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SHAKEDOWN EVALUATION

PERU PVO SUPPORT PROJECT

PROJECT NO. 527-00353

MAY 1994

PRESENTED TO : USAID/PERU

PRESENTED BY : DONALD SWANSON

PROJECT BRIEF

Name	:	Peru PVO Support Project No. 527-000353
Project Dates	:	September 30, 1992 - September 29, 1998 (6 Years)
Budget	:	$13,600,000 Delivery $ 6,382,996 Subgrants $ 7,217,004
Evaluation	:	Shakedown Evaluation required in Cooperative Agreement. Done 1 year 7 months into project
Contractor	:	Private Agencies Collaborating Together (PACT)

Project Paper Information

Project Purpose: To expand the amount and increase the developmental impact of PVO/NGO programs in the key sectors of agriculture, health and enterprise development; and,

To strengthen the institutional capacity of Peruvian NGOs to work more effectively with community organizations in the delivery of services in these key sectors.

Project Outputs:

1. Direct grants awarded to U.S. and indigenous PVOs/NGOs
2. Workshops/Seminars conducted to assist in maximizing NGO services and resources, and improving service delivery
3. Skills, knowledge, and suitable technologies transferred through NGOs to key sector beneficiaries
4. Uniform, synchronized financial monitoring systems and impact reporting system developed by PMU and adopted by the food-handling agencies

Indicators

Goal

1. Increased on-farm and off-farm incomes
2. Increased agricultural productivity
3. Decreased number of food insecure households
4. Maintained or improved nutritional status of small children, especially under three years of age; improved maternal health
5. Decreased child mortality and morbidity
6. Increased child spacing

Purpose

1. Number of communities able to design, plan and implement their own sustainable development activities as a result of NGO support

2. All NGOs receiving institutional development subgrants demonstrate capacity to plan, design, manage and implement sustainable development projects in agriculture, health and enterprise development at the community level

3. NGOs as partners of US PVOs receiving development subgrants demonstrate capacity to plan, design, manage, and implement sustainable development projects

4. At least 50% of community activities supported through NGO/PVO grants are self-sustaining by EOP

5. Increased number of NGOs engaging in effective development activities in agriculture, employment generation, micro-enterprise, and child health

6. Increased donor support for NGO development activities

7. Improved targeting, synchronized financial monitoring systems and impact reporting systems within the food-assisted PVO/NGOs which provide timely data in uniform comparable formats

8. A significant increase in the resource diversification and cost-effectiveness of ongoing A.I.D.-financed PVO/NGO food assisted programs, as indicated by increased percentage of non-food aid and non-USG participation in the overall program, declines in cost per beneficiary, better ratio of benefits to costs, and increased community participation.

Outputs

1. Up to 25 Peruvian NGOs receive training and/or technical assistance (from the Project Management Unit, independent of any subgrant funding) for their institutional development, particularly in their capacity to assist communities to mobilize and manage resources for sustainable efforts in key development areas

2. Up to 18 Peruvian NGO institutional development subgrants of up to $150,000 each

3. Up to 13 Peruvian NGO development activities subgrants of $100,000 to $1,000,000 each

4. Increased number of beneficiaries engaged in agriculture, micro/small enterprise and child health activities

5. Technologies adopted and used

6. Community projects undertaken and successful

7. Four food-handling agencies work with PMU to coordinate and synchronize financial and impact reporting systems

EXECUTIVE SUMMARY

The Peru PVO Support Project No. 527-0353 is a six year effort for the period September 30, 1992 to September 29, 1998 and administered by the US PVO Private Agencies Collaborating Together (PACT) with a cooperative agreement with USAID/Peru. The project purposes are to 1) expand the amount and increase the developmental impact of PVO/NGO programs in the key sectors of agriculture, health and enterprise development; and 2) to strengthen the institutional capacity of Peruvian NGOs to work more effectively with community organizations in the delivery of services in these key sectors. Project outputs are 1) direct grants awarded to U.S. and indigenous NGOs; 2) workshops/seminars conducted to assist in maximizing NGO services and resources, and improving service delivery; 3) skills, knowledge, and suitable technologies transferred through NGOs to key sector beneficiaries; and 4) uniform, synchronized financial monitoring systems and impact reporting system developed by PMU and adopted by the food-handling agencies.

