial development assistance and small enterprise development were given grants for expansion or new sites. Similarly, two FY 84 projects dealing with jail inmates rehabilitation and family ecological farms were extended.

Elsewhere in this report is a tabulation providing additional information on the sub-projects mentioned above. For the present, the reference to them is made merely to reflect the extent to which the stated purposes and expected achievements of the PVO Co-Financing II Project are being translated into sub-grantee programs and more specific objectives. Worth noting is the wide spectrum of activities and objectives being pursued under the project.

An examination of the purposes and expected achievements of the project indicates that they are internally consistent and conform to USAID and GOP development objectives. The evaluation team's observations lead to the following conclusions:

1. The project purposes focus on a major problem area in the Philippines and support a key element of the development strategy of the government which is directed toward the improvement of the quality of life of the rural poor. Under the guidelines for the reorganization of government recently approved by the Philippine Cabinet (as already mentioned previously) the delivery of frontline services is to be given priority in line with the strategy of "grassroots" development. The ingredients of this policy include the tasks of increasing the general welfare and participation of disadvantaged groups, and fostering employment and income generation. These are also the purposes of the project. There is, therefore, a congruence between project purposes and Philippine rural development objectives.
2. The project purposes are also consistent with the USAID development Strategy which is directed at increases in productivity, employment and income. The PVO Co-Financing II Project specifically supports the goal of increased productivity of the poor.
3. While not entirely quantifiable the project purposes and objectives are defined in terms which lend themselves adequately to end-of-project measurement. For example, the project's institutional objectives of stimulating PVOs to attempt more numerous and diverse activities and strengthen their capacities to plan, manage and evaluate projects both lend themselves to a reasonable degree of objective measurement either directly or through indirect indicators.

V. PROJECT DESIGN, IMPLEMENTATION AND MANAGEMENT

Project design refers to a plan--a blueprint for development in document form which describes what is to be done and by whom, the approach and the resources required, the outline of specific objectives, a timeframe, the nature of support and oversight (monitoring) anticipated, and a basis for evaluating results. The evaluation team was asked to review the design for the PVO Co-Financing II Project and advise whether it is conducive to effective implementation. To do so Mission files regarding guidelines and processes were studied, the PID and Project Paper were reviewed, and persons involved in the design process were interviewed: The requirement in this sub-section of the evaluation is to determine from the design whether all relevant elements are addressed and whether weaknesses in the plan itself can be detected. An assessment on implementation will be discussed in the sub-section which follows.

In AID Handbook 3 directions and requirements for project design are clearly stated including guidelines for PVOs. Using these directions as a baseline all design elements required for project implementation are found in the Project Paper. The goal, purpose and expected outputs of the project align well with the current policies and development directions of the GOP which include greater decentralization and expectation from local, public and private bodies including PVOs, improved living standards by reducing unemployment and underemployment, raising general productivity, and priority on agriculture. The project also adheres to the promotion of private initiatives as expressed by AID/W, and USAID priorities such as reducing poverty among the rural poor, landless and upland farmers, and to increase their participation in economic, political and social actions which affect them.

The project design makes note of and adheres to the 75/25 percent co-financing rule. It lists expected outputs (objectives) and accounts for those shown in the goal and purposes of the logical framework. These include objectives to enhance the socio-economic status and self-reliance of rural communities; to improve the social and economic status of sub-project beneficiaries, to strengthen the

capability of PVOs to design, manage and support development projects; and through registering, proposal reviews, co-financing and training to improve the performance of PVOs (especially Philippine PVOs) in managing effective development programs.

The project design includes an adequate description of the project. It provides guidelines for technical analysis in all sub-projects. It provides for environmental analysis, a social profile of sub-project beneficiaries, financial and economic analysis for the project and an administrative analysis. The design also includes discussion on consultant and technical assistance requirements and makes provision for a fund to cover technical services to PVOs and through them to their beneficiaries.

Finally, the design lays out an implementation plan showing review schedules and procedures, a management plan for considering and acting on grant applications under which quality and allocative criteria are listed for sub-project reviews, and a financial plan.

Expectations such as stimulating PVOs to improve performance and increase and diversify activities, reaching the poor, and getting community participation are all discussed under the project design.

The design for PVO Co-Financing II benefitted from the evaluation of PVO Co-Financing I, past AID/W reviews and comments, and lessons learned through experience. Manuals and guidelines have been produced and issued to USAID-registered PVOs, handouts are prepared intermittently as needed, a project proposal format covers every element of proposal preparation, and guidelines for quarterly reports have been issued. Field visits are regularized and carried out and mid-project assessments are provided for:

Based on its review, the evaluation team concluded that the project design is complete and adequate as a conceptual and management framework.

VI. PROJECT IMPLEMENTATION - FINDINGS

The Co-Fi II project - like Co-Fi I - has been implemented through grants made to U.S. as well as Philippine PVOs. Three types of grant relationships have been utilized by the mission. The first category, which accounts for a majority of the grants, are those made directly to PVOs which have applied for the funds and actually execute the project involved. The second category includes grants made to an experienced PVO organization which in turn makes sub-grants to another, generally unregistered, PVO and share in the implementation of the project at the same time it is assisting the smaller or less-experienced organization to establish effective operating systems. In some cases the grantee is responsible for financial accountability and general oversight, but plays little or no role in the technical content of the activities of the sub-grantee. In some instances the grantee contributes to the technical content of the activity as well as overseeing the financial and management activities of the sub-grantee. The third category of grants involves the use of intermediary institutions - PVOs that are well-established and already involved in managing multiple projects on their own behalf - to make sub-grants to smaller PVOs or other organizations. In these cases the intermediate institution takes primary responsibility for monitoring and overseeing the implementation of the individual sub-grants but does not involve itself in the actual execution.

Based on its review the evaluation team concluded that the mission approach is logical and in general very effective. In a few instances involving the second category of grant the evaluation team questioned whether the primary grantee was performing a sufficiently substantive function to warrant the two-level approach. That is, in some cases the sub-grantee appeared to be operating virtually independently and with minimal direction or involvement from the primary grantee. (Indeed, in one instance the prime grantee was serving essentially as a pass-through organization with no technical or financial contribution and no direct involvement in the activities of the project itself. However, in this particular instance special circumstances were involved which warranted the approach taken by the mission.) In these cases one could argue that there is little value in using an intermediary organization. In general, however, the use of an intermediary PVO is intended to serve the function of assisting a small or inexperienced PVO to organize its management and operating systems and to build its capacity to operate

independently in the future. These arrangements are viewed by the mission as one means of furthering one of the basic objectives of the project - to strengthen the capacities of PVOs to carry out development activities. For the most part the evaluation team found the approach to be a logical and useful arrangement.

With reference to the third category of grants, i.e. the use of intermediary grantees to make sub-grants to smaller organizations, this too has proved to be generally effective. The method has made it possible for the mission to provide assistance to a large number of very small local organizations without the management burden of detailed oversight. In many countries, because of the limited numbers of established PVO organizations, this approach would ordinarily involve the use of U.S. PVOs as the primary grantee. However in the Philippines there are a number of relatively large, experienced local PVOs which are capable of effectively managing AID funds and overseeing the implementation of development projects by smaller organizations. In fact, inasmuch as the U.S. PVOs generally incorporate charges in the grant for indirect (overhead) costs and the Philippine PVOs do not, there are financial incentives to draw on local organizations wherever it is compatible with project objectives. Of the five projects employing this approach, four involve the use of Philippine PVOs and one draws on a U.S. PVO.

A. Increasing the Range of PVO Activities and Strengthening Their Capacities

The Co-Fi II project rests on the assumption - which was demonstrated in Co-Fi I - that a sufficient number of functioning PVOs exist in the Philippines to provide a solid basis for a development project with nation-wide activities. In fact, there are literally thousands of PVO organizations of all sorts registered with the Philippine government. Most of these are very small local organizations with limited size and capacity. However, many of them are of a size and capability to meet USAID registration standards. With the advent of Co-Fi I in 1980 there was a flurry of activity which led to the registration of some twenty local PVOs by the USAID. (Some later allowed their registration to lapse when they did not receive grants.) In the ensuing years there was a fluctuating level of registration as Co-Fi I progressed and then another spurt of activity with the beginning of Co-Fi II. Shown below are the numbers of local PVOs currently registered with the USAID by year of their initial registration.

<u>Year</u>	<u>Number</u>
1980	12
1981	1
1982	4
1983	3
1984	9
1985	20
1986	<u>2</u>
Total	51

Registrations in 1986 have dropped off, primarily because the mission has decided not to encourage registration by new organizations unless there is a reasonable likelihood that they might receive a grant. There is a concensus among mission staff, which is shared by the evaluation team based on outside interviews and field observations, that as the Co-Fi program evolves additional organizations will qualify for grants and that the expansion of project activity is not likely to be constrained by limits on the number of available and qualified local PVOs.

Moreover, in addition to the fifty-one local PVOs registered with the USAID there are twenty-four U.S. PVOs registered with AID/W and working in the Philippines. Some of them have received grants under the Co-Fi projects, but the primary focus of Co-Fi II projects has been on local PVOs.

As indicated previously, the principal objectives of the Co-Fi II project include the further development of PVO capacities, both in terms of carrying out more diverse development activities as well as improving their ability to design, manage and evaluate such activities. The Project Paper for Co-Fi II contains the statement that a baseline study had been conducted at the beginning of Co-Fi I to establish a basis for assessing the future degree of expansion of PVO activities. Indeed, the Project Paper for Co-Fi I stated the mission's intention to make such a study. However, the only effort revealed in the files of the mission was a study conducted under a mission contract with a major Philippine PVO which resulted in a directory of several thousand

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private organizations then registered with various government agencies. It does not provide a valid baseline against which to measure changes in the PVO community which have taken place since Co-Fi I began. It is necessary, therefore to look for other, less direct indications of change and growth.

While PVO "capacities" do not lend themselves easily to quantifiable measurement, the evidence is that progress is being made in achieving these objectives. For one thing, the numbers of registered PVOs as shown above have grown and there is substantial evidence that increasing numbers of organizations could meet USAID registration requirements. In addition, there has been a significant shift in the numbers of Philippine PVOs receiving grants as compared to U.S. PVOs. During the four years of Co-Fi a total of 30 grants were made, 17 to Philippine PVOs and 13 to U.S. PVOs. In two and one-half years under Co-Fi II 38 grants have been made, of which 23 were to Philippine and 10 to U.S. PVOs.

The range of activities has also widened, as shown in the table below.

Table

Categories by Sector/Area of Grants Made

<u>Categories/Area</u>	<u>Number of Grants</u>			
	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>Total</u>
I. Increased Agri. Productivity				
1. Agriculture/Agri. Credit	3	4	5	12
2. Agriculture Policy		1		1
3. Marine/Agro-forestry	1	1		2
Total	4	6	5	14
II. Improved Health				
1. Primary Health Care		2	1	3
2. Water Development		1	1	2
Total		3	2	5
III. Micro-Enterprise Development				
1. Micro-Enterprises	2	1	4	7
2. Vocational Education	1		1	2
Total	3	1	5	9
IV. Multi-Sector				
1. Agri./Micro-Enterprises			1	1
2. Agric/Micro-Enter/Health		4	4	8
Total		4	5	9
GRAND TOTAL	7	14	17	38

This table demonstrates movement toward a more complex combination of activities as the Co-Fi II project has proceeded. In the initial year the focus was primarily on agriculture and fisheries. In 1985 a major component of health assistance was added. In fact, the table understates the significance of the growth in health activities, since one of the two health grants involved sizable sub-grants to seven institutions in different locations carrying out primary health care programs. While micro enterprise

activities were included in all three years, there was a sizable increase in the level of effort as well as the range of activities in this area in 1986. The data also suggest that there was an increase in the number of projects having the character of community-based multi-sector activities. However, this may be somewhat misleading, since many of the grants categorized as "agriculture" also have other dimensions such as cooperative organizing, small credit schemes or income generating activities which are obscured by the categorization used here. In addition, the greater use of intermediary organizations to make sub-grants to small local organizations in 1986 contributes to the appearance of multi-sector activities.

At the time the Co-Fi II Project was authorized concern was expressed by AID/W that the project should not be allowed to become a "hodge-podge" of unrelated activities. There is, obviously, a risk that a project, one of whose primary objectives is stimulating PVOs to "attempt more numerous and diverse development activities", may become - or appear to become - fragmented. The evaluation team does not consider that Co-Fi II fits that description. As reflected in the table above, the project has increased both the scale and range of its activities over the past few years. Many of the specific sub-projects are implemented through a variety of community-level organizations which frequently have multiple purposes. However, when the projects are examined more closely they fall, for the most part, into three broad categories - agriculture and agriculture related activities, primary health care and related activities and micro-enterprise development activities. Assuming the continued expansion of the Co-Fi project, it may be that in the future the Mission will experience pressures to fund activities which are marginal to the focus of the current project. Indeed, there may be instances in which it makes sense to fund new types of activities to experiment with different delivery instruments or organizing arrangements, etc. For the present, however, the evaluation team considers that Co-Fi II has widened the range of activities but has done so largely within the focus of the three broad categories of agriculture, health and micro-enterprise development.

Interviews in the field as well as with mission staff indicate that many of the PVOs with which the mission has worked have initially been rather weak in

proposal preparation, management systems and financial record keeping. However, the mission practice of providing consultants to assist PVOs in preparing proposals and making available both management and financial consulting firms to help in the establishment of adequate operating and accounting systems appears to have brought the PVOs working with the USAID to acceptable levels of performance. Similarly, the use of umbrella PVOs has had the same effect. The project manager of the CARE project in Negros Occidental stated that her most difficult problem in the initial implementation of the sub-grants under the project had been to ensure that the management and financial systems possessed by most of the sub-grantees were adequate to carry out the planned activities and to account for the grant funds responsibly. Based on discussions with USAID controller staff members the accountability standards required by the mission are now being met by all the PVO grantees.

The following example drawn in part from a paper prepared by a PVO leader in Davao may serve as an illustration of what occurs as PVOs evolve and grow both in response to changing local needs and as a result of the stimulation resulting from supporting grants received from donors.

The largest and most ambitious project yet attempted under the Co-Fi projects is in the area of primary health care in the province of Davao in Mindinao. It is just getting underway. It involves the use of a PVO to implement a community health program involving the integration of services provided by the Ministry of Health as well as coordinating related training of local development councils through the National Economic Development Authority. The project will be carried out in four hundred barangays (communities) and will impact on some 360,000 people. It is, relatively speaking, a large and complicated project. The Co-Fi II grant for the project is being made to the Development of People's Foundation in Davao, which in turn is working through the Institute of Primary Health Care of the Davao Medical School Foundation. The Institute and the Development of People's Foundation had their origins in the Christian Family Movement (CFM) in Davao which began nearly twenty years ago in 1967. At that time the CFM, which is no longer connected directly with either grantee organization, set up a clinic to provide health care to poor

people. This initial step led by stages and through various organizational evolutions to a number of health-oriented activities, and ultimately to a program to train and support village health workers. The widening community activities of the Development of People Foundation and the Institute of Primary Health Care was facilitated by the support of UNICEF at one stage of its development. In addition, under Co-Fi I the USAID made a grant for a community based agricultural and health program which, based on current assessments, has been a successful undertaking. The accumulated experience gained in these efforts has resulted in a vigorous organization which the mission believes is now ready to tackle the major effort mentioned above. It is this type of evolution and growth which provides the underlying logic to the PVO development objectives of the Co-Fi projects.

Mention has already been made of various efforts carried out by the USAID to provide guidance materials, manuals and training for PVOs engaged in the CO-FI projects. Later sections in this report dealing with management matters list the principal documents which have been prepared by the USAID to guide and assist PVOs in planning and executing sub-projects. Included in the Appendixes are copies or portions of some of these key documents. In addition to this printed material the USAID has conducted a number of orientation seminars and training programs focused on strengthening the staff of the PVOs participating in the project and to familiarize them with mission policies and procedures. A list of the training activities is attached as Appendix 6.

Based on interviews and field observation these efforts in combination have contributed directly to the project objective of strengthening PVO capacities. Thus, the evidence observed by the evaluation team indicates that there is indeed a growing number of PVOs in the Philippines capable of taking on development projects in a variety of fields and the use of grants under the Co-Fi projects has contributed to their growth in number and capability.

B. Sustainability

Perhaps the most fundamental measure of effectiveness of projects supported by economic assistance organizations is the sustainability or replicability of the activities to which donor resources are being devoted. It is a legitimate measure to apply to Co-Fi II.

A review of the sub-projects being supported revealed that there is no one acceptable formula for defining sustainability. In some cases the grant is directed toward the establishment or expansion of some category of activity which, when mission assistance is ended, can be sustained by the grantee on its own or through other support. However, most of the sub-projects visited by the evaluation team had as their purpose the establishment of community level organizations which, once established, could continue to survive and function at an adequate level with little or no additional outside assistance. In some cases it is envisaged that the communities themselves will be able to extend their experience and capabilities to other neighboring communities and thereby spread the knowledge they have gained during the process of the USAID-supported activity. All of these efforts rest on the implicit - and frequently explicit - assumption that it is unrealistic in the foreseeable future to expect the Philippine Government to be able to extend such services as health and agriculture to the level of the individual community on a reliable basis. Therefore, the argument goes, it is necessary to help communities organize themselves so as to meet their own needs insofar as possible and to develop the capacity to interact with government organizations at higher levels when it is appropriate.

Overall, evaluation team observations in the field suggested that the PVOs are diligent in pursuing this objective. Almost without exception the PVO organizations appeared to be well led. The field staffs tend to be relatively young and inexperienced but for the most part are well trained. Most of the staff come from the community in which they are working, or at least from somewhere not too far away. They speak the local dialect. Initially the evaluation team was concerned whether the relative youth and general idealism of the PVO field workers might impede communication with older and more cynical village people who had seen many government programs come and go with short-lived solutions to their tenacious problems. However, observations of unstructured interchange between PVO staff and project beneficiaries generally revealed more meaningful and equalitarian interchange between the staff and the beneficiaries than one generally sees with most government sponsored programs. The technical training and superior education of the PVO staffs appear to offset the disadvantages of youth, and their local origins provides

them with greater credibility than would be afforded to most outsiders. The PVO operations observed in the field tended to be simple, low cost and well motivated. In addition, as a general matter the PVOs appear to be effective in community organization. The team visited a range of community health and agriculture organizations and felt that for the most part the PVO staff had done well in establishing functioning organizations and in building mutual respect and confidence.

Nonetheless, there are serious issues which remain to be resolved.

Most grants under Co-Fi II are for three year periods or less, although the mission is not rigid in its approach to the matter. Observations in the field suggest that three years is generally a rather short time in which to develop self-sustaining community organizations. In fact, in some cases the sub-project is structured in such a manner that three sets of communities are planned as the focus of organizational efforts with only one year devoted to each set. Discussions with at least two of the PVO groups suggested that they are reaching the conclusion that they may have set targets that were too ambitious and need to be adjusted. In another case, the suggestion was made that perhaps a more systematic phase-down period should be added to the three years so as to permit continued visits by PVO staff on a less frequent basis and tapering off gradually so as to avoid abrupt withdrawal. In one joint meeting with beneficiaries and PVO staff it was evident that the PVO staff had prepared the beneficiaries for the ending of project support for community activities and that it was mutually understood. Nonetheless, the group was seeking some form of periodic contact to reinforce the organizations that had been put in place as a result of the project.

This in turn raises a more fundamental question regarding the community organization aspects of Co-Fi II sub-projects. It is generally accepted that, for the most part, self-sustaining community organizations have great difficulty existing in the absence of some form of continuing structured reinforcement and/or support. David C. Korten in a discussion paper dated November 15, 1985 identifies three "generations" of private voluntary

development, the third of which is categorized as "Sustainable Systems Development". In his description of this level of PVO activity he points out that "a further re-examination of strategy is taking place within segments of the PVO community around concerns for sustainability, breadth of impact, and recurrent cost recovery. At the heart of this re-examination is the realization that sustaining the outcomes of self-reliant village development initiative depends on a system of supportive institutional linkages and policies which in many cases do not exist." (Appendix 7.)