This "shakedown evaluation" was contemplated in the Cooperative Agreement to analyze the project after one year and to make necessary adjustments for the six year project. The evaluation was a 14 day effort to review documents, discuss the project with both PACT and USAID/Peru, and have several focus group meetings with NGO officials. The evaluation assessed 1) the overall project design, 2) specific project activities and results, and 3) project organization and administration. Evaluation results are presented with findings, conclusions, and recommendations. Seven annexes provide the scope of work, documents, and a revised logical framework for the project.

Findings

The initial Project Paper design is well-stated and is in line with the Peruvian NGO needs and aspirations. It contains a minor flaw of having a dual purpose statement of 1) project development focus and 2) NGO strengthening focus. By placing the former project development purpose as the goal and the latter NGO strengthening purpose as the sole project purpose, while at the same time lowering the high expectations of the goal statement, a project focus is obtained. The contractor has taken a strong project development focus at the expense of institutional strengthening.

The PVO Support Project emphasizes NGO institutional strengthening. The contractor has placed misguided and dominant focus on sub grant development activities (DAGs). This stems from several factors that include 1) PACT/Washington experience in sub grants in other countries and transfer of those experiences to this project; 2) PACT/Peru staff interest and experience in sub grant projects 3) PACT/Peru staff lack of institution building experience; 4) USAID/Peru giving mixed signals at times in wanting sub grants; 5) a poor understanding by PACT/Peru of how sub grants are to be used as a <u>means</u> to obtain a higher purpose of institutional development; 6) PACT/Peru unwillingness to address institutional strengthening and building with a strategy; and 7) PACT/Peru desire to get immediate sub grant projects started rather than devise a strategy for the slower and more amorphous effort of institution building.

The original Project Paper design emphasizing three NGO developmental levels appears to be right on target. The Project Paper and PACTs' proposal make this approach central for a strategic plan. The contractor has gotten misguided and confused as it implements a very limited, superficial, and different kind of project then was designed. Left alone to continue its present misguided course, the present implemented outputs will never produce the project purpose in the six year project period. The contractor does not have an institutional strengthening strategic plan 19 months into the project. It has planned and implemented project activities in linear fashion in substitute for contemplating and planning for a desired impact.

The current population, geographic, and sector focus are sufficiently emphasized to support NGO institutional strengthening impact if implemented well. There are perhaps about 200 NGOs and 3,000 NGO staff in the three sectors of health, micro enterprise, and agriculture; about 50-60 NGOs in the four principal geographic zones.

The contractor delivers three project products (outputs) that they handle as project components. These are 1) Sub Grant Projects; 2) Institutional Strengthening; and 3) PL 480 Title II Monitoring and Evaluation System.

The Sub-Grant Project Component has dominated project implementation to date during these first 19 months. The contractor set-up good selection criteria, evaluation mechanisms, concept paper mechanisms, and

screening processes for receiving concept papers and eventually sub grant project proposals. Unfortunately they promoted this sub grant fund widely and got 828 concept papers from over 600 NGOs nationwide that would require a total of $175 million of funds. They screened these concept papers down to 104 and submitted to USAID for approval. Fifteen concept papers were approved and the NGOs provided proposals. By May 1994 the contractor had signed 15 sub-grant projects with Peruvian NGOs for a total of $3,024,888. The sub grants are good projects in themselves but lack institutional strengthening relationships and respective indicators.