There was variation among the PVOs visited by the evaluation team with reference to their their perceptions of how this structure might be put in place - or perhaps if it would ultimately be needed. For the most part it seems to be accepted that in the longer run village level private organizations will have an essential role to play in securing the attentions and services of government and conversely that government institutions and policies will generally play the support role anticipated in the Kortan article. However, in the recent past many private organizations in the Philippines purposely distanced themselves from the government, and as indicated previously, government structures are generally not adequate to reinforce and support the community organizations being put in place through PVO efforts. Consequently, this remains an area of ambiguity in most of the sub-projects visited by the evaluation team.

The need for a continuing support structure is probably most acute in the area of primary health care. Several of the PVO activities visited by the evaluation team were focussed on the training of community health workers, using varying formats for training and organization. In one instance the organization involved had had extensive experience with training community health workers for several years and had developed a system that it felt was essentially self-sustaining, requiring only an occasional visit from a university-based health extension worker and perhaps periodic retraining. In another project a PVO community health worker training scheme is tied to a university level nurse training institution and the field activities serve the dual purpose of reinforcing the community health worker and providing practical experience for the nurse trainee. A third sub-project is based in a

medical school and teaching hospital which can provide continuing, though limited, support to community health workers at the same time practical experience is afforded to doctors in training. All three activities constitute sub-grants under a grant to an intermediary national organization which provides training in community health organization and management. In each case, at least minimal follow-on support for community health workers seems possible, although if the teaching institution support represents the only source it does impose obvious limits on the geographic expansion of the scheme. The longer range objective of tying the training and operation of PVO based community health workers to the government health delivery system has yet to be developed. However, as mentioned earlier, the CO-FI II Community Health Through Integrated Local Development Project in Davao is organized around the concept of community "PVOs" interacting with government organizations in the provision of primary health care. This project may provide valuable experience for future programming.

There is another related issue with reference to the community health activities supported by Co-Fi II. In addition to the matter of follow-on support and reinforcement, an issue exists regarding how to finance the services to be provided by the community health worker. The PVO sub-projects visited by the evaluation team each had somewhat different approaches to this issue. In one case the organization itself was attempting to devise a workable solution with some staff feeling that the voluntary, unpaid nature of the health worker's services was a central feature of the program. On the other hand the attrition of trained volunteers was prompting some to argue that a means should be found for at least modest compensation for the village level workers. In another project, community health workers were permitted to charge for giving injections and to earn a small income from operating a simple medicine dispensary. Another approach was to pay the health worker a retainer through some form of community membership fee. There may not be any single solution to this problem - indeed this is one of the values of private local response to community needs. The nature and extent of payment may well turn on a number of issues, including, inter alia, the degree of technical training provided the community health workers and the level of expertise they

can be expected to attain. However, in the view of the evaluation team this is a central issue to this area of activity and one which should form part of the consideration of any scheme involving the training of community health workers.

C. Impact on Beneficiaries

As indicated previously, the Co-Fi II Project has three objectives. The first two are focussed on the further development of the capacity of PVOs in the Philippines to plan and manage an increased number and variety of development projects. The third objective is to have an impact on the lives of the beneficiaries of the sub-projects themselves.

The beneficiaries of the projects visited by the evaluation team were, for the most part, rural poor people. They tended to be dependent upon producing upland rice, corn, coconut, and sugarcane; fishing; or agricultural labor. Most were small scale farmers with a substantial proportion being tenants rather than owner/operators. In Negros Occidental the beneficiaries are mostly displaced sugar plantation or mill workers - some of them squatters on land abandoned by failing planters. Even those still employed on faltering sugar plantations work only part of the year, since sugar cropping involves an off-season during which little or no labor is required and with the virtual collapse of the sugar industry, this time is generally not compensated. The average income of most of the beneficiaries falls considerably below the poverty line of approximately \$500 for rural areas and \$750 for urban areas as established by the government in 1983. For example, the cooperative members reached through the Philippine Business for Social Progress program in Negros have an average annual income of only around \$150. The beneficiaries of other Co-Fi II projects include urban poor, unemployed youth, micro-enterprise entrepreneurs, etc.

There are two obstacles to an examination of the impact of the project on beneficiaries. In the first place, the project in terms of actual implementation is only two years old and most of the projects which are now in operation have been funded less than one year. It would be unrealistic to

think measurable changes could have taken place in such a short period of time. Secondly, the length of time devoted to the evaluation and the breadth of its coverage did not permit the kind of detailed analysis required to establish the nature and degree of impact on sub-project beneficiaries.

Nonetheless, interviews with beneficiaries and PVO managers, field observations, and discussions with USAID staff provide a reasonable basis to form some conclusions based on the anecdotal evidence accumulated.

It should be pointed out, initially, that USAID grant processes require the grantee to perform a baseline survey at the initiation of the project so that on its completion an attempt may be made to measure the progress that was made as a result of the project activities. In addition, each grant requires a final evaluation by the grantee to be submitted in conjunction with the final report within ninety days after the end of the grant period. A number of the sub-projects financed under Co-Fi I have been reaching completion over the past several months and while the earlier grants did not systematically require either baseline surveys or final evaluations, the mission should continue to stress with grantees the importance of assessing the impact on beneficiaries as one element in final reports whenever this is possible.

The overall impression of the evaluation team was that beneficiaries perceive the projects in which they are involved to be making a positive impact on their lives. In addition, review of a wide range of activities aimed at generating increased income appeared to be having their desired impact, although the concrete data on which this generalization is based are very limited. The following observations form the basis for these generalizations.

The evaluation team met with groups of beneficiaries associated with virtually every sub-project visited in the field. Anyone who has been in development work for any length of time recognizes the difficulty of entering into a meaningful dialog with village people in a relatively brief stopover at a project site. The barriers of language, culture, relative rank, wealth, power, etc. cannot easily be overcome in the limited periods usually available for field visits. Sometimes the presence of the project organizers themselves put a damper on genuine expression; this is particularly true when government

officials are involved - though this appeared to be less of a problem with the PVO-sponsored activities observed by the evaluation team. In addition, most village people are reluctant to make critical comments - at least in a direct manner - to foreigners who they believe are trying to be of help. Nonetheless, over time most development practitioners acquire a degree of sensitivity to such situations and at least a limited ability to recognize honesty and genuineness.

As would be expected, there was considerable variation in the response of the groups with which the team met, ranging from passivity to enthusiasm and from limited knowledge of project purposes to clear and detailed understanding. Overall it was the impression of the evaluation team that the PVO organizers are much more effective in collaborating with village people than is generally the case with government officials. Meetings were generally informal with a minimum of impediments resulting from the differences of rank and power. The PVO staff working with the village people generally appeared to be well accepted by the beneficiaries and regarded as members of the community - as indeed they were in many instances. (In one case a PVO staffer had attended the local agriculture college and his parents owned and operated a farm in a nearby community.) This generally facilitated the exchange between evaluation team members and the beneficiaries. (In one visit with a group of farmers, following discussion of the project activities there were a series of questions directed to the evaluators regarding agricultural practices in the U.S.) Overall, taking into account the variation mentioned above, the evaluators concluded that virtually all the groups of beneficiaries with which they met had a reasonably solid understanding of the projects with which they were engaged and saw them actually or potentially as having a beneficial impact on their situation. At the end of one meeting one of the beneficiaries stood up and volunteered that "The small help you have given to us has made great changes in our lives."

Perhaps the most common theme which emerged from the review of individual sub-projects was the search for means of providing some form of supplemental income for project beneficiaries. Consequently, virtually all of the agricultural and other community development activities and even some of the health delivery projects reviewed by the evaluation team include credit

elements. Some of these lending schemes are operated directly by the PVOs themselves, some of them involve making loans to farmer associations or cooperatives, and at least one involves passing loan funds through a private cooperative bank. The range of purposes for which funds can be borrowed also range widely and include financing improved cultural practices, the diversification of farm activities, fattening of livestock, raising ducks, and even "buy-and-sell" or trading schemes of various sorts.

Both for internal use and for guiding PVOs administering credit programs the USAID has established and circulated an approved mission credit policy. Based on field observations most of the PVOs are following the mission guidelines. As a general rule loans are made at market rates, although the team learned of a variety of forms of partial rebates to individual farmers and to farmer associations aimed at the build-up of capital controlled by the farmers themselves. These schemes tended to obscure somewhat the real interest rates. As best could be determined, however, the actual rate charged, even if it proved to be above so-called market rates, is of secondary importance to most borrowers. What is important is that funds are actually available which they can borrow on a rational basis. Even taken together these various loan programs are relatively modest. They are not going to revolutionize agriculture credit. However, they appear to be managed on a business-like basis - borrowers are expected to repay the funds and not be excused as has been the case apparently with many government programs - and they provide the framework for a shift to more established rural banking institutions in the future.

In a few cases observed by the evaluation team the credit program or other agricultural activities were linked with an intention on the part of the PVO to facilitate the marketing of the increased produce in order to retain as much of the increased income as possible for the farmer rather than for the so-called middle man. The impression gained from discussing this issue with some of the PVO staff was that there may be insufficient understanding of the complexity and difficulty of organizing and managing even relatively simple marketing systems. In virtually every less developed country in the world

there is a common perception that the middle man who buys produce from the farmer and feeds it into the market - often coupling this function with the provision of what is seen to be high cost credit - exploits the farmer by paying too little for the farmers' produce. Consequently, there is a persistent attempt to organize cooperative marketing arrangements.

Obviously, these can be very effective - in the U.S. some of the largest agriculture marketing organizations are farmers cooperatives - but marketing is not simple and most PVOs lack experience in this area. Therefore, any activities in this area should be approached with caution.

As mentioned previously virtually every PVO manager visited in the field expressed the opinion that the most strongly felt need among beneficiaries was somehow to augment family income. In one project an activity which had begun as a village health worker training program had been expanded into a more broadly based community organizing effort with a strong emphasis on activities which have the potential for increasing family incomes. This emphasis has resulted in a whole host of schemes - many of them in the category of micro enterprise development - which are grouped under the heading of Income Generating Projects, or IGP for short. One of the major umbrella grants which had previously been devoted entirely to health services now includes a modest amount of funds in the grant for IGP activities. The evaluation team encountered the IGP idea frequently during its examination of field activities, and observed a few activities being carried out. A number of duck raising schemes were observed, a few cattle and swine fattening projects, and some tiny consumer cooperative stores run by beneficiaries. For the most part the activities observed seemed sensible in themselves, though invariably carried out on a very small scale.

There is still some doubt among team members, however, regarding the economic sustainability of many of the sub-projects observed. As currently designed, income generating agricultural components are grafted onto health or fisheries sub-projects or derive from credit schemes which, with limited funds, tend to underfund each borrower. A limit of two sacks of fertilizer per hectare of rice or corn is an example. Similarly, livestock loans are too small per

beneficiary to meet any requirement but quality of life enhancement through the production of a little more food. Although this benefit should not be discounted, given the extreme poverty that was observed, no short-term impact on community economic growth should be expected. The one case where loans may develop into projects with potential for economies of scale is the loan program of the Cooperative Rural Bank in Bacolod. The local cooperative had purchased two purebred boars and a number of bred-sows with loan funds. They were producing their own grain for feed and in a relatively short time pork production in the community could become an income supplement.

Some of the efforts at developing micro enterprises, while commendable appeared to be somewhat naive. However, the mission has been aware of the strong interest in this area and has attempted to provide an analytical and experience base which could be drawn on by PVOs interested in developing activities in this area. In April 1986, the mission sponsored a seminar on income generating projects and is in the process of producing a manual growing out of that seminar which can be used by PVOs in designing IGP sub-projects. In addition, a grant was made in July 1986 to the Small Enterprise Research and Development Foundation (SERDEF) of the University of the Philippines to assist PVOs and other organizations in improving the services provided to micro-enterprise entrepreneurs. While the evaluation team believes this area of PVO programming is difficult and in many respects risky, the mission has taken the proper steps to minimize the risks and is to be commended for continuing to support such activities.

D. Miscellaneous Issues

In addition to these general matters a modest number of specific problems or issues were identified during the evaluations team's review which warrant brief mention.

1. Project Documentation

As a result of lessons learned during Co-Fi I the mission has devoted considerable staff time to assisting PVOs improve the design of their projects. This effort has taken the form of the services of mission

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employed consultants, the organization of seminars and training sessions, the use of outside consulting firms and the preparation of manuals and guides to be used by PVO planners and evaluators. The results have been very beneficial and the mission is to be commended for its systematic and effective support. Evaluation team review of proposal documents covering activities to be visited revealed that for the most part the documents measure up to AID standards. PVOs, like AID missions, tend to be optimistic about what they can accomplish and field visits revealed several instances in which targets will need to be adjusted to reflect operating experience. However, this is to be expected with any project. No project goes according to plan. Some of targets may not be achievable while others may well be exceeded. Indeed, the evaluation team found examples of both during its field examinations. There is nothing wrong with revising plans during implementation. PVOs are encouraged to do so and to collaborate with the mission in periodically updating their implementation plans. The mission is aware of the risk that unless this is done auditors and evaluators, who assess performance primarily against agreed targets, will fault the PVO for not achieving an objective which may well have been dropped but not reflected in project documentation.

2. Operational Travel

One of the most notable characteristics of PVO activities in the field as observed by the evaluation team was the simplicity and low cost approach to operational travel. Many of the staff working on project activities lived in or near the communities in which they worked. When travel is required it generally takes place on public transportation, i.e. jeepneys or busses. In general, this approach is adequate to meet project requirements. However, the team did observe instances in which it imposed a considerable burden on project effectiveness.

The posture of the mission in relation to transportation is that it is prepared to finance necessary travel, but that it is not prepared to finance the import of U.S. vehicles or to waive the source/origin requirements to permit the purchase of Japanese vehicles. The mission

encourages PVOs to use their own resources to buy the vehicles they need and use USAID support for other aspects of the project.

The evaluation team shares the mission's view that the long lead time in U.S. vehicle procurement and the difficulty of maintaining and operating them in rural areas of the Philippines argue against the procurement of such vehicles. On the other hand, the team also feels that some thought should be given to other alternatives to meet what appears to be a genuine need by some of the PVOs. In most cases the organization involved has no funds of its own which can be devoted to the purchase of a suitable vehicle. The counterpart contribution made by smaller PVOs is substantially made up of services and facilities and other equipment. There may be no additional resources available for vehicles. In some of these cases public transportation exists only in a form or frequency which makes field travel extremely difficult - to such a degree that project purposes may be harmed. Consequently, the USAID policy may be inhibiting project effectiveness in some cases and may in other situations be prompting PVOs to choose locations for field activities which are easily accessible by public transportation rather than on the basis of need or other considerations.

3. Coordination

With the increase in PVO activities supported by the USAID, there is a growing need for simple but effective systems of coordination among the various organizations working within the same geographic area or the same functional field. With the possible exception of Negros Occidental, the risk of overlap or conflict between the various PVOs carrying out activities in a limited area is modest. However, even though the potential for overlap may be minimal, there may be lessons learned that can be shared or common approaches to credit programs that might be coordinated with benefit to each organization. While the evaluation team does not believe there is any particular urgency associated with this matter, it would be sensible to look for opportunities to encourage

greater collaboration between the various PVOs participating in Co-Fi II - as well as those which are not.

The mission is aware of the need for coordinating mechanisms. During the latter part of FY 86 a grant was made to the Philippine Business for Social Progress organization (PBSP) to support the creation of a Philippine Social Development Center in Manila. The Center will have as one of its purposes the provision of facilities for other PVOs so that collaboration between organizations can be encouraged and supported. The USAID believes this center can provide a major forum for collaboration and coordination among PVOs. The evaluation team endorses this effort, but believes the mission should look beyond this grant for additional opportunities.

4. Cost Effectiveness

The evaluation team considered the matter of whether PVO sub-projects were being managed in a cost effective manner from two perspectives. In the first place it observed the manner in which the projects were being administered in the field and the management style reflected in sub-project operations. Secondly, the team undertook a review of administrative and overhead costs for each of the projects chosen for field review.

Without exception all PVOs observed during field travel operated simply and unostentatiously. Office facilities tended to be austere, with minimal office equipment and relatively plain furnishings. In instances in which staff members are living at project sites they live in village housing of the same basic quality as the beneficiaries. Transportation to project sites by staff is generally via public transportation. PVO managers in some cases have access to vehicles provided by their sponsoring institutions, none of which is ostentatious and most of which are both old and heavily used.

While the team did not systematically review staff salaries, a few spot checks revealed that most of the PVOs pay salaries somewhat higher than Philippine government levels, but lower than private-for-profit organizations. The overall quality of staff appeared to be high and the morale good, so PVO conditions of employment are presumably competitive.

The evaluation team reviewed the budgets for each of the projects which were visited. While there was some variation in the manner in which the financial data were presented, it was possible to make a reasonable comparison between the grantees with reference to administrative and other indirect costs in relation to total grant size. For Philippine PVOs there was a rather wide range from zero for some PVOs which met all administrative costs from their counterpart contribution, to approximately seventeen percent for larger grantees administering sub-grants. The average for the sample checked was on the order of seven to ten percent. For U.S. PVOs in the sample the administrative and overhead charges constituted approximately twenty-five to thirty percent. (Appendix 8.)

The evaluation team considers that on both measures - style of field operations and the proportion of the grant devoted to administrative support and other indirect costs - PVOs are administering their projects in a cost-effective manner. Even though the U.S. PVOs as a group have higher costs in this area, the rates for those examined are relatively low by comparison with most U.S. based organizations and their style of field operations is relatively simple and cost conscious.

VII. PROJECT MANAGEMENT - FINDINGS

A. The Registration Process

The first step involved in participation in the Co-Fi II project requires that an applicant PVO be recognized as a non-profit organization by the Government of the Philippines and be registered with USAID. Mission rules stipulate that only those U.S. Private Voluntary Organizations that have been registered by USAID/Washington and those Filipino Private Voluntary Organizations that have been registered by USAID/Philippines are eligible to receive Co-Financing Grants. In essence, registration means that USAID has determined that the organization has the capacity to administer USAID-assisted development activities and to account properly for the funds.

For those PVOs interested in participating, the USAID sends out a 5-page document entitled, "PVO Registration Guidelines" to PVOs. (A copy is attached as Appendix 9.) The brochure explains that the registration process is required by USAID to "find out" about the organization, e.g., how long has it been in operation, activities it has been involved in, how it is organized, its ability to manage funds, etc. It then lists the required documents to be submitted with the application for registration. The application is a 3-page form requiring the applicant to provide the information needed, e.g., name of organization and address, telephone number, names of board members, salary schedule of top five positions, etc. In summary, the required documents are:

1. A completed and signed copy of the application form.
2. A copy of each of the following must be attached to the form:
 - a. Certificate of Registration with Securities and Exchange Commission (SEC) or Bureau of Cooperative Development (BCD) or National Science and Technology Authority (NSTA).
 - b. Articles of Incorporation, Constitution, By Laws.
 - c. Financial Statement(s) audited by an independent certified public accountant which compare the last three years.

d. Latest Annual Report (Narrative).

e. Current Budget.

The process of registration is essentially an examination of the management capabilities of the organization. Upon receipt of an application package, the information contained and the attached documents are scrutinized by project staff. In the screening process, the papers may be referred to the Controller's Office or to the USAID Legal Advisor for further review. Once it is determined by project staff that the applicant is a viable organization capable of administering a USAID-supported development project, a Certificate of Registration is issued, making the organization concerned eligible to participate in the program.

During the evaluation the team attempted to assess whether the registration process has posed difficulties or impeded the consideration of project proposals. The team pursued this issue through interviews in the field, as well as through a questionnaire distributed to PVOs during an orientation/seminar held for new grantees during the time of the visit. The responses received indicated the existence of minor frustrations but no significant problems have been experienced with the registration process. In part this has been due (according to the respondents) to the USAID brochure on registration guidelines which, with few exceptions, they found to be useful and straightforward.

There was unanimity among respondents that although in some respects the registration process is cumbersome, particularly in its documentary requirements, compliance is relatively easy if the PVO is in good standing. Also, it was agreed that the registration process is necessary because of the increasing number of PVOs in the country and the importance of establishing fiscal and management capability. Appendix 5 contains a list of the fifty-one USAID Registered Philippine PVOs as of August 12, 1986. Additional PVOs appeared on this list in the past. However, the mission requires that registration be maintained on a current basis in order to be eligible to receive grants. Some PVOs which did not obtain grants after initial registration have decided to allow their registration to lapse.