The Institutional Strengthening Component has barely gotten off the ground after 19 months. The contractor has provided direct technical assistance to the NGOs preparing their projects with logical frameworks. In April 1994 the contractor signed two institutional development grants with two NGO consortiums in Cajamarca and Ayacucho for $150,000 each; and provided two workshops each in finance/accounting and logical framework in Cajamarca and Ayacucho for 65 NGO staff members from 25 NGOs. There is no strategic plan for this component. This cornerstone project component lacks focus, a plan, and indicators of institutional strengthening.

The PL 480 Title II Component is to work with four mature international and national NGOs providing feeding programs. They are to set up standardized monitoring systems for these organizations. In the past 19 months very little progress has been made and this component is stuck in a myriad of discussions among NGOs, USAID/Peru, and the contractor. USAID/Peru requests from PACT leadership in setting up a global strategy for a cohesive monitoring and evaluation system. The NGOs are willing to go along with a solid system. The contractor has not been able to provide that system causing delays in starting up what USAID/Peru considers an important project output.

The contractor has spent $1,022,965 through March 31, 1994 outside the grants. This is almost exclusively for salaries, other direct costs, and indirect costs. The contractor has little results to show for this level of expenditure.

Some serious discrepancies exist between USAID/Peru and PACT regarding this project. USAID/Peru wants PACT to demonstrate leadership as a contractor and fulfill its contract obligations based on a strategic plan so that it can avoid micro-managing. It is very disappointed in project results to date and has some strong negative perceptions about PACTs' capacity to carry out this project. The contractor has been quite vociferous and vehement in insisting on being let alone to carry out the Cooperative Agreement as it best sees fit and believes USAID/Peru has been obstructionist. The effect of this situation is substantial energy placed on discussing minuscule administration level issues in the tar pits level rather than both institutions keeping their eyes on the prize. USAID/Peru in general has a clear view of the mountain while PACT is fogged down in the valleys.

Present PACT/Peru personnel do not have adequate experience to carry out institutional strengthening as proposed in the PP, Cooperative Agreement, and PACTs' proposal. PACT staff strengths lie with financial administration and budgeting, NGO project development, and medium level specific sector specialization in health, micro enterprise, and agriculture. There is almost no staff experience in NGO strategic planning, institutional strengthening, project planning, self-financing, sustainability, and other similar institutional strengthening needs of Peruvian NGOs.

Conclusions

This project has gotten off to a bad start in the first 19 months. The project lacks focus and direction. It may reach some output numbers satisfactorily with sub grants to NGOs but will not reach impact levels envisioned originally in the PP. The several positive aspects of this project (15 sub grants to NGOs; two initial institutional development grants) are overshadowed by evidence of poor focus. If the project continues on its present course Peruvian NGOs will not be strengthened to a large degree, will diversify their funding portfolios with minimal project influence, will remain low in self-sustainability, and this PVO Support Project will have been reduced to a simple USAID donation award mechanism.

The project lacks internal consistency of activities and outputs to produce purpose level indicator impacts. Original project indicators themselves are not satisfactory. A strategic plan is a positive document that details in precise terms your strategy, approach, focus, and use of personnel and financial resources. This plan and a mission statement sharply focus your attention on important purpose level impacts desired and helps to avoid getting tangled in mixed level project implementation (outputs, activities, administration) at the expense of having

a focused project

PACT and USAID/Peru spend enormous amount of energy stuck in the tar pits at the organization and administration level. PACT focuses at this level at the expense of setting this project on a directed course.

Recommendations

PACT/Washington needs to spearhead a complete overhaul of this project that includes developing a strategic plan, revising the logical framework, designing a global PL 480 monitoring and evaluation plan, a revised 1994-95 annual plan, a revised budget, and a restructured administration to implement this re-designed project.