Overall, the evaluation team is of the opinion that the registration process has worked well to the general satisfaction of all concerned. The team understands that applicants may, in certain cases, find the process somewhat difficult, but it is designed to ensure that grantees are capable of executing projects and accounting for public funds. The requirements have not constrained the number of fundable proposals and the team sees no reason to relax the requirements.

B. Proposal Preparation, Review and Approval

Experience gained during planning and implementation of Co-Fi I and II, and the midterm evaluation of Co-Fi I have contributed to the evolution of a coherent system for soliciting, reviewing and approving sub-project proposals from PVOs working in the Philippines.

The Mission distributes to potential grantees two documents to assist them in deciding whether to apply for a grant and, if they choose to do so, the format which should be followed in preparing a proposal. The first document, "The USAID Private Voluntary Organization Co-Financing Program (PVO Co-Fi)", briefly describes the Co-Fi program, reminds PVOs of the requirement that they must complete the registration process before they can be considered for a grant, outlines the proposal review and approval process and provides a simple diagram of the USAID organization. (A copy of the brochure is attached as Appendix 10.)

For those PVOs who decide to make application for a grant the second guidebook is provided, entitled "The USAID Private Voluntary Organization Co-Financing Program (PVO Co-Fi) Project Proposal Format". (A copy is attached as Appendix 11.) This document provides a specific format to be followed by the PVO, but more importantly, guides those preparing the proposal through identification, project purpose and outputs, implementation plan and monitoring and evaluation plan. It also describes a series of analytical annexes to be attached to the proposal. The basic pattern followed is derived from AID's own project design process as prescribed in Handbook 3.

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One of the conclusions reached in the 1982 evaluation of Co-Fi I was that "most sub-projects suffer from either a weak design, inappropriate or non-existent implementation plans, lack of suitable feasibility studies or unrealistic targets and timeframes". In an attempt to respond to these problems the mission increased the degree of assistance provided to PVOs who wished to prepare and submit proposals. Two full-time PSC consultants paid from project funds work with PVCs, when requested, to prepare or refine proposals so that they can meet USAID standards.

When proposals are received in the mission, an initial screening is made within the Office of Food For Peace and Voluntary Cooperation (OFFPVC). For those proposals warranting further review, copies are made and distributed to members of the mission Project Committee. The Project Committee for the Co-Fi II Project is composed of OFFPVC, the Office of Capital Development (OCD), the Office of the Controller (OCO), the Program Office (PO), representatives of the appropriate mission technical offices depending on the nature of the project, and the Legal Advisor. When ten or so proposals have been accumulated - generally every three or four months - the project committee reviews the proposals against mission criteria. The proposals are also competed against each other, although as a general matter no pre-established amount of funds is set aside for a given time period. Those proposals endorsed by the project committee are forwarded to the USAID Director for his preliminary endorsement. Following the Director's preliminary approval, the National Economic Development Authority (NEDA) is notified that USAID has the proposal under consideration. At this point a project team is assembled in the mission to discuss project issues with representatives of the PVO. The team also makes a site survey as part of its review. Following this review and any further clarification required, the PVO is asked for a final submission of the proposal. The proposal, in finished form, provides the basis for mission preparation of a PIO/T, which in turn is utilized to obtain internal mission clearances and final approval by the Director. The PVO is notified of USAID approval and instructed to obtain NEDA approval. A copy of the Mission Order describing this process and the criteria used for the review of proposals is attached as Appendix 12.

As indicated in the previous section of this report, during the recent Orientation for new PVO grantees the evaluation team distributed a questionnaire dealing with the registration and the proposal review and approval processes. The responses received by the team indicated a mixed reaction to the USAID procedures. Some found the approval process difficult and time consuming. In some cases this appeared to be related to the USAID requirements regarding design, format and presentation. In other cases, concern was expressed regarding internal USAID clearances or delays resulting from NEDA approvals. However, most respondents found the process acceptable and understandable. Most of the PVOs indicated that the role of the USAID consultants had been positive and had helped them to think through the design and presentation of their project proposals.

The responses to the questionnaire were parallel to information derived from evaluation team interviews with PVO managers in the field. Some felt the approval process took too long, but most found it acceptable. In the 1982 Co-Fi I evaluation it was recommended that in order to reduce the time required to approve sub-project proposals the mission should review proposals more frequently than every six months, as was then the practice. The mission's current practice attempts to respond to this recommendation while at the same time grouping proposals so that there is some degree of competition among proposals and reviews can be concentrated, thereby minimizing the demands on the time of project committee members.

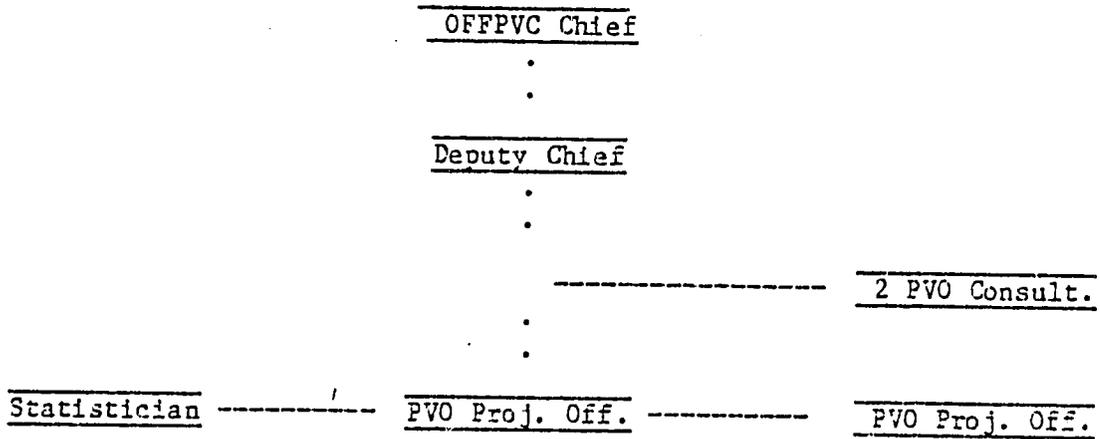
Overall, the evaluation team considers the review and approval process followed by the mission to be logical and effective. Interviews in the field indicated a slight concern among some PVOs regarding the role of the consultants in shaping the grant proposals. That is, how much can the USAID consultant inject her/himself into the planning process without intruding on the PVO's basic responsibility for design and implementation of the grant. In the judgment of the evaluation team, the mission is striking a reasonable balance. In general the role of the consultant is seen by the PVOs as helpful and supportive and not intrusive. Overall the work of the consultants has strengthened the project designs submitted by the PVOs. The consultants have also served as a useful link between the PVOs and the mission. At times there is doubtless some blurring of the line between the

role of the consultant as an advisor to the PVO and the role of the consultant as a USAID staff officer. However, in general the evaluation team feels the system works quite well and sees no need to change it.

C. Project Staffing

To review staff adequacy the team took note of staff devoted to Co-Fi activities at Mission headquarters in Manila and the staff of grantees and sub-grantees. Leaders among beneficiary groups also were noted.

A staff chart of OFFPVC is as follows:



The Office of Food For Peace and Voluntary Cooperation is responsible for the PL 480 program in the Philippines, disaster assistance and PVO activities. It is headed by an Office Chief and contains a Deputy Chief, two direct hire FSN Project Officers who allocate more than half-time to the Co-Fi Project and a Statistician who is concerned solely with PL 480. Two full-time PSC Consultants are assigned to support the Co-Fi II project.

As would be expected, policy formulation and interpretation, top management decisions and important clearances are acted upon by the Office Chief or his Deputy. The USAID Project Officers represent AID's interests beginning with a PVO's request for registration. They serve as counselors to PVOs and as facilitators of all PVO submissions and requests to USAID. They monitor sub-projects and PVO budgets and payment schedules. They also participate in site visits and keep the Office Chief informed and advised.

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The two Consultants provide a liaison function between PVOs and the OFFPVC. They assist the PVOs in organizing their proposals to meet USAID requirements. They also help the mission to prepare the grant package and assist with the several stages of project development including PIO/T preparation and the grant agreement. Subsequently, the consultants assist in activities designed to improve PVO performance. In addition, they plan for and join in mid-point sub-project assessments and prepare and arrange for seminars and special subject matter courses. Consultants and Project Officers participate in the project review committee where staff size and capability are discussed and approved for each sub-project.

PVO activities have been expanding rapidly in terms of numbers of organizations registered with USAID, the total number of projects and a faster spending rate. In FY 85 obligations for Co-Fi activities increased over FY 84 by 74% and in FY 86 they were up by 12% over FY 85. Although there were sharp increases in obligations in FY 85/86, disbursements through FY 86 were only 23% of total obligations under Co-Fi II. This will result in a rapid growth of implementation activity in the coming year. This expansion of the Co-Fi II project activities is coming at a time when:

- a. Direct hire AID staff is being gradually reduced,
- b. Technical offices of the Mission cannot devote substantial staff time to PVO activities, and
- c. The OFFPVC staff has limited competence in technical sectors and has limited capacity to absorb additional workload.

With the rather rapid expansion of activities under Co-Fi II, both in terms of increased obligations and the inevitable accumulating burden of implementation issues, the evaluation team anticipates a sharp increase in demands on the relatively small Office of Food For Peace and Voluntary Cooperation. Indeed, a basic management question is whether expanding a project with a large number of small discrete activities is sensible in a period of reduced AID staffing. The evaluation team believes that the program is sensible. The activities

included in the Co-Fi Project are, for the most part, making a significant contribution to GOP and USAID objectives, and in particular are evolving patterns for organizing and delivering services at the community level which may be of considerable significance in the future. Consequently, the evaluation team believes the appropriate approach is to consider what actions might be taken to ameliorate the growth in demands on the mission rather than cutting back on the level of activities. The team suggests there are three options to deal with this situation. It may be appropriate to draw on all three of them in some combination for a solution to the problem.

1. Reduce the degree of monitoring and oversight applied to sub-projects managed by PVOs with established reputations for competence. Some of the Philippine PVOs and most of the U.S. PVOs have accumulated substantial experience and are capable of managing and accounting for U.S. funds responsibly. The concept underlying grants made in accordance with Handbook 13 is that grantees should be given the maximum freedom possible to execute the activities covered in the agreement with the mission. While there does not appear to be complete agreement within AID - particularly vis-a-vis the Office of the Inspector General - it should be possible to establish a level of monitoring/oversight which would meet Agency requirements and also reduce the present burden on the mission. It should be understood that post-audit functions would be relied upon primarily and that almost certainly some projects that were less than successful might go undetected until the end of project activities. The principal sanction in such cases would be to refuse to make further grants to organizations which proved to be ineffective, but since, in AID terms, the amounts of money would be relatively small, the risks should be acceptable.
2. Increase the use of intermediary PVOs. That is, there are a number of Philippine PVOs as well as U.S. PVOs which are competent to serve as an intermediary institution. The USAID is already making grants to such organizations and they are making sub-grants to smaller PVOs. They review and approve sub-grants, oversee the implementation of activities and account for AID funds. This approach already takes a sizable management burden off the USAID.

3. Make provision for a greater amount of planning and oversight from within the project funds. The arrangement under Co-Fi II of having PSC consultants paid from project funds who not only assist the PVOs to plan and assess their activities but also help meet USAID oversight responsibilities could sensibly be expanded. USAID must consider how best to divide the responsibilities for oversight between direct hire staff and PSCs, but similar patterns are already established in missions all over the world, and the evaluation team believes it should be possible to devise workable solutions for Co-Fi II as well.

There is a follow-on staffing issue beyond USAID headquarters. That is whether PVOs and sub-grantees are staffed adequately. The sample of U.S. and Philippine PVOs that have offices in Manila were found to be well staffed and equipped. Moreover, each PVO visited said they were satisfied with present staff. The team was indeed impressed with the enthusiasm and competence that field staff appear to have, especially in office administration, community and cooperative organization, storekeeping, health training and vocational skills. As indicated previously, the team was less convinced, however, about staff who are attempting to deal with more complicated IGP components of projects in such areas as crop production and livestock raising, marketing of agricultural production and rudimentary economic elements of farming.

D. Monitoring, Evaluation, and Oversight

The Co-Financing II Project has developed several systems for assisting and guiding PVOs in designing, monitoring and evaluating their sub-projects. The systems are explained to PVOs in formal seminars or one-on-one sessions. Manuals have been produced to assist PVOs and copies of the different manuals are made available to all PVOs receiving grants and to all USAID registered PVOs. In addition to the manual dealing with the preparation of project proposals described previously, and Guidelines for Site Visits and for Computing Counterpart Costs, the following materials have been prepared.

1. Quarterly Reports: In order to obtain parallel information from the different subprojects, four forms were designed to guide PVOs in the preparation of brief reports. These forms include: (a) an implementation plan, (b) a progress report with explicit instructions to focus on activities for the period, comparing actual accomplishments with planned activities, and discussing problems encountered, (c) request for cash advance, and (d) expenditure report requiring accounting of both grant funds and counterpart funds.

2. Assessments: Assessments of each Co-Fi II sub-project are scheduled for the first half of the grant period. The assessment is conducted by a team which includes a USAID PVO consultant, a representative of the relevant USAID technical office and a representative from a PVO involved in a similar activity. The purpose of the assessments is to determine (a) potential effects on beneficiaries, (b) status of project implementation, and (c.) lessons learned which will contribute towards improving the PVO Co-Financing project. The results of the assessments are used in deciding whether or not mid-course corrections are needed, in terms of redefining purpose and output objectives, restructuring the budget, or determining the adequacy of inputs.

3. Monitoring and Evaluation Guidelines: The guidebook used for monitoring and evaluation is divided into three sections. The first section, Clarifying Project Framework, discusses the framework which establishes and clarifies project inputs, outputs, purpose and goal. The need to make explicit various assumptions about the project also is pointed out. The second section dealing with monitoring the project provides key questions and issues concerning monitoring of project inputs, outputs, purpose and goal and offers suggestions on what should be investigated during the life of the project to determine whether the project is being implemented as planned (status of inputs and outputs). The third section which deals with identifying project indicators addresses two sets of general questions: (a) What will be investigated during the life of the project to determine whether project purposes/goals are being achieved? and (b) What will be investigated during the life of the project to determine whether the project inputs and outputs are resulting in purpose/goal achievement? (A copy of the cover page and the introductory portion of the guidebook are attached as Appendix 14.)

4. Financial Management Reporting System, General Accounting Plan, and Budgetary Systems: The system is designed (a.) to provide pertinent and timely information to the PVO management and the USAID regarding the financial management and operations of the PVO, (b.) to attain basic internal accounting controls for the safeguard of the PVO's assets, and (c.) to promote proper and efficient methods of budgeting. The system is tailored to participating PVOs' needs and the USAID has arranged for PVOs to draw on a local accounting firm to help them establish the system. Fourteen Philippine PVOs have used this type of assistance.

5. Interpreting Your Grant Agreement: This manual is intended to help PVOs understand the provisions contained in the Grant Agreement. It emphasizes the need to establish adequate and counterpart funds to be disbursed in the project. The illustrated manual has three parts: (a.) Financial Provisions of a Grant Agreement, which includes a discussion on computing and accounting for counterpart costs, (b.) Reporting Requirements, and (c.) Mandatory Provisions of a Grant Agreement. (A copy of the cover page and the table of contents of this document is attached as Appendix 15.)

PVOs with USAID Co-Financing grants have adopted the systems in varying degrees ranging from no modification to requiring monthly reports from their subgrantees and beneficiaries. At the beneficiary level, PVOs are teaching beneficiaries to record their activities. For example, the Development of People's Foundation has trained their village health workers to train mothers to fill-out growth monitoring charts, First Farmers Community Organization Volunteers keep a record of their community projects, PBSP trained farmer trainers record harvest for home consumption and produce for sale, Victorias Milling Company sub-project beneficiaries record the number of eggs and sale price.

The evaluation team feels the USAID has undertaken a comprehensive approach to strengthening the capacity of grantees to plan and execute their grants. It is an impressive effort. All the PVOs visited had found the materials provided by the USAID to be helpful. No program such as this, no matter how extensive, can remake or upgrade organizations overnight, but the USAID appears to be doing everything possible to this end.

VIII. CONCLUSIONS AND RECOMMENDATIONS

A. Is the project attaining its specified purpose?

The broad question of whether or not the project is attaining its specified purpose is not possible to assess in any definitive sense, since many of the sub-projects are still in their initial stages of implementation. Nearly eighty percent of sub-project grants were made in fiscal years 85 and 86 and forty percent took place in FY 1986 alone.

Conclusion: Nonetheless, based on the general impressions of the team after visits to a representative sample of the PVO sub-project sites and after examination of quarterly progress reports and interviews of PVO managers and beneficiaries, it can be concluded that the purpose of the project - "to improve the socio-economic status of selected poor groups through participatory development programs and innovative, small scale or pilot activities which are proposed, developed and implemented by PVOs" - is being attained with a considerable degree of success.

In short, in the view of the evaluation team, the project is an excellent effort overall and one that, at this stage, is achieving its purpose.

B. Is the project design sufficiently feasible to permit effective implementation?

Conclusion: The Project Paper and supporting documents were reviewed and the project design was examined on the basis of AID guidelines and interviews within the mission and field observations. The design covers all the elements required and in the judgement of the evaluation team lends itself to effective implementation.

However, as the project expands its coverage in terms of numbers of grants and geographic distribution the mission will face increasing problems of management and oversight. The limits on expansion of direct hire staff will probably require the mission to consider alternative methods of managing this project which consists of large numbers of discrete and widely separated activities. The evaluation team suggests mission consideration of the following three alternatives.

1. Seek AID/W endorsement to operate at a lower level of monitoring and oversight, with the recognition and acceptance that some slippage or project weaknesses may go undetected for some time. This approach is based on the concept that the grant technique is intended to afford maximum flexibility to grantees to execute projects in accordance with the grant agreement with a minimum of U.S.G. involvement.
2. Increase the use of grants to intermediary PVOs so that the detailed oversight of sub-grantees may be delegated to larger organizations with proven records of effectiveness.
3. Include funds within the project itself to provide for project monitoring and oversight, drawing on personal services contractors or possibly institutional contractors.

C. What modifications to the project, if any, are required to improve the efficiency and impact of the project?

1. Length of Grant: The mission has been relatively flexible in its approach to the period of time to be covered by grants. For some projects grants are made for only one year (although in some cases the reflows from the revolving credit element of the project made during the year covered by the grant may be used for project purposes for several ensuing years.) The longest grant made thusfar under Co-F1 II is for a four year period. In general, grants cover a three year period.

Conclusion: For some types of projects three years is an adequate period in which to achieve self-sustaining activity. However, several of the projects reviewed by the evaluation team in the field involved the organizing of community associations or groups which were expected to be able to survive on their own with little or no follow-on assistance. In some cases this may be possible, but the team believes in most instances it will not. The team concluded that, for the most part, the mission should approach projects involving community-level organizing with a somewhat longer time frame and attempt to incorporate a phase-down plan during the final year. In general, the pattern should be to plan for a

three year operation period, followed by up to one year of staged withdrawal. Inasmuch as concrete plans for phase-out cannot realistically be developed at the beginning of a project - since they are substantially dependent on assessment of progress during implementation - the evaluation team believes the best approach would be to incorporate planning for the phase out as one element of the mid-term assessment.

Recommendation: That the USAID adopt guidelines which would permit the addition of up to a one year phase out period for grants involving the establishment of community organizations and that the extent, nature and rate of phase-out be worked out as part of the mid-term assessment. Added funding, if any, for the phase out period could also be considered during the assessment.

2. Economic/Social Factors - IGPs

In agricultural sub-projects and in production components of other projects such as health, Income Generating Project (IGP) components require at least rudimentary economic analyses. Are credit funds being allocated efficiently and are rebates set at incentive levels? Are cooperative associations organized to operate efficiently? Can beneficiaries market their produce efficiently? Are the few purchased inputs like fertilizer or animal feed being used for maximum productivity?