- The contractor needs to refocus the project in accordance with core principles of the Project Paper, Cooperative Agreement, and PACTs' proposal that has institutional strengthening and building of 200 Peruvian NGOs as central focus. The contractor should write a 30-40 page strategy and get USAID/Peru approval. The key concepts are:

  - Revising the project to an institutional strengthening framework rather than the present project development focus;

  - Devising a strategy of actions for institutional strengthening based on three levels of NGOs and targeted actions for strengthening and graduating NGOs to higher levels of sustainability.

- Project activities must be designed to produce new and revitalized outputs and that in turn produce the project purpose. The project requires refinement and adaptation to maintain internal consistency. A new strategy is recommended for accomplishing a very focused and defined purpose with a new set of revised and measurable indicators. They center on a few fundamental concepts for outputs:

  - Re-structuring institutional strengthening that goes beyond the present focus of institutional development grants and that includes increased sequential training and certification of NGOs; technical assistance awards and specific project interventions for NGO specific needs; and technical training in health, micro enterprise, and agriculture.

  - Producing high quality activities for institutional strengthening within the framework of a strategic plan.

  - Adding a new output component of sustainability and self-financing with respective activities and indicators.

  - Targeted actions for strengthening and graduating NGOs to higher levels of sustainability and self-financing.

It is recommended that the PL 480 component be taken out of the PACT contract and re-adjustments made for PACT personnel. An agreed upon sum would be taken from the PACT budget and be re-allocated to the USAID managed part of the overall budget. If this recommendation were not acceptable then a holistic and integral strategy for linking the PL 480 Title II institutions with other NGOs, coordination of their food assistance programs, and how a monitoring and evaluation system would function for the betterment of the food assistance program is needed.

The contractor should write a revised logical framework and get USAID/Peru approval; then proceed to write a 200 page operational project plan and a PL 480 operational plan for the next four and one-half years and get USAID/Peru approval.

The contractor organization and administration should be redirected to implement changes required. This most likely will require replacing certain staff members and contracting other staff members. The budget requires a complete overhaul.

Introduction

The Peru PVO Support Project No. 527-0353 is a six year effort administered by a US PVO Private Agencies Collaborating Together (PACT) for the period September 30, 1992 to September 29, 1998 with a cooperative agreement with USAID/Peru. The present project purposes and outputs are presented in the Project Brief.

A Memorandum of Understanding was signed on April 13, 1993 between the Government of Peru and the US Government that provides the legal basis for PACT's authority to provide grants to NGOs in Peru. PACT also became a legal entity in Peru.

The project has been functioning officially for 19 months. However PACTs' Chief of Party was unable to work in Peru on a full time basis until September 1993. Several key personnel were contracted in October 1993.

This "shakedown evaluation" was contemplated in the Cooperative Agreement to analyze the project after one year of operation. The Project Paper for the PVO Support Project makes reference to this shakedown because of a few uncertainties concerning the design, interest of NGOs to participate in such a project, and a few other unknowns. It was made clear in the Cooperative Agreement that PACT and USAID/Peru would need to make necessary adjustments for the long term six year project.

This shakedown evaluation therefore is not an external evaluation but rather a collaborative effort to facilitate some changes that may be required to re-direct, put the ship on course, and to facilitate some possible strategic options that might assist in making this project more effective and efficient. It is a 14 work day level effort by this consultant to review documents, discuss the project with both PACT and USAID/Peru, and have several focus group meetings with NGO beneficiaries.

The evaluation assesses the three broad areas of 1) overall project design, 2) specific project activities and results, and 3) project organization and administration. Assessments for each question requested in these categories is made.

A rapid appraisal methodology has been employed. In-depth interviews were conducted with PACT/Peru and USAID/Peru officials and provide the more substantive data base for findings. This consultant held focus group meetings with about 65 NGO staff members from 24 NGOs in Cajamarca and Ayacucho. NGO persons were asked to comment on their internal and external problems and also to comment on how PACT might be most useful for their needs in the remaining 4 1/2 years of this Cooperative Agreement. Results of their assessments are presented in Annexes 4 and 5. Additional interview comments are assessed and presented in the text. Other information is garnered from project documents and correspondence.