Conclusion: The evaluation team did not have the data or time for even a surface examination of these questions. Moreover some of the IGPs are so small and simple that observation is sufficient to provide good indications. Others, however, are somewhat more complicated. It would, therefore, be helpful if the economic/social environment associated with IGPs was made more explicit and that a few guiding points were drawn up.

Recommendation: That an agricultural economist (general) with knowledge of rural sociology be employed to review ongoing and planned IGPs. He/she should prepare the kind of simple analysis that would be useful to the mission and also to PVOs at the point of project preparation.

3. Linkages with Government

Conclusion: The practice of requiring PVOs to secure the endorsement of the National Economic Development Authority (NEDA) for their projects after favorable processing by USAID needs to be reviewed in the interest of avoiding unnecessary bureaucratic delays. Documentary review found that it often took three to six months for PVOs to secure the required NEDA endorsement. It would be useful, therefore, to continue to explore all the possibilities for an understanding with NEDA aimed at streamlining the process in particular and the linkage with government in general. NEDA is already considering the delegation of approval authority for PVO projects to the regional level.

Recommendation: That USAID should continue its efforts to encourage current NEDA plans for decentralization and regionalization. USAID should also strengthen its linkages with other government agencies such as the Ministry of Agriculture and Food, Ministry of Health, Presidential Commission on Government Reorganization which have been found to be also dealing with PVOs. Contacts with these offices should be useful in providing USAID with a broader approach to PVO involvement in national development strategies.

4. Operational Transportation: The current USAID policy with reference to the funding of project vehicles is basically to recommend that each PVO grantee obtain necessary vehicles from its own resources as part of its counterpart contribution or to rely on public transportation which can be reimbursed from the USAID grant funds. The procurement of U.S. vehicles takes nearly one year, they tend to be very expensive, are difficult to maintain in the Philippines and often are out of tune with the unostentatious style of field operations sought under the Co-FI project.

Conclusion: In general, the evaluation team endorses the USAID policy in this area. However, during its field travel some PVO activities were observed which were suffering from inadequate transportation for project implementation. Some of the Philippine PVOs do not have access to counterpart resources to procure vehicles. Their counterpart

contributions are made up essentially of facilities and services provided in kind, and they lack the financial resources needed for purchasing vehicles. In some of these instances public transportation was inadequate to provide access to remote sites and when available was overloaded and infrequent.

The team concluded that the mission policy may be too restrictive. While generally applicable the team believes the USAID should be prepared to depart from it when project objectives will suffer from lack of support. In some cases motorcycles would be a suitable form of transport. (An Agency-wide waiver permitting the purchase of non-U.S. motorcycles of less than 125cc is already in place.) In other cases it might be sensible to authorize procurement of utility vehicles assembled in the Philippines. Such vehicles are widely used by commercial firms and institutions. They are relatively inexpensive, simple to maintain locally and are unostentatious. A waiver to Agency rules would be necessary.

Recommendation: That the USAID alter its policy regarding the procurement of project vehicles and on a selective basis permit PVOs to purchase motorcycles or locally manufactured (assembled) utility (jeepney-type) vehicles when they are required to achieve project purposes.

D. Are sub-project purposes being attained?

As indicated previously in response to the question regarding the attainment of overall project purposes, it is too early in the project to make definitive judgments regarding the achievement of sub-project purposes. However, some limited conclusions can be drawn based on interviews with PVO managers and beneficiaries of projects already underway.

Conclusion: Some of the specific targets of projects observed during field travel appeared to be somewhat optimistic in terms of either time frame or quantity. Many of them will need to be adjusted in light of experience as implementation proceeds. Overall, however, the sub-projects reviewed all appeared to be progressing in line with their basic purposes. The team saw no reason to believe that they will not achieve their broader objectives.

E. Are sub-projects having the intended impact on designated beneficiaries?

Conclusion: Many of the subprojects are visibly having the intended impact on their designated beneficiaries. This is especially true in those cases where indications of impact can be reflected in say, the number of participants in the project, number of jobs created, amount of loans extended, increments to family income as a result of micro-income generating schemes and the like. In a number of cases, however, the intended impact of the project is not yet clearly visible either because the project has only just started or because at this stage, by the very nature of the project, no measure or any hard indication of impact is yet available. There is no question, however, that the projects observed are in place and appear adequately organized toward attaining their intended impacts on their designated beneficiaries. The beneficiaries interviewed during the field survey generally demonstrated enthusiasm and a high level of satisfaction with the subprojects visited.

F. Are local communities active participants in and supporters of sub-projects?

Conclusion: Evaluation team field observations indicated that beneficiary communities are generally active participants and supporters of the sub-projects. Indeed, most of the projects visited involved initial stages in which the primary emphasis was on community organizing as such. Communities participate in various stages of the sub-projects. Most of the PVOs are very sensitive to the importance of participation in community decision-making, particularly in terms of establishing organizations to promote specific project objectives, e.g. farmers' associations, duck raisers' associations, etc. Community groups are encouraged to establish by-laws or rules to govern membership, meetings, leadership selection, fees and other rules and regulations. Most PVOs also encourage participation in project implementation such as contributions of materials or labor or participation as voluntary paraprofessionals. All PVO sub-projects encourage participation in community benefits, whether material, such as increased income, or services such as technical training or primary health care.

G. Are sub-projects being conducted in a cost-effective manner?

The evaluation team's conclusions rest on observations of PVO operations in the field and an analysis of the proportion of grant funds being devoted to sub-project administration and other indirect (overhead) costs.

Conclusion: All the PVOs observed during field travel operate in a simple manner with minimal equipment and relatively plain offices. When staff members live at project sites they live in village housing of the same basic quality as the beneficiaries. Transportation to project sites by staff is generally via public transportation.

The review of administrative and indirect costs for the Philippine PVOs revealed a rather wide range with an average of approximately seven to ten percent. For U.S. PVOs in the sample the administrative and overhead charges constituted approximately twenty-five to thirty percent.

The evaluation team considers that on both measures - style of field operations and the proportion of the grant devoted to administrative support and other indirect costs - PVOs are administering their projects in a cost-effective manner.

H. Are PVOs an effective delivery mode?

Conclusion: Two distinct realities should be considered in answering this question. First PVO branches were found in provincial cities and towns and given resources can establish functional and effective contact with remote rural communities and groups. They can and do rely heavily on local expertise and local language. At present PVOs appear to be the only developmental instruments that can penetrate to the grassroots and as such can be an effective delivery mode.

The second reality is that the GOP and USAID have declared for heavy reliance on the private sector and enterprise incentives for economic growth. PVOs can test local conditions and build community development programs on their own strength and can complement government programs. Again the evaluation team concludes that any long-term development model with reliance on the private sector will find PVOs to be an effective delivery mode.

I. To what extent has the project responded to concerns raised in the FY-83 PVO Evaluation Report?

Conclusion: The USAID has conscientiously attempted to respond to each recommendation contained in the FY 83 Evaluation. Comments on each of the recommendations are attached as Appendix 16.

1659D/10.86

APPENDICES

1. Evaluation Scope of Work
2. Persons Interviewed
3. PVO Organizations Visited
4. Documents and other Materials Reviewed
5. Philippine PVOs Registered With USAID
6. USAID Training and Development Activities
7. "Private Voluntary Development: Toward the Third Generation";
by David C. Korten
8. PVO Administrative and Overhead Rates
9. USAID PVO Registration Guidelines
10. Brochure: USAID Private Voluntary Organization Co-Financing
Program
11. Brochure: USAID Private Voluntary Organization Co-Financing
Program; Project Proposal Format
12. PVO Co-Financing Mission Order
13. Co-Fi Projects Obligation and Expenditure Rates
14. Brochure: Monitoring and Evaluation of PVO Projects
(Introduction)
15. Brochure: Interpreting Your Grant Agreement
(Table of Contents)
16. USAID/Philippine Response to the Evaluation of the Co-Financing I Project Prepared in November 1982

APPENDIX 1

ARTICLE I - TITLE

PVO CO-FINANCING II EVALUATION (Project No. 492-0367)

ARTICLE II - OBJECTIVES

To conduct a mid-term, in-depth assessment of the PVO Co-Financing II Project.

ARTICLE III - STATEMENT OF WORK

- A. The primary role of the evaluation team will be to determine whether the PVO Co-Financing II Project is attaining its overall purpose. The specific questions that the team is required to answer are as follows:
1. Is the project attaining its specified purpose?
 2. Is the project design sufficiently feasible to permit effective implementation?
 3. What modifications to the project, if any, are required to improve the efficiency and impact of the project?
 4. Are the subproject purposes being attained?
 5. Are subprojects having the intended impact on designated beneficiaries?
 6. Are local communities active participants in and supporters of subprojects?
 7. Are subprojects being conducted in a cost-effective manner?
 8. Are PVOs an effective delivery mode?
 9. To what extent has the project responded to concerns raised in the FY 83 PVO Evaluation Report.
- B. The evaluation team will be required to provide in a final report: (a) their findings (i.e. the evidence); (b) their conclusions (i.e. their interpretation of the evidence and their best judgement based on this interpretation); and (c) their recommendations based on their judgements. Moreover, they will be required to make clear distinctions among their findings, their conclusions, and their recommendations and to set these forth in a clear and succinct manner.

C. Methods and Procedures:

The evaluation team will collect information by reviewing project documentation, conducting interviews and making field visits to a sampling of subproject sites.

The evaluation will require about six weeks from launch of the team until submission of the final report. The first week will involve travel to Manila, review of project documentation (Project Paper, PVO proposals, subproject grants, etc.) at USAID/Philippines, and interviews with USAID and NEDA. Most of the weeks two through four will involve field work consisting of interviews, visits to subproject sites, on-site interviews with local leaders, PVO field staff, and targeted beneficiaries, and drafting the preliminary evaluation report. The fifth week will involve briefing USAID, submitting the preliminary evaluation report and return travel to the U.S. The sixth week will be spent in the contractor's home office preparing the final evaluation report which will be submitted to the USAID by end of week.

D. Documentation:

The evaluation team will review the following documentation:

1. Project Paper for Co-Financing II Project;
2. Materials developed to inform PVO's of the project and to assist them in developing subproject proposals;
3. Written criteria used to evaluate proposals and to allocate funds;
4. Funded and unfunded PVO proposals (to assess Mission performance in using criteria to make funding decisions and to assess trends in quality of funded and unfunded proposals);
5. Progress and financial reports and supporting materials from PVO's concerning subproject(s);
6. Background materials on goals, staff, budget, experience, capability and other institutional characteristics of the PVO's who have submitted proposals;
7. Technical papers related to specific subproject activities; and
8. Correspondence and other relevant documents as identified by Mission or PVO's.

E. Interviews:

Evaluation team will interview:

1. USAID's O/FFPVC staff and PVO Co-Financing Project Committee;
2. Relevant NEDA staff;
3. Staffs of a randomly selected sample of U.S. and indigenous PVO's;
4. Subproject officers and staff of subprojects;
5. Target beneficiaries;
6. Local leaders; and
7. Others as identified by USAID or PVO's.

F. Field Observations:

Evaluation team members will visit sites of a sampling of subprojects funded and interview local leaders, implementation staffs and target beneficiaries.

G. Schedule:

The following six-week schedule is illustrative and may be adjusted as mutually agreed by USAID and the evaluation team.

1. First week:
 - a. Travel to Manila.
 - b. Agree on evaluation design and individual team member assignments.
 - c. Review documents.
 - d. Interview USAID, PVO and NEDA staffs in Manila.
 - e. Make arrangements for field visits.
2. Second week:
 - a. Complete initial interviews.
 - b. Begin field work before mid-week.
3. Third week: Field work.

4. Fourth week:
 - a. Complete field work.
 - b. Provide preliminary briefing to USAID on findings, conclusions and recommendations.
 - c. Draft evaluation report.
5. Fifth week:
 - a. Submit draft evaluation report to USAID early in week.
 - b. Provide final briefing to USAID on findings, conclusions and recommendations.
 - c. Revise draft evaluation report based on feedback from briefings and submit revised draft to USAID.
 - d. Return to U.S.
6. Sixth week:
 - a. Prepare final report in home office.
 - b. Submit final report to USAID by end of sixth week.

ARTICLE IV - REPORTS

- A. During the fourth week provide a preliminary briefing to the USAID on findings, conclusions and recommendations.
- B. Early in the fifth week submit a draft evaluation report to the USAID.
- C. After receipt of comments and feedback from briefings submit a revised draft to the USAID at the end of the fifth week.
- D. Prepare and submit a final report to the USAID by the end of the sixth week.

ARTICLE V - RELATIONSHIPS AND RESPONSIBILITIES

The Project Manager for this project is Bryant George. While in the Philippines the Contractor will work under the general guidance of the Office of Food for Peace and Voluntary Cooperation.

ARTICLE VI - TERM OF PERFORMANCE

- A. The effective date of this work order is August 20, 1986, and the estimated completion date is October 30, 1986.

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- B. Subject to the written approval of the Project Manager (see block No. 5 of the Cover Page), the Contractor is authorized to extend the estimated completion date, provided that such extension does not cause the elapsed time for completion of the work, including the furnishing of all deliverables, to extend beyond 30 calendar days from the original estimated completion date. The Contractor shall attach a copy of the Project Manager's approval for any extension of the term of this work order to the final voucher submitted for payment.
- C. It is the contractor's responsibility to ensure that Project Manager-approved adjustments to the original estimated completion date do not result in costs to the Government which exceed the total amount obligated for the performance of the work. Under no circumstances shall such adjustments authorize the Contractor to be paid any sum in excess of the total amount obligated in this work order for the performance of the work.
- D. Adjustments which will cause the elapsed time for completion of the work to exceed the original estimated completion date by more than 30 calendar days must be approved in advance by the Contracting Officer.

ARTICLE VII - LEVEL OF EFFORT

A. POSITIONS	BURDENED FIXED DAILY RATE *	WORK DAYS ORDERED	TOTAL
TL/SR DEV. ADM. SPEC.	\$ 518.83	37	\$19,197
DEV. ADM. SPEC.	519.15	37	19,209
DEV. ADM. SPEC.	317.85	37	11,760
SECRETARY	138.54	5	693
TOTALS			\$50,869

* - based on a multiplier of 2.119.

- B. Subject to the prior written approval of the Project Manager (see block No. 5 on the Cover Page), the Contractor is authorized to adjust the number of days actually employed in the performance of the work by each position specified in this work order. The Contractor shall attach copy of the Project Manager's approval to the final voucher submitted for payment.

- C. It is the Contractor's responsibility to ensure that Project Manager-approved adjustments to the work days ordered for each position do not result in cost to the Government which exceed the total amount obligated for the performance of the work. Under no circumstances shall such adjustments authorize the Contractor to be paid any sum in excess of the total amount obligated in this Work Order for the performance of the work.

ARTICLE VIII - TOTAL OBLIGATED AMOUNT AND BUDGET

A. Total Obligated Amount

The total amount obligated for the performance of this order is \$73,602. The Contractor shall not be paid any sum in excess of the total amount obligated.

B. Budget

For Total Work Days Ordered.....	\$50,859
For Other Direct Costs.....	22,743
WORK ORDER TOTAL.....	<u>\$73,602</u>

ARTICLE IX - USE OF GOVERNMENT FACILITIES OR PERSONNEL

- A. The Contractor and any employee or consultant of the Contractor is prohibited from using U.S. Government facilities (such as office space or equipment) or U.S. Government clerical or technical personnel in the performance of the services specified in the Contract, unless the use of Government facilities or personnel is specifically authorized in the Contract, or is authorized in advance, in writing, by the Contracting Officer.
- B. If, at any time, it is determined that the Contractor, or any of its employees or consultants have used U.S. Government facilities or personnel without authorization, then the amount payable under the Contract shall be reduced by an amount equal to the value of the U.S. Government facilities or personnel used by the Contractor, as determined by the Contracting Officer.
- C. If the parties fail to agree on an adjustment made pursuant to this clause, it shall be considered a "dispute" and shall be dealt with under the terms of the "disputes" clause of the Contract.

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ARTICLE X - EMERGENCY LOCATOR INFORMATION

The Contractor agrees to provide the following information to the Mission Administrative Officer on or before the arrival in the host country of every contract employee or dependent:

- A. The individual's full name, home address, and telephone number.
- B. The name and number of the contract, and whether the individual is an employee or dependent.
- C. The Contractor's name, home office address, and telephone number, including any after-hours emergency number(s), and the name of the Contractor's home office staff member having administrative responsibility for the contract.
- D. The name, address, and telephone number(s) of each individual's next of kin.
- E. Any special instructions pertaining to emergency situations such as power of attorney designees or alternate contact persons.

ARTICLE XI - LOGISTIC SUPPORT

The Contractor will be provided office space and office equipment by the USAID.

ARTICLE XII - ACCESS TO CLASSIFIED INFORMATION

The Contractor will not have access to classified information.

ARTICLE XIII - DUTY POST

The Duty Post for this work order will be the Philippines.

ARTICLE XIV - WORK WEEK

The Contractor is authorized up to a six-day work week with no premium pay.

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APPENDIX 2

PERSONS INTERVIEWED

USAID STAFF

- | | |
|----------------------------|------------------------------------------------------------------------------|
| 1. Mr. Thomas Z. Baranyi | Chief, Logistics Division, EO |
| 2. Mr. William H. Johnson | Chief, Office of Population,
Health and Nutrition |
| 3. Mr. Paul Deuster | Program Economist, OD/PE |
| 4. Mr. Roberto C. Delgado | Program Specialist, Office of
Food for Peace and Voluntary
Cooperation |
| 5. Mr. Benjamin Bautista | Program Specialist, Office of
Food for Peace and Voluntary
Cooperation |
| 6. Dr. James Beebe | Chief, Agricultural Development
Division, ORAD |
| 7. Ms. Amelia Rosete | Program Specialist, Office of
Capital Development |
| 8. Mr. John R. Dial | Chief, Budget and Accounts
Division, Controller's Office |
| 9. Mr. Ricardo Tan | Financial Analyst, Controller's
Office |
| 10. Mr. Sulpicio Roco, Jr. | Program Specialist, Social
Science, Program Office |

PVO STAFF

Population Center Foundation (PCF)

- | | |
|----------------------------|-------------------------------------------------------------------|
| 1. Ms. Blesilda Lim | Project Officer |
| 2. Mr. Antonio N. de Jesus | Manager, Community Based Health
and Family Planning Approaches |
| 3. Mr. Carlos Isle | Community Organization Specialist |
| 4. Ms. Juliana Riparip | Head, Information Education
Communication Unit |
| 5. Ms. Eleanora de Guzman | Head, Training Unit |
| 6. Ms. Aida Co Hee Sayson | Head, Research and Development
Unit |
| 7. Florian Albuero, Ph.D. | Consultant |

Tulay sa Paq-Unlad, Inc. (TSPI)

- | | |
|--------------------------------|--------------------|
| 1. Mr. Eliseo M. Lademora, Jr. | Executive Director |
| 2. Mr. Noel M. Alcade | Operations Manager |

The Asia Foundation (TAF)

1. Ms. Edith S. Coliver Representative
2. Mr. Thomas W. Stoever, Jr. Assistant Representative

Cebu Doctors Hospital

1. Dr. Potenciano Larranzabal, Jr. President
2. Dr. Melanio Sanchez, Sr. Staff Member, PCF-College of Medicine
3. Dr. Cesar G. Estebilla Dean, College of Medicine

College of Nursing - University of San Carlos - Cebu City

1. Fr. Florante Camacho President, U.S.C.
2. Ms. Rosario Ailes Dean, College of Nursing
3. Ms. Jocelyn C. Kintanar Project Director

Davao Upliftment Foundation

1. Ms Alma de la Paz Project Director
2. Mr. Pedro Terry Tuason Project Coordinator

Institute of Primary Health Care - Davao Medical School Foundation

1. Ms Sony Chin Project Administrator

Philippine Business for Social Progress (PBSP)

1. Mr. Aries Alip Manager, Programs
2. Mr. Mike Luz Manager, Development, Planning and Communications Unit
3. Mr. Ramon C. Yedra Field Program Officer, PBSP Bacolod City