Evaluation results are presented with findings, conclusions, and recommendations. Annex 1 contains the Scope of Work for the evaluation.

Findings

This section provides principal findings of project design, project outputs and activities, and organization and administration issues.

Project Design

What constitutes a project design, strategic planning, operational plans, and even simple directional maps has been a heavy handed acrimonious debate between PACT and the Mission since project inception. PACT and USAID/Peru have gone back and forth over needs for such plans, responsibilities and obligations under a Cooperative Agreement, and as of this shakedown evaluation no resolution of this issue yet. Only in early May 1994 has the strategic project design requested by USAID/Peru been accepted by PACT.

Certain PACT decisions presented in two annual plans, with USAID/Peru concurrence, constitute the closest elements of a strategic plan. From the point of view of PACT, certain decisions made regarding geographic focus, sectoral focus, selection criteria for sub-grant donations constitute a strategic plan. The contractors' project strategy can be summarized as follows:

1. Focus project in four poverty geographic areas (Cajamarca, Ayacucho, Huancavelica, and Apurimac) and in three sectoral areas (agriculture, micro enterprise, and health)

2. Identify Peruvian NGOs and NGO consortiums working within this geographic and sectoral framework. Approach them and request concept papers and project proposals.

3. Provide institutional strengthening activities for sub grant donation NGOs through helping them to design project documents and by monitoring their project implementation of sub grants.

4. NGO consortiums receive institutional development grants (IDGs) for internal consortium strengthening and training of its members.

5. Four PL 480 Title II NGOs are assisted in setting up a uniform and standardized reporting systems for the food- assistance program.

From the point of view of USAID/Peru the combination of these project decisions taken together are not a strategic plan. They are most concerned that PACT design an integral planning instrument that can be implemented in the next five years to obtain project impacts.

The PVO Support Project outlined in the Project Paper was designed to have two dual project purposes:

To expand the amount and increase the developmental impact of PVO/NGO programs in the key sectors of agriculture, health and enterprise development; and,

To strengthen the institutional capacity of Peruvian NGOs to work more effectively with community organizations in the delivery of services in these key sectors.

A regular project using the logical framework has one purpose. In discussions with both PACT and USAID officials there is consensus that the first purpose is really the goal while the second purpose remains the only real project purpose. By separating out these apparent dual project purposes it becomes clear the need for a focused project strategy.

The first step in planning a strategy encompasses how to produce the project purpose. The strategic option relates to the products or outputs that together produce the purpose. There is consensus by both PACT and USAID/Peru that the two outputs of 1) NGO institutions strengthened and 2) sub grant projects implemented as a means for institutional strengthening are two principal outputs required to produce the purpose. Both PACT and USAID/Peru coincide also that a third output, not now in place, of 3) NGOs self sustained, is required. The other project output of 4) PL 480 Title II monitoring and evaluation systems functioning is also relevant for the larger picture of food assistance.

The second strategic planning issue relates to what the Project Paper (P.17) calls a "three tier level of assistance" for NGO institutional strengthening as follows:

Level 1: Development activity subgrant for NGOs with a level of capability commensurate with managing significant funding.

Level 2: Institutional development subgrant for NGOs to gain additional capacity strengthening.

Level 3: Technical assistance and training designed to build management and absorptive capacities that qualify an NGO for subgrant funding.

This strategy of gradualism or systemic graduation is common in institutional development. It is even similar to the same strategies practiced by NGOs providing credit, training, and technical assistance in micro enterprise development projects.

The USAID Peru Mission awarded a study contract in August 1993 to SASE and Instituto Apoyo entitled "Evolución Institucional de las CNGD en el Peru." That study reaches the same conclusions as advocated in the Project Paper that NGOs require guidance in order to gain experience and maturity. It also coincides with conclusions made by several NGO leaders interviewed for this study.