Municipal Development Council - Kabankalan

1. Mr. Fernando Angamaso Municipal Planning and Development Officer, Municipal Development Council, Kabankalan
2. Mr Jeovie Dionangco Jaycees Representative, MDC
3. Mr. Alfredo Mangao Rotary Club Representative, MDC

National Congress of Unions in the Sugar Industry, Philippines

1. Mr. Marlon Pescos Extension Worker

CARE Negros Development Assistance Program

1. Mr. Kevin Henry Assistant Director, CARE/Philippines; NDAP Manager
2. Ms. Yola Mingoa Technical Consultant
3. Ms. Alice Bata Assistant Program Manager
6. Ms. Cecile Luzarita Finance-in-Charge

Cooperstive Rural Bank of Negros Occidental

1. Mr. Leo Dolloso General Manager
2. Mr. Willie Derequito Loans & Operations Officer
3. Ms. Elizabeth Yap Project Officer
4. Mr. Perfecto Marzona Chairman

First Farmers -ISEP

1. Mr. Bernard Trebal President
2. Mr. Louis Clavor Program Coordinator
3. Mr. Ben Gumasing Program Officer

Victorias Milling Company

1. Atty. Decena Vice-President for Administration
2. Ms. Eva Llamas Project Executive Officer
3. Mr. Nelson Segovia Assistant Project Executive Officer
4. Ms. Evelyn Mentor IGP Coordinator

Kabalaka Development Foundation

1. Mr. Leo Echaus Treasurer

La Carlota, La Castellana Planters Foundation

1. Ruperto Alonzo Chairman

Sagay Sugar Central

1. Ms. Sonia Sarroza Director, Human Development Committee

J. F. Ledesma Foundation - Human Development Program

1. Mr. Johnny Lagdameo Program Director

CHITO Foundation

1. Ms. Elizabeth Foster Consultant

Save Negros Forest Movement

1. Mr. Gerardo Ledesma Vice-Chairman

Negros Economic Development Foundation

1. Mr. Pacifico Burgos Assistant Executive Director

PHILIPPINE GOVERNMENT STAFF

1. Carlos Fernandez, Ph.D. Assistant Minister for Special
Projects, Ministry of Agriculture
and Food
2. Florian Alburo, Ph.D. Deputy Director, National
Economic and Development Authority

APPENDIX 3

LIST OF PVO ORGANIZATIONS VISITED

<u>PVO Grantee</u>	<u>Title of Project</u>
1. The Asia Foundation (TAF)	Silliman University Marine Conservation Program - Dumaguete, Negros Oriental
2. Salesian Society, Inc. (SSI)	Rehabilitation Program for Jail Inmates Don Bosco Rehabilitation Center - Cebu City
3. Salesian Society, Inc. (SSI)	Don Bosco Out-of-School Youth Manpower Skills Training Project Don Bosco High School, Cebu City
4. Ramon Aboitiz Foundation, Inc. (RAFI)	University of San Carlos: Water Resources Pilot Central Visayas Water Information Center University of San Carlos Cebu City
5. Ramon Aboitiz Foundation, Inc. (RAFI)	Integrated Farms Development and Productivity Program - Cebu City
6. Tulay sa Pag-Unlad, Inc. (TSPI)	Small Enterprise Development - Suites A & B Padilla Building, Emerald Avenue, Pasig, Manila
7. Population Center Foundation (PCF)	Health Resource Distribution Program - Projects in Negros Oriental, and Cebu
8. Development of People's Foundation (DPF)	Building Community Capability for Directing Community-Based Development - Davao City
9. Kapwa Upliftment Foundation	Malabog Livelihood Promotions Project
10. Foundation for Educational Evolution Development (FEED)	First Farmers Human Development Foundation, Inc. - Bacolod City, Negros Occidental
11. Philippine Business for Social Progress (PBSP)	Negros Occidental Development Assistance Program Bacolod City, Negros Occidental
12. Cooperative for American Relief Everywhere (CARE)	Development Assistance Program for Negros Occidental Bacolod City, Negros Occidental

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APPENDIX 4

DOCUMENTS AND OTHER MATERIALS REVIEWED

1. David C. Korten, "Private Voluntary Development: Toward the Third Generation", A Discussion Paper, Revised November 15, 1985
2. Project Grant Files and Progress Reports on All Visited Projects:
 - a. The Asia Foundation (TAF) - Silliman University Marine Conservation Program - Dumaguete, Negros Oriental
 - b. Salesian Society, Inc. (SSI) - Rehabilitation Program for Jail Inmates Don Bosco Rehabilitation Center - Cebu City
 - c. Salesian Society, Inc. (SSI) - Don Bosco Out-of-School Youth Manpower Skills Training Project - Don Bosco High School, Cebu City
 - d. Ramon Aboitiz Foundation, Inc. (RAFI) - University of San Carlos: Water Resources Pilot Central Visayas Water Information Center - University of San Carlos, Cebu City
 - e. Ramon Aboitiz Foundation, Inc. (RAFI) - Integrated Farms Development and Productivity Program - Cebu City
 - f. Tulay sa Pag-Unlad, Inc. (TSPI) - Small Enterprise Development - Suites A & B Padilla Building, Emerald Avenue, Pasig, Metro Manila
 - g. Population Center Foundation (PCF) - Health Resource Distribution Program
 - h. Development of People's Foundation (DPF) - Building Community Capability for Directing Community-Based Development - Davao City
 - i. Foundation for Educational Evolution Development (FEED) - First Farmers Human Development Foundation, Inc. - Bacolod City, Negros Occidental
 - j. Philippine Business for Social Progress (PBSP) - Negros Occidental Development Assistance Program - Bacolod City, Negros Occidental
 - k. Cooperative American Relief Everywhere (CARE) - Development Assistance Program for Negros Occidental - Bacolod City, Negros Occidental
3. Project Paper: Philippines PVO Co-Financing II 492-0367, February 1984 USAID/Philippines
4. Monitoring and Evaluation of PVO Projects USAID PVO Co-Financing

Program - by Maria Beebe, August 1985

5. The USAID Private Voluntary Organizations Co-Financing Program (PVO Co-Fi II), PVO Registration Guidelines

6. U.S. Assistance to Private and Voluntary Organizations in the Philippines, Fiscal Years 1980 - 1981, Report of a Program Evaluation by Bernard J. Salvo, Team Leader, Raul J. Villavicencio, Manuel P. Diaz and Richard Rhoda

7. Audit Report No. 2-49-0, Audit of Southeast Asia Region Private Voluntary Organization Co-Financing Programs (497-0326-Indonesia), (493-0367-The Philippines), (493-0296-Thailand), May 1986

8. AID Handbook 3

9. A Sourcebook on Income Generating Projects (IGPs), September 1986

10. Cost-Effectiveness Analysis Manual, Prepared by Robert R. Nathan Associates, Washington, D.C., May 1985

11. Rapid Appraisal and Related Methodologies by James Beebe, USAID/Manila, November 1985

12. Cables: MANILA 15704 dated May 23, 1986; STATE 6666 dated March 18, 1983

13. Project Related Background Materials:

a. T. White, The Marine Conservation and Development Program (MCDP) of Silliman University, Philippines: Background, Methods and Lessons Learned (No date) - Note: A. T. White is Consultant to the Marine Conservation Project

b. MCDP Newsletters Nos. 1-5 (Quarterly published by the Marine Conservation Project)

c. Philippine Business for Social Progress (PBSP) "Will the Children of the Negros Have Enough to Eat in the Year 2000? (A PBSP-Assisted Project Monograph)

d. PBSP "An Assessment of Negros Occidental" An Interim Report, February 1983

e. PBSP "Social Development News (SDN) Vol. XIV, 1-4, 1985 (SDN is a quarterly publication on the involvement of Philippine Business in Social Development.)

f. PBSP "Negros Land Transfer Program" (Briefing Kit)

g. PBSP "Poverty Scenario in Negros Occidental" (June, 1986)

h. Chin, Sony J., From Charity to Community Building Programs:
The Changing Role of the Community in the Katiwala Program in the
Philippines. (Institute of Primary Health Care of the Davao Medi-
cal School Foundation, October 1983)

APPENDIX 5

PRIVATE VOLUNTARY ORGANIZATIONS
REGISTERED AS OF AUGUST 8, 1986

<u>PVO</u>	<u>Date Registered</u>
<u>1980</u>	
1. Young Women's Christian Association	6-16-80
2. Communication Foundation for Asia	6-24-80
3. Notre Dame Educational Association	7-11-80
4. Kalahan Educational Foundation	7-24-80
5. Philippine Rural Reconstruction Movement	7-29-80
6. Economic Development Foundation, Inc.	7-31-80
7. Development of People's Foundation	9-10-80
8. Project Compassion	12-9-80
9. Young Men's Christian Association	12-10-80
10. Small Enterprises Research & Dev't. Fdn.	12-11-80
11. Philippine Business for Social Progress	12-18-80
12. Xavier Science Foundation	12-19-80
<u>1981</u>	
1. Don Bosco Youth Center	9-2-81
<u>1982</u>	
1. Igorot Community Assistance Program	1-25-82
2. Foundation for Youth Dev't. in the Phils.	9-23-82
3. Santa Cruz Mission	9-27-82
4. Foundation for Educ'l. Evol. & Dev., Inc.	10-4-82
<u>1983</u>	
1. Philippine Foundation for Cultural & Educational Development, Inc.	5-4-83
2. Sariling Sikap, Inc.	5-4-83
3. Philippine Relief & Dev't. Services, Inc.	10-27-83
<u>1984</u>	
1. Ecumenical Dev't. Center for Youth Fdn.	2-10-84
2. Innovators for Rural Development	2-10-84
3. Medical Ambassadors Philippines, Inc.	3-2-84
4. Dansalan College Foundation	3-4-84
5. Women in Finance and Entrepreneurship Phil, Inc.	3-8-84
6. Tulay sa Pag-Unlad, Inc.	6-11-84
7. Federation of Electric Coop. of the Phila.	6-27-84
8. Ramon Aboitiz Foundation, Inc.	10-14-84
9. Manila Seedling Bank Foundation	11-19-84

PVO

Date Registered

1985 - (20)

1.	Nutrition Center of the Philippines	1-15-85
2.	Tahanan Outreach Projects & Services, Inc.	1-16-85
3.	Population Center Foundation, Inc.	2-1-85
4.	Philippine Ass. for Intercultural Dev't. Inc.	3-17-85
5.	Ecumenical Fdn. for Minority Dev't., Inc.	4-2-85
6.	Domus Mariae Foundation, Inc.	5-30-85
7.	St. James Foundation	5-30-85
8.	Negros Economic Development Foundation	7-1-85
9.	Francisco Tirona Benitez Rurban Dev. Fdn.	8-5-85
10.	Freedom to Build	8-6-85
11.	Boy Scouts of the Philippines	8-6-85
12.	Videre, Inc.	8-16-85
12.	Benguet Corporation Foundation, Inc.	8-27-85
13.	Catholic Educational Association of the Phil.	9-12-85
14.	Pagtambayayong Foundation for Mutual Aid	9-18-85
15.	Actuator for Socio-Economic Progress	10-8-85
16.	Innovative Services Specialists Dev., Inc.	10-31-85
17.	Andres Soriano Foundation	11-12-85
18.	Judge Isaac Puno Jr. Memorial Fdn. Inc.	11-12-85
19.	Mother Rosa Memorial Foundation	11-12-85
20.	Pilipinas Shell Foundation, Inc.	11-20-85

1986

1.	Kapwa Upliftment Foundation, Inc.	2-3-86
2.	Tahanang Walang Hagdanan	7-21-86

APPENDIX 6

CO-FI PROJECTS USAID TRAINING AND DEVELOPMENT ACTIVITIES

1. Orientation Session I August 1981
2. Orientation Session II August 1982
3. Orientation Session III August 1983
4. Orientation Session IV August 1984
5. Orientation Session V August 1985
6. Orientation Session VI September 1986
7. Cost Effectiveness Analysis Seminar October 1985
8. Working Group Conference on Data
Collection for Baseline and Evaluation,
Tagbilaran, Bohol January 1985
9. Income Generating Projects: A Working
Seminar April 1986
10. Workshop on Project Appraisal, Monitoring
and Evaluation February 1986
11. Working with Cultural Minorities Seminar July 1985
12. Working with Cultural Minorities Seminar January 1986
13. Project Development Workshop December 1986
14. Field Visitation Program for PVO Managers
Involved in Rainfed and Upland Agriculture October 1986
15. USAID-Supported Training for Ten PVO
Managers at the Asian Institute of
Management 1986

(7)

A Discussion Paper
By David C. Korten
Revised November 15, 1985

**PRIVATE VOLUNTARY DEVELOPMENT:
TOWARD THE THIRD GENERATION**

Private voluntary and humanitarian development assistance efforts directed to the relief of Third World poverty have undergone important changes over the years as their practitioners have grown in sophistication and professionalism. This paper discusses the need and opportunity for continuing effort by the private voluntary development community to sustain this growth toward making private voluntary assistance efforts a major force for self-sustaining broadly based development.

The Opportunity

The assistance strategies of private voluntary organizations (PVOs)[1] represent considerable diversity, reflecting three generations of thought and action. Each new generation has lengthened the time perspective and broadened the problem definition of its approach to reducing hunger and poverty. (See Figure 1 for Summary.)

Generation 1: Relief and Welfare. Many of the larger international PVOs such as Catholic Relief Services, CARE, Save the Children, and World Vision began as charitable relief organizations, relying on private contributions to deliver welfare services to the poor and unfortunate throughout the world. As a response to emergency situations relief and welfare efforts represent an appropriate response to a real and immediate need, and we may expect that such situations will continue to arise, demanding immediate and effective relief action. But as a development strategy, relief and welfare currently has few serious proponents.[2] Relief and welfare strategies represent the First Generation of private voluntary development assistance.

Generation 2: Small Scale Local Development. In the early and mid-70's individuals and organizations throughout the development community came to recognize that sustainable improvements in the lives of the poor depend on increasing their capacity to meet their own needs with their own resources.

1. In many parts of the world the convention is to refer to these as non-governmental organizations (NGOs). As used here the terms are treated as synonymous.

2. The distinction between relief and welfare services as an emergency response to a disaster situation and as the basis of a development strategy is important. Some observers are rightly concerned that in moving away from relief and welfare oriented development strategies some PVOs that have formerly played an essential role in disaster relief operations may lose their capacity to effectively perform this essential function. There is a clear need for some PVOs to sustain a strong commitment to maintaining an effective disaster relief capability. The current paper is concerned specifically with development and does not address this issue.

Within the PVO community there was a growing recognition that attempting to relieve poverty through the direct delivery of food, health care and shelter attacked only its symptoms without addressing its cause. Thus increasing attention was given by PVOs to developing program capabilities to promote and fund local development activities in areas such as preventive health, improved farming practices, local infrastructure, and other community development activities intended to promote local self-reliance--representing a Second Generation of private development effort. AID Development Program Grants made available during the period of 1975-79 encouraged and assisted interested PVOs in developing the necessary capacity to implement these Second Generation strategies, contributing to a substantial increase in such efforts over the past ten years.

Some governments have attempted to discourage and/or control such PVO efforts, seeing them as competitive with their own public development programs and fearing that independently created local organizations might represent competing political interests. Some PVOs, perceiving government as incompetent and hostile to their efforts, have sought to avoid or bypass it, even when claiming that their own activities are intended as models for emulation by public programs.

Generation 3: Sustainable Systems Development. Currently a further re-examination of strategy is taking place within segments of the PVO community around concerns for sustainability, breadth of impact, and recurrent cost recovery. At the heart of this re-examination is the realization that sustaining the outcomes of self-reliant village development initiative depends on a system of supportive institutional linkages and policies which in many cases do not exist. Indeed, in many instances local initiative is substantially discouraged and/or overshadowed by bureaucratically sponsored and administered programs of central government which create local dependence on central subsidies and extend bureaucratic control to the lowest societal levels. In such instances the successful outcomes of a rural development initiative may depend ultimately on working collaboratively with government, and a wide range of other institutions--both public and private--to put into place policies and institutional linkages which will support self-sustaining local private initiative. Such efforts define a Third Generation strategy, which adds an additional dimension to Second Generation efforts.

Third Generation strategies directed to broader policy and structure change are by no means new to the PVO community. For example, in the field of population private organizations such as the Pathfinder Fund pioneered public education and service delivery programs several decades before governments began to take population growth seriously, preparing the way for a major shift in public attitudes and policies. In the late 1960's and early 70's national affiliates of the international Planned Parenthood Federation throughout the world committed themselves to sophisticated strategies which in country after country resulted in important changes in public policy and achieved government commitment to the provision of family planning services. These efforts combined direct lobbying at policy levels by influential board members, sponsorship of policy research, public education campaigns, and service delivery programs which proved the extent of demand and served as models for government programs.

The 1980s have seen a growing number of PVOs in areas such as local development, health, and small enterprise become increasingly conscious of their potential for

contributing to improved human well being through their influence on public policies and programs. In Indonesia, Helen Keller International (HKI), with the support of AID, collaborated with the Indonesian Ministry of Health from 1976 to 1979 in a national survey of xerophthalmia which established that 50,000 children were blinded each year due to preventable Vitamin A deficiency. Subsequent collaboration with government in developing effective approaches to targeting and delivering Vitamin A supplements led to the discovery that it may be possible to reduce infant mortality by as much as 20% to 30% through village level distribution of Vitamin A capsules backed by nutrition education. Now HKI is working with the government on development of a national program intended to virtually eliminate Vitamin A deficiency.

Such examples are multiplying at a rapid rate. Technoserve and Partnership for Productivity are two PVOs which devote increasing attention to working with government, as well as the corporate enterprise sector, in improving the climate for small enterprise in the Third World countries where they work. In the Philippines, Philippine Business for Social Progress (PBSP) and the International Institute for Rural Reconstruction (IIRR) are collaborating with the National Economic Development Authority and AID in the Local Resource Management Project to strengthen local government capacities to deal more effectively with rural poverty. In Bangladesh the Bangladesh Rural Advancement Committee (BRAC) is establishing a Bangladesh Institute of Rural Management to help strengthen the capacity of local government officials to work in an effective and responsive manner with local beneficiary organizations representing the landless and other deprived segments. In Indonesia LIRES is working in partnership with the Ministry of Public Works in helping government develop an approach to irrigation development which strengthens the community role in water management.

These represent only a very small sample of contemporary Third Generation PVO initiatives and the number of PVOs, both large and small, expressing interest in committing themselves to Third Generation strategies is growing rapidly. Most such efforts are presently in their infancy, presenting demands on the PVOs that undertake them to achieve a clearer definition of their own purpose and distinctive competence, while simultaneously developing a range of new capacities--as for example in policy and institutional analysis, networking, and coalition building. Development of such capacities will require substantial attention from those PVOs which embark on Third Generation strategies.

Relevance and Nature of Third Generation PVO Roles

Current development thinking stresses the need for policy and institutional changes to increase the impact and sustainability of development action--with special attention to strengthening private sector roles and increasing broadly based access to technologies appropriate to local needs and circumstances. In part the need is for reform of macro-policies relating to matters such as pricing policies and ownership of productive resources. And where the policies in question are subject to change by central mandate, i.e. through pre-emptive central action, the large donors have demonstrated their ability to leverage change through exerting the power of their substantial financial resources.

But not all needed reforms, particularly those involving the more micro-level institutional changes required to support self-reliant local development, are of this type. There remain broad areas of institutional and policy reform where the needed changes depend on the development of new institutional capacities and norms, a redefinition of institutional roles, a sharing of power between national and local levels, and the

development of self-reliant beneficiary organizations. We might refer to this as the micro-policy arena.

It is in the micro-policy arena that the larger donors have found their leverage to be very limited. While they can demand formal compliance, pre-emptive action carries little or no real force unless backed by persistent action to achieve what must be essentially bottom-up processes of rebuilding institutional structures and supporting norms.

For example, the conditions of a major irrigation loan can demand a role for water user associations, but unless the capacity to develop and support such associations already exists there is seldom any action. Agricultural extension projects can demand that the research extension system be responsive to farmer realities and inputs. But if existing structures are geared to enforcing farmer compliance with centrally mandated recommendations and there is no tradition of researchers seeking feedback from extension agents, such response is unlikely. Community health projects can call for the development of self-sustaining, self-financing village health committees to assume the leadership in local health matters. But if the system is geared to centrally funded physician care, formally established local committees will be sustained only so long as central project funds are available. The list could be extended to include most all people-oriented development activities.

Working in the micro-policy arena requires experienced staff who combine in-depth country knowledge, professional credibility, and well developed facilitation skills. The effectiveness of expatriate staff is likely to depend on fairly stable country assignments. And they must be relatively free of routine administrative duties so that they may concentrate their energies on problem-centered collegial interactions with counterparts. Furthermore, organizations working in the micro-policy arena must have a capacity to quickly and flexibly fund a range of small activities through small grants and contracts as needs and opportunities arise. Due to their own structural constraints, existing large donor organizations generally have a limited capacity to work effectively on micro-policy. For example, AID staff are limited to four year assignments in a given country and continuing cuts in staff and O&E funding increasingly limit them to performance of administrative duties. The problem is that there are far too few effective actors of any type working on issues of micro-policy relative to the need.

However, PVOs have a natural interest and a potential advantage in the micro-policy arena which remains to be more fully exploited. While not all PVOs will have an interest in assuming such roles, those that do face an important opportunity and a stimulating challenge. Some PVOs already have the basic capacities required. Few face any inherent constraints to their development.

PVOs which undertake Third Generation strategies are likely to find their roles becoming increasingly facilitative and less operational, though operating programs may be a useful element of a Third Generation strategy. Having identified a problem on which it will focus its energies, the PVO pursuing a Third Generation strategy does not attempt to solve it directly through its own service delivery efforts. Rather it may work more in the mode of a foundation, directing its attention to facilitating development by other organizations, both public and private, of the capacities, linkages, and commitments required to resolve the problem on a sustained basis. The organizations involved may include local PVOs, cooperatives, private firms, line agencies of central government, local governments, universities, research institutes, etc.

It is appropriate that donors interested in issues of micro-policy look increasingly to

PVOs to assume central roles in helping recipient governments address them. One of the major strengths of the more effective PVO is that in addressing issues of micro-policy it is bringing to bear its own commitments and independent resources. Consequently it may often accomplish a good deal more than the minimum standards prescribed by a project agreement. This has been demonstrated in the USAID funded Local Resource Management Project in the Philippines. And it is recognized by USAID missions in Africa and in selected countries such as Haiti which are relying increasingly on PVOs to plan and implement major development programs. Such collaboration with PVOs is facilitated by the relatively simple grant making procedures which can be applied by AID in working with these organizations.

In general the options available to AID and other donors will be significantly increased to the extent that PVOs are successful in developing effective Third Generation capacities.

The Scope of Required Action

The development and effective application of Third generation programming capacities among PVOs may be enhanced by action on three fronts:

- Action by individual PVOs to developing within their own organizations the new capacities required for Third Generation programming.
- Action by donor organizations to make the support and use of PVO capacities more integral to their country development strategies.
- Action by both PVOs and donors in support of broadly based development education campaigns directed to helping the general public in donor countries, as well as policy makers in recipient countries, understand the nature and significance of PVOs working in a Third Generation mode.

Specific activities might include the following:

1. Documentation and assessment by interested PVOs of their own program efforts as a basis for defining Third generation priorities and strategies, possibly as an aspect of normal evaluation efforts. The resulting cases might provide inputs to a published case series to facilitate broad sharing of experience among NGOs, donors, and recipient governments. These cases might also be adapted for dissemination through television, newspapers and popular magazines to increase public awareness.
2. In-house workshops by interested PVOs to assess their distinctive competence and to define Third Generation strategies consistent with that competence, possibly drawing on the assistance of outside consultants.
3. Formation of country learning networks through which key individuals from interested PVOs can share experience in assessing and redefining their programs from a Third Generation perspective. These networks might be facilitated by PVO consortia groups which chose to identify such activities as consistent with their own roles. Experience sharing within these networks might occur through written documents, computer conferencing, and meetings.

4. Formation of regional networks in regions where two or more such country networks have been formed. These might be facilitated by international consortia groups, a regional management institute, or an interested PVO.
5. Preparation of a casebook presenting especially compelling PVO interventions which have had significant policy and institutional impact to increase awareness of the potentials of Third Generation PVO interventions and understanding of how significant positive results can be achieved.
6. Training workshops for Directors and top management staff of interested PVOs to orient them to Third Generation programming concepts and to develop required skills in their application.
7. Preparation of group self-study packages based on case experience for use in development education programs sponsored by schools, churches, and other civic and educational institutions in donor countries.

This is an area in which there is room for a great deal of independent initiative by those organizations which have an interest in the broad potentials of private voluntary development efforts.

[Note to the Reader: This brief note on Third Generation PVO strategies has been evolving through various versions over the past few months and further revisions are anticipated. Critical input from readers is welcome. I am especially interested in receiving materials which document efforts by PVOs to develop and implement Third Generation strategies. Leads to case situations which may merit documentation are also welcome. I may be reached through either of the following addresses: David C. Korten, USAID/Jakarta, American Embassy, Jakarta, Indonesia; or David C. Korten, USAID/Jakarta, Agency for International Development, Washington, D. C. 20523. Office phone is 360-360, Ext 425/427. [REDACTED] The views presented do not necessarily reflect those of either AID or USAID/Jakarta.]

Figure 1

THREE GENERATIONS OF PVO DEVELOPMENT STRATEGIES

	<u>Generation</u>		
	<u>First</u>	<u>Second</u>	<u>Third</u>
<u>Defining Features</u>	Relief & Welfare	Small-Scale Local Development	Sustainable Systems Development
<u>Problem Definition</u>	Shortage	Local Self-Help	Institutional & Policy Constraints & Failures
<u>Time frame</u>	Immediate	Project Life	Long-term Sustainability
<u>Scope</u>	Individual or Family	Neighborhood of Village	Region or Nation
<u>Actors</u>	PVO	PVO + Community	NGO + Community + Government + Private Enterprise + Universities + Etc.
<u>NGO Role</u>	Doer	Mobilizer	Learning Facilitator Catalyst
<u>Predominant Capacities Required</u>	Logistics	Community Organizing Project Management	Facilitation Social & Institutional Analysis Coalition Building Grant Making

Source: David C. Korten,
"Private Voluntary Development: Toward the Third Generation"

APPENDIX 8

PVO ADMINISTRATIVE AND OVERHEAD COSTS
(In Thousand of Pesos)

<u>PVO</u>	<u>Project</u>	<u>Total Grant</u>	<u>Admin</u>	<u>Percent Admin</u>
1. DPF	CHILD	40,000.0	3.2	8.0
2. CARE	Negros D.A.	9,000.0*	2.1***	23.2
3. FEED	Human Resources Development-Negros	7,059.0	601.0	8.5
4. PBSP	Negros Development	10,176.0	1167.0	11.5
5. PCF	Health Resources Distribution Program	9,469.0	1636.0	17.2
6. RAFI	Integrated Farm Development	6,584.3	78.1	1.2
7. Asia Foundation	Silliman University	7,000.2**	1974.6***	28.2
8. Salesian Society	Prisoner Rehabilitation	3,095.9	0	0
9. Salesian Society	Out-of-School Youth	1,000.0	0	0
10. Kapwa Uplift. Foundation	Malabog Development	3,875.5	284.0	7.3
11. RAFI	Water Resources	2,173.1	351.1	16.2

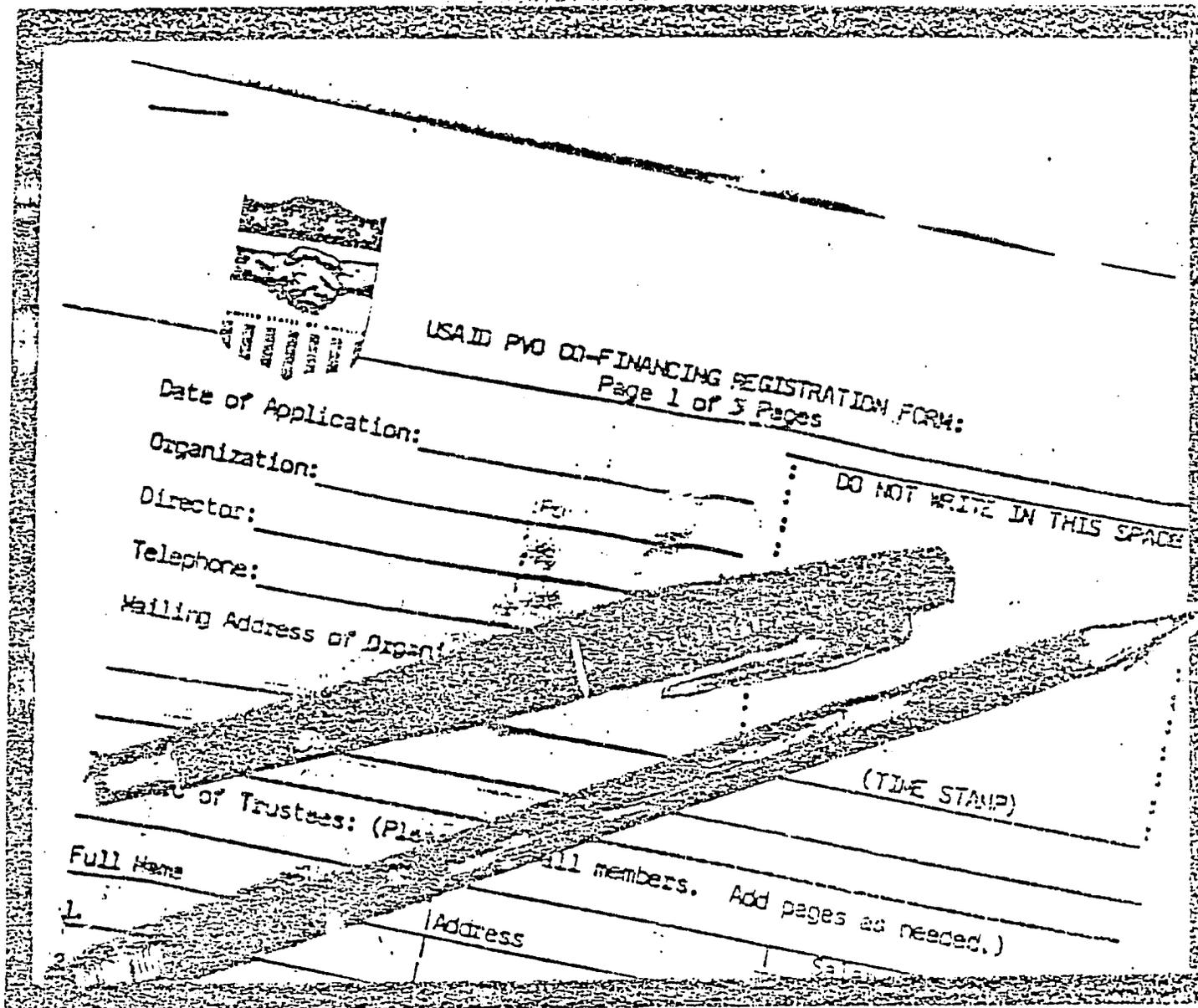
* P500,000 - P18.00 per \$1.00

** P388,900 - P18.00 per \$1.00

*** Includes overhead charges as well as administrative costs.

The USAID Private Voluntary Organization Co-Financing Program (PVO Co-Fi II)

PVO REGISTRATION GUIDELINES



The form is titled "USAID PVO CO-FINANCING REGISTRATION FORM: Page 1 of 3 Pages". It features a logo on the left with the text "USAID PVO CO-FINANCING REGISTRATION FORM" and "DO NOT WRITE IN THIS SPACE" on the right. The form contains several fields for registration information, including "Date of Application:", "Organization:", "Director:", "Telephone:", "Mailing Address of Organ:", and "List of Trustees: (Please list all members. Add pages as needed.)". The "List of Trustees" section is divided into columns for "Full Name", "Address", and "Salary". A large, dark, diagonal scribble obscures the lower half of the form, including the "List of Trustees" section and the "U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT" text at the bottom.

USAID PVO CO-FINANCING REGISTRATION FORM:
Page 1 of 3 Pages

DO NOT WRITE IN THIS SPACE

Date of Application: _____

Organization: _____

Director: _____

Telephone: _____

Mailing Address of Organ: _____

List of Trustees: (Please list all members. Add pages as needed.)

Full Name	Address	Salary
1		
2		
3		

(TIME STAMP)

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
Manila, Philippines

103

Registration for USAID's Private Voluntary Organization Co-Financing Program

INTRODUCTION

Thank you for your interest in USAID's PVO Co-Financing Program. The first step involved in participating in the program is for your organization to be recognized as a not-for profit organization by the Government of the Philippines and registered with USAID. This registration process is needed by USAID to find out about your organization: how long you have been in operation, what kind of activities you are involved in, and your proven ability to manage funds. Registration is important because it is the basis for future funding agreements. Registration means that your organization is eligible to submit a proposal for funding. We cannot consider a PVO Co-Financing proposal from any group unless it is first registered with USAID. Once registered you will be issued a "Certificate of Eligibility". Then we will be able to start talking about project ideas.

HOW TO APPLY FOR REGISTRATION

USAID requires that you fill out the attached form and have it signed by the principal officer of your organization. In addition, several documents which are listed below must be submitted along with the application. We cannot even start the process of registration until we have all the required documents. One of the biggest problems in registering an organization is that often the documentation submitted is incomplete. If you follow these instructions you will save a great deal of time and speed up the registration process. If we need additional documents or a clarification, we will contact you.

Write or call the Office of Food for Peace and Voluntary Cooperation, USAID, 1680 Roxas Blvd, Metro Manila, Telephone numbers: 521-7116 Loc 2445 or 521-5244 (direct).

SUMMARY OF REQUIRED DOCUMENTS

- A. A completed and signed copy of the attached form.
- B. A copy of each of the following must be attached to this form:
 - 1) Certificate of Registration with Securities and Exchange Commission (SEC) OR Bureau of Cooperative Development (BCOD) OR National Science and Technology Authority (NSTA)
 - 2) Articles of Incorporation, Constitution, By laws
 - 3) Financial Statement(s) audited by an independent CPA which compare the last three years.
 - 4) Latest Annual Report (Narrative)
 - 5) Current Budget



Date of Application: _____
 Organization: _____
 Director: _____
 Telephone: _____
 Mailing Address of Organization: _____

DO NOT WRITE IN THIS SPACE

(TIME STAMP)

A. Board of Trustees: (Please list all members. Add pages as needed.)

Full Name	Address	Salary/Allowances Provided by organization	
		Description*	Amount
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

*If a board member receives a salary from funds provided by your organization please describe if it is paid monthly or yearly and the amount. If a board member receives an allowance from funds provided by your organization please describe what the allowance is for (transportation, general honorarium etc.), how often he receives it, and the amount.

B. Our board has met an average of _____ times per fiscal year over the past three years.

105



C. Names and Salaries of Top Five Paid Positions:

Name	Position	Salary/Allowance:
1.		
2.		
3.		
4.		
5.		

D. Copies of the following documents are attached:

-1. Audited financial statement(s)*

The audited financial statement(s) include(s) the following:

1.1 A comparison of ___/___/19 to ___/___/19 :
Month Date Year Month Date Year

*Statements must cover the past three fiscal years. You will need to submit one or two statements depending upon how your statements are presented.

A. ONE statement is needed if: you have one audited statement which compares the previous three fiscal years;

B. TWO statements are needed if: as with most standard statements, only the current fiscal year and one previous fiscal year are compared. You will need to submit the most recent audited comparative statement and the audited comparative statement from the previous fiscal year to cover three fiscal years.

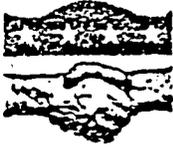
Organizations in existence for less than three years must submit an audited financial statement which covers the entire period of operation.

1.2 A certification by an independent CPA* that the statement has been audited and is in accordance with Generally Accepted Accounting Principles (GAAP)

*An independent CPA is one not associated with your organization in any way (as an official, a member, a beneficiary, or a relative). The certification must indicate that the financial statements have been audited in accordance with generally accepted auditing standards and an opinion that those statements fairly present the financial position of the organization and the results of operations and changes in financial position in accordance with generally accepted accounting principles consistently applied.

- 1.3 Statement of Financial Position (Balance Sheet)
- 1.4 Statement of Operations (Income Statement)
- 1.5 Statement of Sources and Use of Funds

Note: Adequate disclosure is required including notes, statements and/or schedules to support amounts presented.



Copies of the following documents are also attached:

- 2. Annual report or document describing our organizations work:
- 3. Registration with (Circle One) SEC or BOOD or NSTA
- 4. By-laws:
- 5. Constitution:
- 6. Articles of Incorporation

E. Our current budget is attached for the year 19_____

I, _____, certify that all the information stated herein and in the documents attached is true, correct and complete to the best of my knowledge, and contains no material misstatement or omission. I further certify that our organization has also complied with all the requirements of the Securities and Exchange Commission and the Bureau of Internal Revenue and that no USAID grant funds will be used to pay taxes assessed on our organization to the Government of the Philippines. I understand that any false or misleading statements or omission of information which makes any statements misleading will lead to the denial or termination of registration status and the termination of any subsequent grants awarded by USAID. I also understand that before the award of any grant, USAID will conduct a pre-award audit of the statements and documents above or attached and that at any time USAID may request additional documents.

Date: _____ Signature: _____

Title: _____

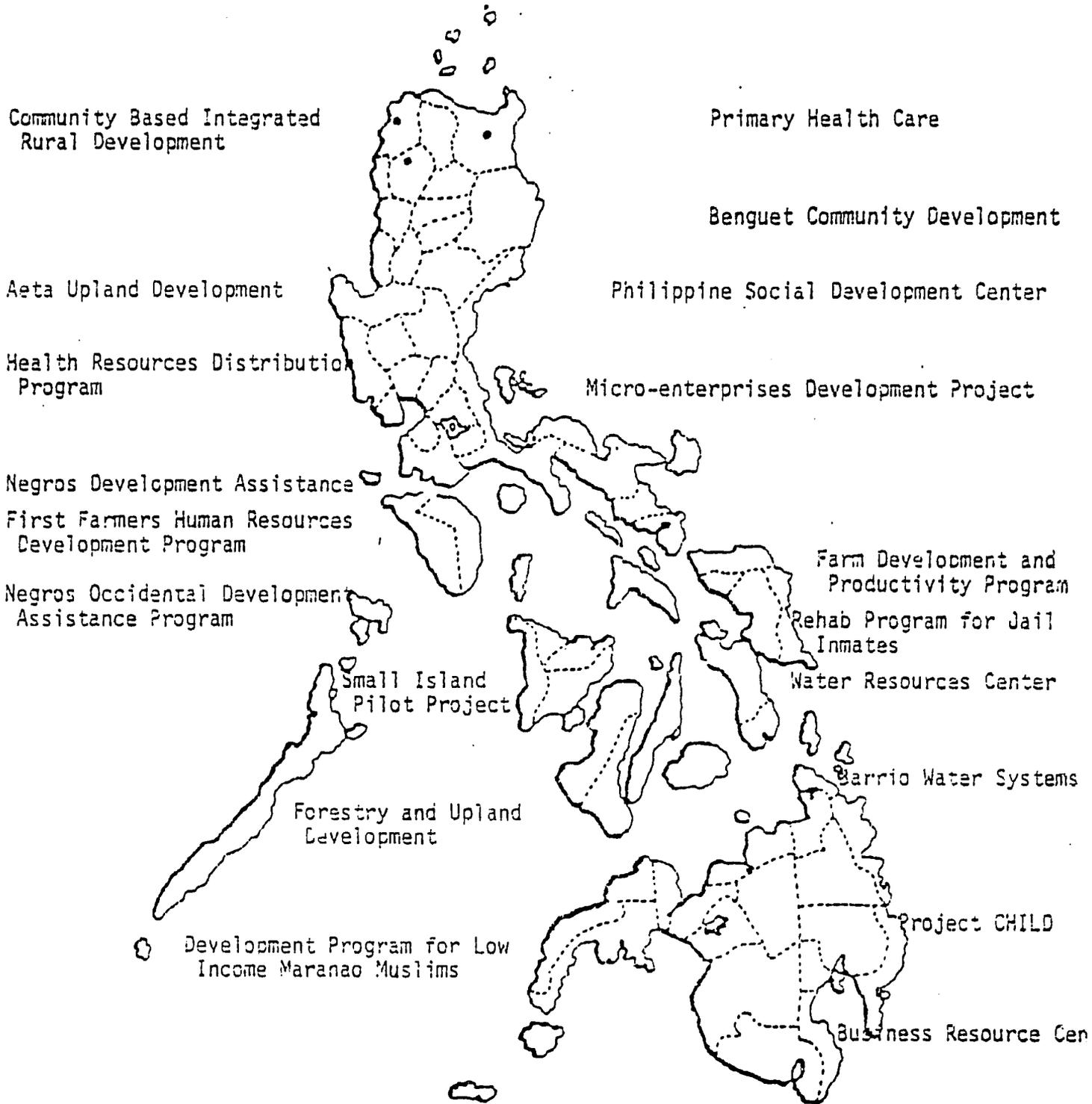
WP907F

THE USAID PRIVATE VOLUNTARY ORGANIZATIONS CO-FINANCING PROGRAM (PVO CO-FI)

TOTAL NUMBER OF GRANTS 36

Grants to Local PVO's = 28

Grants to U. S. PVO's = 8



USAID/MANILA
RAMON MAGSAYSAY CENTER
1680 ROXAS BOULEVARD, MANILA

USAID IN THE PHILIPPINES

The United States Agency for International Development (USAID) is the U.S. Government's arm for development assistance. USAID works with 74 governments around the world providing grants, loans, and commodities for development.