The contractor at present is not adhering to this conceptual framework for implementing the PVO Support Project as presented in the Project Paper, the Cooperative Agreement, or PACTs' proposal. In all three documents there is consistent agreement that this project is an NGO institutional strengthening project. The contractors' vision and scope is quite focused on sub grant donations. The contractor responds to this observation by agreeing that its emphasis on sub grants was necessary at project inception and that now that 15 sub grants have been signed they can focus on a project strategy. Several USAID officers respond that the problem with that approach is that the sub grants would have much improved institutional strengthening characteristics if they were provided within the context of an overall plan.

Some possible explanations for this sub grant approach instead of a more comprehensive, integral, and holistic institutional strengthening strategy were stressed in several different interviews:

1. PACT/Washington has not provided its field staff with sufficient orientation about how to manage this project. PACT/Peru staff members interviewed stated receiving little or no direction from PACT headquarters. They state that the little orientation provided has emphasized sub grant project development emphasis used in other PACT administered PVO support projects. Those interviewed believe that those concepts have been transferred to this project.

2. PACT/Peru staff interviewed stated their more interest and experience in NGO project implementation and they have transferred those approaches to this project. The three key PACT/Peru staff members implementing sub grants agree on this point.

3. PACT/Peru staff affirm their minimal experience in institution building. While a few staff members attest to some fringe level institutional strengthening experience they admit in interviews lack of awareness in how to proceed to implement an institutional strengthening driven approach. Their sub grant approach is reflected in this limited approach to institution strengthening.

4. USAID/Peru has given a few mixed signals about the direction and focus of this project. The most direct example is the Mission Director correspondence with PACT/Peru requesting national coverage of NGO sub grants and that sub grants be implemented quickly.

5. PACT/Peru staff members report their inattention in sub grant preparations of how project development can be used as a <u>means</u> to obtain a higher purpose of institutional development. PACT/Peru staff interviewed stated that institutional strengthening can be made through project implementation but they believed that this was a minor focus of their effort. They report not having informed the sub grant recipients of the central focus of this project.

6. Institutional strengthening and building is more complex and less finite than project development and

requires a fairly strict focus to obtain impact PACT/Peru staff have stated their preference for project development and helping beneficiaries above NGO institutional strengthening

The original project design, despite the confusion over dual purposes, is right in line with Peru's country needs at present. Both the PACT-funded needs assessment and the SASE study make clear that strong and viable Peruvian NGOs are needed as the Peruvian Government attempts to reduce its size and services and encourages replacement by the private sector or the NGOs. Both studies report that fairly large sums of international funds estimated at around $200 million are currently in the pipeline for perhaps 150-200 NGOs Several people interviewed and several recent newspaper articles in Peru attest to a potential flow of new funding available especially in Ayacucho Department and in areas where people have been displaced because of political violence caused by the Sendero Luminoso in the past 12 years. Several people interviewed stated emphatically that NGOs need to be ready to take on larger roles than at present. Those opinions coincides with the present project design.

The SASE/Instituto de Apoyo study makes clear that institutional strengthening at the three levels is required. The study is especially clear on the developmental nature of Peruvian NGOs over a period of time. The SASE study documents in good detail how 34 NGOs interviewed go through a developmental process. And they cite other studies that coincide with this approach. They coincide with the project design to strengthen NGOs and their staffs to be able to deliver more effective and efficient services in the future.

Several people interviewed questioned the project design of providing $7.0 million in sub grants for project development with 15 NGOs. They argue that this project contribution is a mere "drop in the bucket" for NGO project financing in Peru. They state that the project design emphasizes that sub grants are a mechanism or instrument for achieving a higher institutional strengthening purpose. Their problem with the contractors' strategy is that the present strategy does not contain institutional strengthening elements.

In reviewing the 15 sub grants approved to date they do <u>not</u> have activities nor indicators of institutional strengthening. In interviewing 7 of the 15 NGO directors none of these NGO officials interpreted their sub grant as institutional strengthening. PACT staff members interviewed agree sub grants were for institutional strengthening only indirectly. The contractor staff agreed that there were no monitoring or tracking for institutional strengthening indicators of those sub grants. The monitoring and evaluation unit within PACT reported that they plan to contract out a consulting firm to write up these institutional strengthening indicators.

The original Project Paper design emphasizing three NGO developmental levels appears to be right on target. This approach coincides with most NGO institutional strengthening strategies worldwide. The Project Paper and PACTs' proposal make this approach central for a strategic plan. PACT/Peru has yet to devise a strategy for strengthening NGOs at these three levels. PACT/Peru staff were unaware of this "three tier" approach to institutional strengthening. Concepts presented well in PACTs' technical proposal have not gotten transferred to PACT/Peru staff as PACT implements a different kind of project that focuses almost completely on sub grant project development.

One person outside the contractor team interviewed stated that the ironic and paradoxical finding is that the contractor insists on adhering to the Cooperative Agreement when in fact they themselves currently implement less than half the strategy of a good project design found in the Cooperative Agreement and the Project Paper. At the request of this interviewee, this consultant reviewed the Cooperative Agreement and found some considerable detailed activities and outputs that are not being addressed by the contractor, as follows:

1. Adherence to a strategy using the three tier approach of NGO institutional strengthening;

2. Monitoring and tracking institutional strengthening with specific indicators of progress and changes in NGO information, attitudes, and practice;

3. "Encouraging newly created or strengthened local institutions linked to regional and national organizations to carry out agriculture, rural development and nutrition programs." (CA Attachment 2 P. 2.)

4. "Promoting A.I.D. PVO/NGO partnerships in the implementation of development programs and projects." (CA Attachment 2, P.2)

5 "Improved targeting of the food-assisted programs and fleshing out and upgrading operational management and technical capabilities of the PVO/NGO development community so that they are better equipped to work on a larger scale in and with community groups." (CA Attachment 2, P.2)

6. "Technical assistance and training will focus on strengthening the management capacity of producer and marketing associations as well as small and micro-enterprises." (CA Attachment 2, P.3)

7. "Promote increased effectiveness of PVO/NGO food and non-food assistance programs through their greater integration, more efficient management and coordination of available resources, and better targeting of beneficiaries." CA Attachment 2, P. 4)

8. "Focus on participation and benefits accrued by women in all of the projects by inserting this concern as a design issue, and assembling desegregated gender data to indicate progress in project participation and impact." (CA Attachment 2, P. 4)

9. "Providing a central source for technical assistance, training, skills and information sharing can increase the total output of this fast-growing pool of institutional support for the poor." CA Attachment 2 P. 8).

The current population, geographic, and sector focus are sufficiently emphasized to support NGO institutional strengthening impact if implemented well. There are perhaps about 200 NGOs and 3,000 NGO staff in the three sectors of health, micro enterprise, and agriculture; about 50-60 NGOs in the four principal geographic zones. USAID/Peru's request on maintaining a national option focus but with geographic emphasis coincides with the Project Paper.

This consultant was requested to comment on several specific aspects of the Project Paper, as follows:

- Assumptions. Project Paper assumptions are well thought out and are still valid for this project.

- Indicators. The indicators are incomplete and lack quantity, quality, and time characteristics. The contractor has failed to date to provide project indicators for the entire project.

- Means of verification. Project Paper is weak in describing how to collect indicator information. The contractor has not established most of the means of verification required in the Project Paper.

The Cooperative Agreement is still valid but will require modification. The Mission may want to consider getting all considerable changes and then revising the Cooperative Agreement.

Project Activities and Outputs

The PVO Support Project has three principal components/outputs that when implemented with a strategy are planned to achieve project purpose. The three are:

1. Sub-grants to NGOs
2. Institutional Strengthening of NGOs
3. PL 480 Food Assistance Program Monitoring and Evaluation System

(A fourth component, PL 480 Title Monetization, was originally contemplated in the Project Paper as a possibility, but has subsequently been dropped from this project.)