USAID is responsible for administering the U.S. bilateral economic assistance program to the Philippines, including Development Assistance and Economic Support Fund activities under the Security Assistance Act and PL 480 Title I, II and Section 416 under the Agricultural Act. During the period 1980-86, total resources to be administered by USAID are projected to reach about 41.0 billion pesos.

The goal of the USAID program is to improve the well-being of the majority of Filipinos by supporting the conditions necessary for self-sustaining and equitable economic growth. To achieve this goal, increases in productivity, employment, and incomes must occur. However, such gains cannot be made in the absence of a healthy economy based on appropriate economic, agricultural and other policies. Therefore, U.S. assistance is designed to support programs and policies which will give the Philippine economy a solid foundation for growth. At the same time, the process of improving the conditions in underdeveloped sectors in the Philippines must continue. Accordingly, U.S. development strategy in the Philippines is directed at: (a) improving the domestic terms of trade for agriculture; and (b) improving access to appropriate productive infrastructure, new technologies and basic goods and services.

USAID's assistance to the Philippines averages approximately \$176 million annually and is provided under three principal categories: (1) Food Assistance under PL-480, Titles I and II, and Section 416; (2) Development Assistance (DA); and (3) the Economic Support Fund (ESF).

Under PL-480 Title I, the U.S. makes available surplus commodities to the Government of the Philippines on concessional terms. For instance, in FY 85 payment terms were as follows: no initial payment, 30 years to pay, 26 installments, 5 year grace period, 2 percent initial interest, 3 percent continuing interest, and a 5 percent currency use payment. FY 86 terms are the same minus the currency use payment. Under Title II and Section 416, food aid is donated by the U.S. for maternal child health services and school feeding programs. Distribution is through U.S. private voluntary organizations (PYOs). Under the Development Assistance (DA) program ongoing and planned projects help improve the policy and institutional framework necessary to increase productivity and to develop private sector institutions to support urban and rural enterprise growth. Planned ESF resources for FY 1986 are \$300 million dollars.

HCW USAID PVO CO-FINANCING WORKS

The purpose of this program is to improve the socio-economic status of selected poor groups through participatory development programs and innovative small-scale or pilot activities which are proposed, developed and implemented by PVOs.

To be eligible for funding, a PVO must first be registered with USAID. USAID Registration Guidelines are available from OFFPVC. After a PVO is registered, it may submit a proposal for funding using either its own format or the USAID OFFPVC Project Proposal Format.

Proposals are carefully reviewed by OFFPVC and appropriate technical offices. A USAID project committee meets several times each year to review all the proposals that have been received. The proposal and the issues identified during the review and a recommendation to give threshold approval or disapproval are sent to the Director of USAID.

Following the Director's threshold approval, the PVO is contacted and the OFFPVC staff begins work with the PVO to improve the project design. Usually the OFFPVC staff will make a site visit during this period. When all issues have been resolved and NEDA has endorsed the proposal, the USAID Director signs a Grant Agreement with the PVO.

The terms and conditions of the Grant Agreement define the relationship between USAID and the PVO during the funding period. All conditions of the relationship are spelled out in the written agreement.

USAID seeks beneficiary participation, project quality, realistic planning, and comprehensive reporting in PVO grants.

SUBMISSION OF PROPOSALS

The USAID PVO Project Committee meets to review proposals when there are 10 feasible proposals in hand. This could happen anytime during the year. It is suggested that as soon as a group is registered, a proposal should be submitted to the USAID PVO Co-Financing Program.

FOR FURTHER INFORMATION

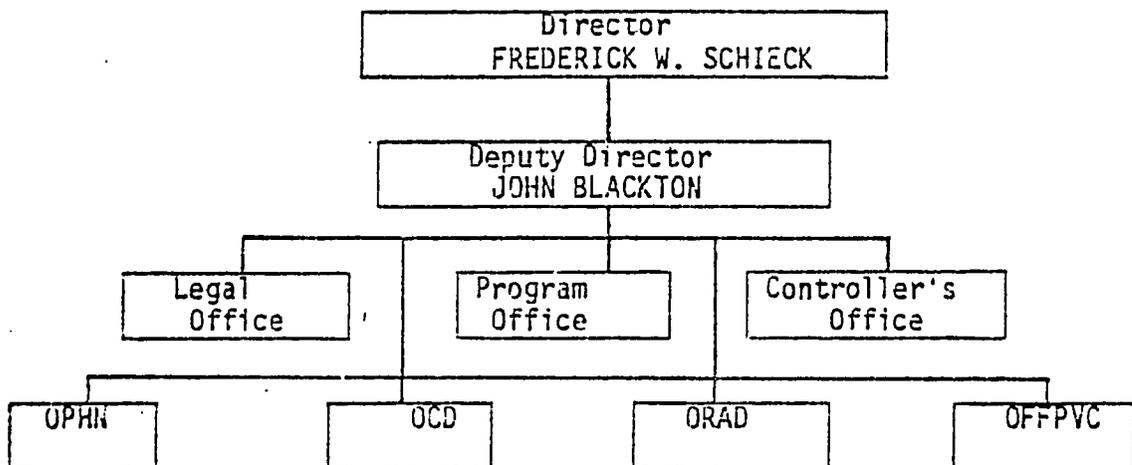
: For further information, call OFFPVC :
: at 521-7116, local 2444, 2445, 2446, or visit :
: USAID/OFFPVC, located in the Ramon Magsaysay :
: Center, 1680 Roxas Boulevard, Manila. :
: :
:

AN INTRODUCTION TO USAID AND THE
OFFICE OF FOOD FOR PEACE & VOLUNTARY COOPERATION (OFFPVC)

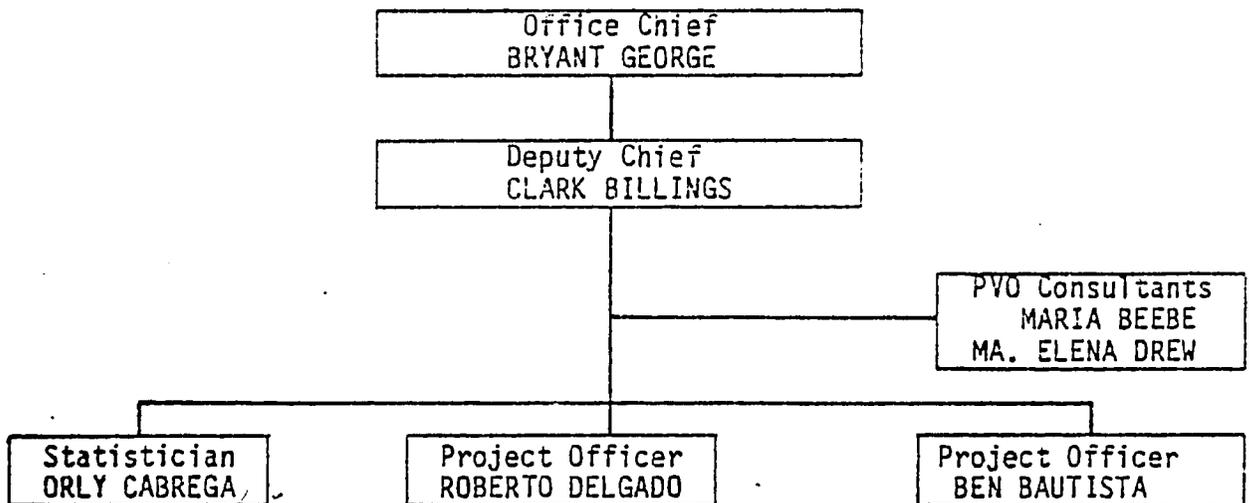
USAID/Philippines is divided into four technical offices: Food for Peace and Voluntary Cooperation (OFFPVC), Office of Rural and Agricultural Development (ORAD), Office of Capital Development (OCD), and Office of Population, Health and Nutrition (OPHN). These technical offices are supported by the Controller's, Legal and Program Offices. Other offices that provide support services to the technical offices are Logistics and Training.

OFFPVC staff members work with PVOs to design, monitor and eventually evaluate projects. To design workable projects, OFFPVC consults with the other USAID technical staff, agencies of the Philippine government, and elements of the private sector.

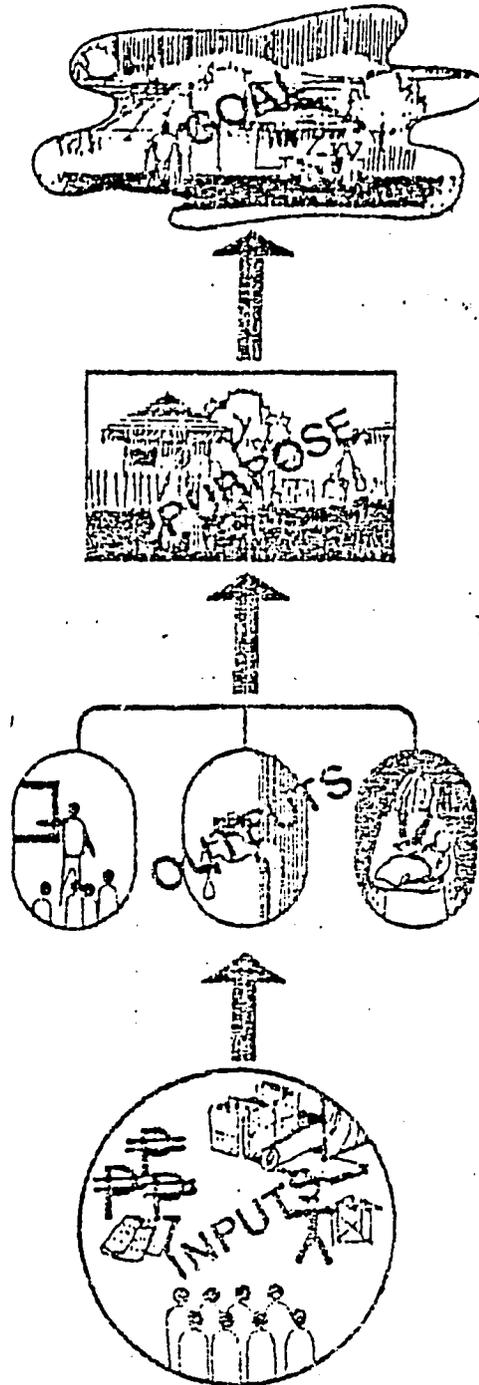
ORGANIZATIONAL CHART OF USAID



ORGANIZATIONAL CHART OF O/FFPVC



THE USAID PRIVATE VOLUNTARY ORGANIZATION CO-FINANCING PROGRAM (PVO-CO-FI) PROJECT PROPOSAL FORMAT



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
Manila, Philippines

USAID PYO CO-FINANCING PROGRAM
PROJECT PROPOSAL FORMAT

A. Cover Sheet

Fill in information requested in the cover sheet.

If a subgrantee is involved, fill in information concerning this organization. If no sub-grantee is involved, state none.

Grant period refers to the proposed number of years of USAID funding.

Project Coverage Area means the barangays, towns, and provinces where the actual beneficiaries reside and where the project activities will take place.

Project Summary should be a very brief description of the project.

B. Table of Contents

Provide a table of contents. List the appropriate pages. Add titles and pages of additional sections and annexes.

C. Instructions for Preparation of Main Elements of the Proposal (PLEASE LIMIT TO TEN (8 x 11) SINGLE-SPACED TYPED PAGES.)

I. Statement of the Problem

a. Problem: Describe briefly the development problem which you are attempting to address and note relevant studies or other evidence which establishes that the problem exists. State the purpose of the proposed project.

b. Summary Baseline Information: Provide a profile of the beneficiaries of the project. List the number to be directly affected, and those indirectly affected. Describe relevant beneficiary characteristics such as income level, ethnic group, age, location, employment, sex, organization and community group membership, etc. Focus only on beneficiary characteristics that are related to the proposed intervention. If project is a health intervention -- health characteristics of beneficiary should be the focus of the discussion. Other related characteristics should be discussed very briefly. Outline conditions which presently exist and which you expect to change.

c. Work To Date/Administrative Capability: Explain how you became aware of the problem and what has been done by your organization in the problem area to date. Describe the activities of the Philippine Government or other development organizations to overcome the problem and explain how your project will complement or supplement these activities. Give information about your organization's capabilities to manage the proposed projects. If another organization is expected to manage some or all project activities, include similar information.

II. Project Purpose and Outputs

Restate the project purpose, which is the specific result or effect desired of the project. State the purpose so that the desired conditions at the end of the project can be identified.

Project outputs are the specific results expected to be produced by managing project inputs. State outputs as results rather than activities or strategies. List all outputs necessary for achieving the project purpose. State the kind and magnitude of outputs in terms of quantity and time, so that progress can be verified.

III. Implementation Plan

List the major activities and/or strategies which will produce project outputs. Discuss the PYO Role and Inputs, and where applicable, the subgrantee role and inputs. Include a discussion of beneficiary participation and inputs, sustainability and phase-out mechanism and linkages between the PYO and other organizations, whether governmental or non-governmental.

IV. Monitoring and Evaluation Plan

- a. Monitoring: This section should answer the questions: What should be investigated during the life of the project to determine whether the project is being implemented as planned (status of inputs and outputs)? How should this be investigated?
- b. Evaluation: This section should address two sets of general questions:
 - (1) What will be investigated during the life of the project to determine whether project purposes/goals are being achieved? How will this be investigated?
 - (2) What will be investigated during the life of the project to determine whether the project inputs and outputs are resulting in purpose/goal achievement? How will this be investigated?

V. Assumptions

Describe what other developments must take place (or not take place) in order for the subproject to succeed. Include the following, if applicable:

- a. government involvement, such as approval, government funds, commodities, personnel or land;
- b. availability of people, commodities, other counterpart funds;
- c. weather and acts of nature;

- d. your parent organization's approval of project;
- e. participation of other organizations
- f. local participation; and
- g. other assumptions unique to your project.

VI. Annexes (Please limit to half a page per section.)

- a. Technical Analysis
Explain the technology which the project will employ.
- b. Environmental Analysis
Explain any environmental implications of the project.
- c. Social Analysis
Describe the direct and indirect beneficiaries of the project and include an estimate of their population. Identify social and cultural characteristics of beneficiary community which are likely to affect implementation. Identify factors which may inhibit spread of benefits. Discuss potential positive and negative impact. Assess sustainability to project activities beyond project life.
- d. Economic/Financial Analysis

State the expected economic effect of the planned activities on the intended beneficiaries and the per capita cost of achieving this benefit. Income Generating Projects should have a discussion of the potential market demand, marketing arrangements as well as a return on investment (ROI) analysis. Assumptions for ROI calculations should be included.
- e. Administrative Analysis

Discuss the PVO organizational structure and responsibilities vis-a-vis the project.

VII. FINANCIAL NARRATIVE AND BUDGET:

- a. Describe how your budget relates to the project.
- b. Complete the budget form provided (Attachment 1). When preparing the budget do not list miscellaneous, contingency funds or unanticipated costs as line items under any schedule. Prepare the budget in Philippine pesos. Consider an inflation factor. Designate counterpart contributions which are "in-kind" (non-cash) with an asterisk (*).

(1) Budget Summary:

"Budget Breakdown": List the totals from the various schedules. These totals must match the attached schedules exactly.

"Project Beneficiaries": Estimate the number of individuals who will be directly and indirectly affected.

"Cost per Beneficiary": Divide the "Total Project Cost" by "Number of Beneficiaries".

- (2) Schedule 1 (Personnel): Use employee titles consistent with job descriptions included in Annex #2. Indicate whether full or part-time. Indicate whether employee will be U.S. technician, third country personnel, or local personnel. Figure fringe benefits and indicate formula used on attached worksheet. Transfer the total amount of benefits from worksheet to schedule 1.
- (3) Schedule 2 (Commodities and Equipment): Fill in line items, quantity and total. Indicate whether commodities will be procured in the U.S. or locally.
- (4) Schedule 3 (Evaluation): Describe in detail the funds needed for the evaluation based on the evaluation plan in Section IV of the proposal.
- (5) Schedule 4 (Administration): Fill in line items, quantify and total.
- (6) Schedule 5 (Training): List name of training, number of participants and expenses. List expenses on a per day, per hour or per training basis. List each training separately.
- (7) Other Schedules: Add other specific schedules unique to your project.

A PVO CO-FINANCING PROJECT PROPOSAL

: PROJECT TITLE :	
: PVO ADDRESS: (THIS SPACE FOR USAID USE) :	
: TELEPHONE: :	
: PVO DIRECTOR: :	
: TITLE :	:
: SUB-GRANTEE ORGANIZATION AND ADDRESS: :	
: (IF NO SUB-GRANTEE IS INVOLVED, STATE NONE) :	
: SUB-GRANTEE ORGANIZATION DIRECTOR :	
: TITLE :	: TELEPHONE :
: PROJECT MANAGER :	
: ADDRESS :	: TELEPHONE :
: CO-OPERATING GROUPS :	
: DATE OF PRESENTATION TO USAID :	
: GRANT PERIOD :	
: TOTAL PROJECT :	:
: COST : \$:	: P : US \$ = RP P :
: TOTAL USAID :	: TOTAL COUNTER-: :
: REQUEST : \$:	: P : PART FUNDS : \$: P :
: PROJECT COVERAGE AREA :	
: PROJECT SUMMARY :	

PVO Proponent: _____

Proposal Title: _____
PVO Co-Financing Proposal Form Page

BUDGET SUMMARY: ₡ _____ = \$1 U.S.

TOTAL COST OF PROJECT	TOTAL REQUEST USAID	TOTAL COUNTERPART
US DOLLARS	US DOLLARS	US DOLLARS
PESOS	PESOS	PESOS

BUDGET BREAKDOWN

# SCHEDULE	USAID	COUNTERPART	TOTAL
1. Personnel			
2. Equipment and Commodities			
3. Evaluation			
4. Administration			
5. Training			
TOTALS			

BUDGET GUIDELINES

ITEM	GUIDELINE	ACTUAL
PERCENT ADMINISTRATIVE COST	-	
USAID TOTAL PERCENT	Maximum of 75%	
COUNTERPART TOTAL PERCENT	Minimum of 25%	
NUMBER OF BENEFICIARIES	-	
COST PER BENEFICIARIES	-	

SCHEDULE 1A FRINGE BENEFIT WORKSHEET

PVO :
SUBPROJECT :

METHOD OR FORMULA USED									
TITLE OF EMPLOYEE	Quantity	Individual Gross Salary	COLA	SSS	PAG IEIG	13TH Month		SUBTOTAL	TOTAL

120

PVO :
SUBPROJECT :

Quantity	SCHEDULE L=4: ADMINISTRATION	YEAR ONE		YEAR TWO		YEAR THREE		TOTAL	
	DESCRIPTION	USAID	PVO	USAID	PVO	USAID	PVO	USAID	PVO

12/29

APPENDIX 12

PVO CO FINANCING MISSION ORDER

1. Purpose: This order establishes USAID/Philippines policy and procedures for approval of subproject proposals submitted by eligible U.S. and Philippine Private Voluntary Organizations (PVOs) under its PVO Co-Financing Program.

2. Background: The PVO Co-Financing Program was designed to enhance private development activities, involving beneficiaries and PVOs, which complement QIP funded development efforts as well as private initiatives.

3. Approval of Project Proposals:

A. A USAID PVO Subproject Review Committee reviews PVO Co-Financing subproject proposals formally and makes appropriate recommendations to the Mission Director by clearing decision memos concerning proposals. The Subproject Review Committee is made up of a representative of each USAID technical office and a member from the Program Office, Program Economists Office, and the Controllers Office.

B. O/FFPVC is responsible for co-ordinating with the appropriate USAID technical offices for proposal review and development. Other USAID technical personnel may be requested to participate in the review and development of specific proposals, if it is found appropriate. The extent of this participation can vary from a brief technical review to extensive assistance and/or referral. (See USAID Handout titled "Processing of PVO Co-Financing Subproject Proposals".)

C. The preparation of PVO Co-Financing subproject proposals is primarily the responsibility of the PVOs and their counterpart organizations. Proposals submitted for USAID consideration will be reviewed in accordance with the guidance offered in USAID Handbook 3, Appendix 4B ("Procedures for PVOs on Operational Program Grants -- OPGs"). Subproject proposals should generally follow the form and substance of Attachment B to the Appendix 4B entitled "Operational Program Grant (OPG) Proposal Outline". (See USAID Handout titled "PVO Co-Financing Program Subproject Proposal Format".)

D. If a proposal has been designated for development through a decision memo approved by the Mission Director, it is the sole responsibility of the PVO submitting the proposal to USAID to obtain the necessary approval/endorsement from NEUA.

4. Subproject Criteria

In evaluating subproject proposals, the Subproject Review Committee will give preference to PVO development activities which meet both the quality and allocative criteria as described below.

- A. Quality Criteria: A high priority proposal must:
1. be technically, economically, financially and socially feasible.
 2. be sponsored by a registered PVU with the necessary qualifications, a good track record and a strong commitment.
 3. be sustainable and/or replicable without additional USAID assistance.

A high priority proposal should also:

4. Have a complete and well-conceived implementation plan and mechanism for competent administration.
- B. Allocative Criteria: A high priority proposal should preferably:
1. be consistent with the overall CUSS goal of poverty alleviation through increased, more productive, employment for poor groups: (i.e. more jobs and higher productivity for those already working), and have potential to contribute lessons for specific CUSS program elements (i.e. community-based management of natural resources, energy, rural enterprise development, local resources management, reduced fertility and infant mortality (especially through innovative approaches to primary health care delivery and finance.) Note: This criterion of close linkage to the Mission's CUSS will be adjusted in accordance with changes in the focus and scope of USAID's worldwide and country specific objectives.
 2. Contribute to strengthening PVU capacity to act as a positive and dynamic development force.
 3. Contribute to the development of new strategies and approaches which the Mission may wish to consider which may not link directly to the CUSS.
 4. Have potential to contribute to the four USAID initiatives of private sector development, policy dialogue/reform, technology transfer, and institutional development.
 5. Have potential to provide insights useful for the development of the Asia Bureau regional strategy particularly as related to the role of PVUs in middle income countries.

- C. Negative Allocation Criteria: A high priority proposal shall not include:

1. welfare oriented activities.
2. Beautification, recreation and other civic, nondevelopmental activities.
3. Development activities whose intended beneficiaries are not legitimate poverty group members.
4. Religious activities.
5. Subprojects which are essentially physical infrastructure.

5. Grant Agreement:

If the PVU subproject committee's positive funding recommendation of a proposal has been approved by the USAID/Philippines Director and if all

outstanding issues/concerns surrounding the subproject have been resolved by a team made up of PVO Co-financing and Technical Office staff, a mission review committee will meet to review and approve the revised proposal. Following this review a PIO/T will be prepared for clearance by the appropriate offices. Upon clearance, USAID/Philippine Contract Services Division will draft a Grant Agreement in accordance with USAID Handbook 13 ("Grants" - Chapter 4, "Specific Support Grants".)

Beginning in FY 84, all PVO Co-Financing subprojects selected for development through the Director's decision memo must have prior approval from NEDA before the Grant Agreement is signed.

Prior to submission of the Grant Agreement to the Director for his final approval and signature, it is cleared by the following USAID/Philippine offices: Program Office, Controller's Office and Contract Services Division. The Grant Agreement may be signed by either the Mission Director or the USAID Contracting Officer.

After the Grant Agreement has been signed, the responsibility for managing the subproject, in most cases, will pass to the appropriate technical office and be managed from that office like any other project.

6. Additional Information:

The most current revision of the following documents can be obtained from the Office of Food for Peace and Voluntary Cooperation:

1. Processing of PVO Co-Financing Program Subproject Proposals
2. O/FFPVC Office Structure
3. PVO Co-Financing General Guidelines
4. PVO Registration Guidelines
5. PVO Co-Financing Program Subproject Proposal Format

APPENDIX 13

CO-FINANCING PROJECTS
OBLIGATION AND EXPENDITURE RATES
(In Thousands of Dollars)

Co-Fi I - Authorization: 3-11-80 \$5,000
8-13-82 2,000
Total \$7,000

	<u>Cumulative</u> <u>Obligations</u>	<u>Percent</u> <u>Obligations</u>	<u>Cumulative</u> <u>Disbursements</u>	<u>Percent</u> <u>Disbursements</u>
FY 80	NA	NA	NA	NA
FY 81	517.6	10.3	67.4	1.3
FY 82	2699.6	38.6	633.8	9.1
FY 83	6709.0	95.8	2054.2	29.3
FY 84	6389.4	91.3	3432.8	49.0
FY 85	6134.4	87.6	4117.5	58.8
FY 86	6134.4	87.6	4757.0	68.0

Co-Fi II - Authorization: 2-28-84 \$10,000

FY 84	2120.0	21.1	22.2	.2
FY 85	5810.4	58.1	534.4	5.3
FY 86	9944.6	99.4	1193.3	22.9

NA = Not Available

YCS

APPENDIX 14



UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
MANILA, PHILIPPINES

Monitoring and Evaluation
of
PVO Projects

USAID
PVO CO-FINANCING PROGRAM

AUGUST 1985

MARIA BEEBE

INTRODUCTION

Private Voluntary Organizations (PVOs) participating in the USAID PVO Co-Financing Program have long recognized a need to improve monitoring and evaluation in order to strengthen project implementation. Beginning with a three day workshop in February 1985, representatives of several PVOs have worked closely with USAID in developing guidelines relevant to the needs of PVOs. This guidebook is the result of that effort and is designed to give sufficiently flexible guidance so that individual PVOs can adapt the guidelines to their specific needs.

This guidebook should also be useful in the preparation of project proposals.

This guide book is divided into three sections:

Clarifying Project Framework -- this section discusses the FRAMEWORK which establishes and clarifies project inputs, outputs, purpose and goal. Since the FRAMEWORK should also identify key indicators, a discussion on what indicators are, is also included. Finally, the need to make explicit various assumptions about the project is pointed out. This section is based largely on the AID publication "Design and Evaluation of AID-assisted Projects".

Monitoring Project Framework -- this section provides the key questions and issues concerning monitoring of project inputs, outputs, purpose, and goal. This section offers suggestions on what should be investigated during the life of the project to determine whether the project is being implemented as planned (status of inputs and outputs).

Identifying Project Indicators -- this section addresses two sets of general questions:

- (a) What will be investigated during the life of the project to determine whether project purposes/goals are being achieved?
- (b) What will be investigated during the life of the project to determine whether the project inputs and outputs are resulting in purpose/goal achievement?

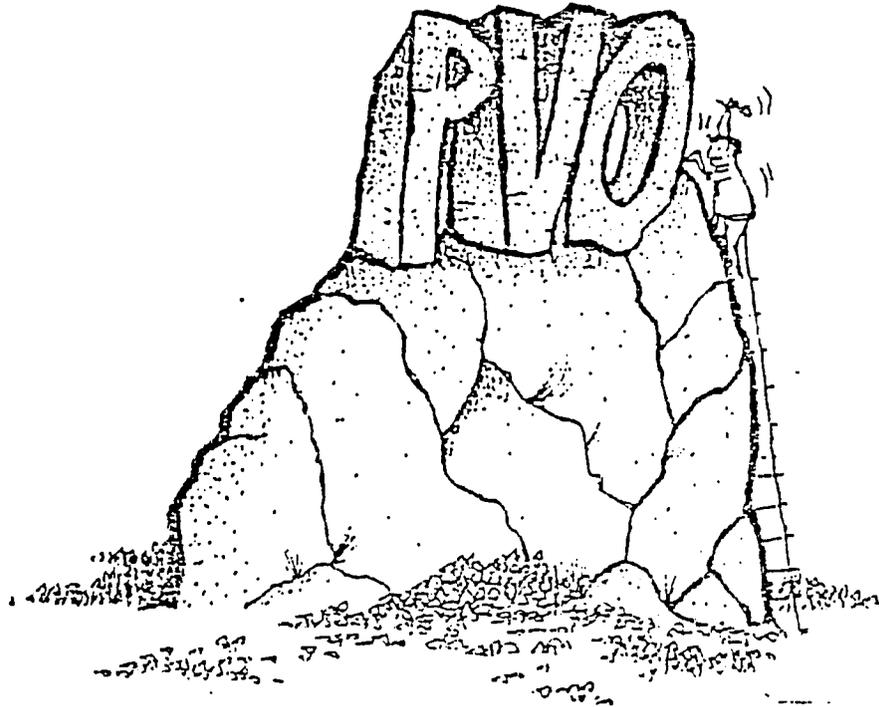
Question indicators which are identified should relate to both purpose/goal achievement and project outputs. By including both output and purpose/goal questions, there is a greater likelihood that information on project trends will emerge during project implementation. In this way, PVO managers will not only have information on whether objectives are being achieved but how and why this is occurring as well. The availability of this kind of information reduces a manager's uncertainty and makes possible informed decisions and mid-course corrections.

It is critically important that the questions and indicators chosen are appropriate and relevant to the project and further developed by those individuals who will use the information.

BRYANT GEORGE
Chief, Office of Food for Peace
and Voluntary Cooperation



UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
MANILA, PHILIPPINES



INTERPRETING YOUR GRANT AGREEMENT

AUGUST 1986

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APPENDIX 16

USAID/PHILIPPINES RESPONSE TO THE EVALUATION OF THE
CO-FINANCING I PROJECT PREPARED IN NOVEMBER 1982

Part I of the FY 1983 Evaluation contained the Conclusions and Recommendations. Following are comments on each of the numbered Conclusions and Recommendations.

A. Project Description and Context

1. Government Support of PVO Programs

Recommendation: That USAID explore with NEDA ways in which its review and clearance process can be streamlined. This will be especially important if USAID improves its procedures and attempts to complete its review process within a 60 day period.

Recommendation: That USAID explore with NEDA and PVOs the nature of problems PVOs are experiencing in working with local officials and attempts to improve the situation to the extent possible and appropriate.

NEDA has indicated that it intends to delegate responsibility for endorsing PVO proposals to the Regional Offices. This should facilitate the endorsement process since the NEDA staff at the Regional level are closer to the field and are familiar with the PVO's work and reputation.

2. USAID/PVO Relationship

Recommendation: That USAID encourage CIVAP to expand its activities and capabilities as a PVO coordinating and technical body. Consideration should be given to the inclusion of viable Philippine PVOs who are effectively involved in development programs.

CIVAP membership consists of voluntary agencies which operate at the international level. There are other PVO networks made up of groups of Philippine PVOs facilitating inter-PVO coordination and consultation and supporting the emergence and expansion of indigenous institutions that can initiate and carry out a range of activities identified as priorities by their beneficiary communities. USAID is assisting PBSP to establish a Philippine Social Development Center which will offer the following services: a PVO Support Services Bureau, Offices for Multi-Service Institutions and Network Builders, an Information Exchange and an Institute for Social Development Management. Among the PVO networks that have been invited to the Center and who have expressed interest are:

Asian Alliance of Appropriate Technology Practitioners
(Approtech Asia) with membership from Bangladesh, India,

Indonesia, Malaysia, Sri Lanka, Thailand and the U.S.

Asian non-Governmental Organizations Coalition (ANGOC) with membership from Asian non-governmental development organizations and coordinating with the Food and Agricultural Organization of the United Nations. Association of Foundations with membership consisting of Philippine Foundations.

Council for International Voluntary Agencies of the Philippines (CIVAP) with membership consisting of voluntary agencies which operate at the international level.

National Association of Cooperative Training Resources in Rural Areas (PHILDHARRA) which has partner-organizations that provide development assistance at the grassroots level.

3. Staffing:

Recommendation: That the current staffing level of O/FFPVC be retained and that the proposed second contract position be established as soon as possible.

The current staffing level of O/FFPVC has been retained and the second contract position established.

B. Project Effectiveness and Impact

1. Purpose:

Recommendation: That the program be continued and expanded.

The program is being expanded.

2. Capability of PVOs:

Recommendation: That the mission budget adequate funds in the follow-on project to intensify its efforts in providing technical assistance and training to PVOs in the design, implementation and evaluation of projects.

The Mission is providing technical assistance and training. In addition, funds for PVO staff development are provided in individual subprojects. USAID is sponsoring 10 mid-level executives from 10 PVOs to attend the Asian Institute of Management's Program for Development Managers.

3. PVO Projects Approved: No recommendation

4. Registration:

Recommendation: That the mission streamline procedures

for registration of Philippine PVOs and define the responsibilities of concerned USAID staff.

The Mission has streamlined procedures regarding registration of Philippine PVOs.

5. Involvement of U.S. and Philippine PVOs:

Recommendation: That the mission not earmark funds for U.S. and Filipino PVOs, but that a conscious effort be made to maintain appropriate and effective participation of both groups.

The Mission has made a conscientious effort to maintain appropriate and effective participation of both groups.

6. Expenditure of Funds and Time Frame:

Recommendation: That the mission encourage PVOs to submit smaller, less complex subprojects that have shorter implementation periods and a more immediate impact on development. That incremental funding be considered for larger and more complex subprojects in order that more effective use can be made of limited funds available.

The mission continues to support small-scale PVO subprojects but is starting to support Philippine intermediate institutions with province-wide programs, such as Negros Economic Development Foundation's Negros Development Assistance Program which in turn supports small-scale discrete activities at the barangay/grassroots level. For projects like Development of People's Foundation's Project CHILD, incremental funding is being done.

7. The Asia Foundation:

Recommendation: That USAID continue to support TAF but perhaps at a reduced amount of funding in order that limited funds can be spread more widely to a larger number of PVOs for more development activities.

Under the Co-Financing II, The Asia Foundation has submitted only one proposal which was approved. This would be explained in part by the emergence of strong Philippine intermediate institutions.

8. Cost Per Beneficiary:

Recommendation: That USAID and the PVOs continue to obtain better information on costs and benefits and explore meaningful methods of assessing them for PVO activities.

USAID is receiving better data on costs and benefits,

partly as a result of the Cost Effectiveness Seminar and partly because of the overall improved capability of PVOs implementing Co-Financing grants.

9. Administrative Costs: No recommendation

10. Counterpart Funds:

Recommendation: That USAID take a closer look at counterpart contributions in proposals during the review process and that PVOs keep better records on total project inputs in order to obtain actual figures at the end of the subprojects.

USAID has included as part of the grant package a guide for computing counterpart costs. (See Annex). The liquidation report includes an accounting of counterpart funds disbursed for the grantee. (See Annex).

11. Disbursals and Expenditures:

Recommendation: That USAID and the PVOs determine the exact nature of the problem regarding low disbursement and expenditure rates and take required action to resolve the matter...

Expenditure rates have improved somewhat. However, it is not clear just what is an "appropriate" level

Fourteen PVOs have received one-on-one training on Financial Management Reporting, Accounting and Budgetary Systems. A set of manuals, tailor-made for each individual PVO, accompanies the training and serves as a reference for the PVO. The participating PVOs are involved in the production of the manual. While initially, the assistance focused on PVOs with ongoing grants, the assistance is now being provided to new grantees.

12. Subproject Progress and Success:

Recommendation: That USAID continue to support worthy PVO activities...

USAID is paying careful attention to beneficiary involvement and working out with PVOs sustainability mechanisms. Although some subprojects are complex, the subprojects are broken down into manageable, discrete and independent components.

13. Peace Corps Involvement:

Recommendation: That O/FFPVC explore with the Peace Corps the possibility of greater involvement of PCVs in PVO programs...

USAID has worked with Peace Corps in planning and holding "Working with Cultural Communities: a Workshop Seminar". USAID and the PVO have considered the possible role of PCVs in subproject grants. In some cases, the PCV has assisted the PVO in writing a project proposal.

C. Proposal Processing System

1-3. Criteria for Proposals:

Recommendations: That a mission Manual Order be adopted which clearly explains the project purpose and the specific USAID procedures used to implement it....That..the design team for PVO Co-Financing II should think seriously about the pros and cons of adopting specific allocative criteria....That explicitly stated quality criteria be adopted for reviewing proposals...

A PVO Co-Financing Mission Order was attached as Annex A of the PVO Co-Financing II PP. The mission order establishes policy and procedures for approval of subproject proposals with subproject criteria explicitly spelled out..

4. Preparation of Proposals:

Recommendation: That USAID provide PVOs with more assistance during the project identification and proposal preparation stage...

A standardized proposal format has been adopted. USAID has planned Project Development seminars for USAID registered PVOs that are not implementing Co-Financing grants. The seminar will be live-in for 3-4 days. The seminar topics include: the Logical Framework, Statement of the Problem, Project Purpose and Outputs, Implementation Plan, Monitoring and Evaluation Plan, and Financial Narrative and Budget. There will also be working group sessions on Technical, Environmental, Social, Economic/Financial and Administrative Analysis relevant to each project proposal. The output of the working group seminar, for each participating PVO, is a feasible proposal.

5. Timing and Procedures for Review of Proposals:

Recommendation: That the mission adopt a continuous proposal review process wherein each proposal is reviewed as it is received...

A continuous proposal review process in conjunction with a project review committee is not feasible. Instead, the project committee reviews proposals when there is a batch of 10 proposals or every four months. The project review committee is

made of three permanent members from OFFPVC, the Program Office, the Controllers' Office, as well as members from technical offices.

6. Two-Stage Review Process:

Recommendation: That a two stage proposal process be adopted.

PVOs submit a proposal which should not exceed ten typed, single-spaced pages. USAID sends a letter indicating approval for further project development. At this stage, a subproject team, made-up of a PVO consultant, an OFFPVC project officer, a Program Office representative, a technician from the relevant technical office, and in some cases, a program-economist, is assigned to discuss the issues raised by the proposal and to do a pre-grant site visit.

7. Workload Implications:

Recommendation: Staff workload implications should be considered carefully in developing new procedures for USAID implementation of the project...

There are two consultants hired with project funds to assist in project development, mid-project assessment and in setting-up monitoring and evaluation systems. Through the use of the consultants and the use of intermediate institutions to subgrant to local-based organizations small discrete activities, USAID is able to expand the program while maintaining valuable collaborative relationship with PVOs.

See also the discussion of this issue in this evaluation.

8. PVO Reporting:

Recommendation: That narrative reports be required on a semi-annual basis instead of quarterly.

USAID has decided that quarterly reporting is the minimum level of requirement. USAID has devised quarterly reporting forms to simplify and standardize reporting across PVO subprojects. The quarterly narrative form required parallels the Project Implementation Report.

9. Field Visits:

Recommendation: O/OFFPVC and/or other USAID staff visits to observe project implementation should be scheduled prior to or following receipt of semi-annual reports to ensure appropriate monitoring and to assist in resolving issues or problems which

have surfaced.

In general, site visits are scheduled during subproject development, mid-subproject assessment, and subproject close-out. Visits for monitoring are more intermittent and are tied to workload of project officers.