Project component activities are assessed to see if they achieve the outputs. The contractor completed two initial activities that were to assist in designing the project.

- **Inventory of NGOs**

The contractor was required to compile an inventory of Peruvian NGOs. According to the Project Paper this inventory would provide important information about the potential NGOs for this project. The contractor received information from different sources including the World Bank and the National Association of NGOs (ANC) as well as from direct mail, personal visits, and interviews with NGOs. They produced a draft document

containing 455 NGOs listed by regions and departments with the NGO name, address, telephone, and principal officers. This information remains in the central PACT Lima office and can be accessed by NGOs or international donors. The inventory itself is limited to geographic distinctions as it does not have cross-tabulations for types of NGOs in a given sector, types of NGO projects, magnitude and dimension of projects, nor any more specific information that would be useful for potential international donors.

PACT officials reported using the inventory when reviewing the concept papers and pre-selecting the NGOs to prepare sub grant proposals The contractor reports that their inventory is the most comprehensive list in Peru at the present time. The inventory has not been published. Contractor officials state that there is little awareness of this document outside PACT. The inventory was used as the basis for a PACT-funded needs assessment as well as an USAID/Peru funded "Peruvian NGO Institutional Evolution" study conducted by SASE and Instituto Apoyo in August, 1993.

- **NGO Needs Assessment**

PACT contracted Flormarina Guardia of CENEAP to conduct the project needs assessment as required in the Cooperative Agreement. The study used an open-ended questionnaire divided into areas of general information, project outreach, institutional issues, and NGO problems. It was administered by 11 researchers to 404 NGOs and 26 associations and NGO consortiums nationwide. Data was processed, analyzed and presented in a 70 page report. Findings are presented in basic characteristics, institutional groupings, human resources, finances, and beneficiaries of NGO activities and projects.

The study provides some good information not known before in Peru about the NGOs' geographic coverage, project areas, outreach, beneficiaries, and financing. Despite some merit this study has several shortcomings. Most pieces of information are treated with equal importance in which the researchers appear to have read the results from the questionnaires and presented the findings. Indeed several charts are developed taken from the data but with no refinement. Few of the 56 charts presented in the study have been analyzed. One study purpose was to assist PACT in making strategic decisions but this is quite difficult because the study has very limited NGO problem analysis nor an assessment of their needs. The study has not been published and therefore NGOs cannot benefit from this study in their own strategic planning.

1. Sub-grants to NGOs

This project component corresponds to implementing Level 1 (mature NGOs) intervention and is to provide up to 13 Peruvian NGO development activities subgrants (DAGs) of $100,000 to $1,000,000 each. The subgrants are to produce increased number of beneficiaries engaged in agriculture, micro/small enterprise and child health activities; technologies adopted and used; and community projects undertaken and successful. Specific activities have been planned to accomplish this output.

A. Sub-Grant Selection Criteria, Concept Paper, and Proposal Formats

The contractor wrote several strategic considerations for project operation by writing sub-grant selection criteria, concept paper formats, proposal formats, and an operations manual. These documents have been published in a brochure entitled "Lineamientos para la presentación de proyectos" and distributed to national NGOs and other interested parties.

In general, these basic documents are of high quality. The selection criteria document is the closest document explaining a project strategy. That document outlines the priority geographic areas (Cajamarca, Ayacucho, Apurimac, Huancavelica, and marginal urban zones of large cities); sector focus (agriculture, health, micro enterprise); impact (environment, income generation, productivity, employment); economical feasibility; access to markets; cost recuperation plans and incomes usage; and community contribution.

The concept paper format and project submission format are well-accepted standard formats for project presentations and are of good quality. The evaluation criteria document is very meticulous and credible.

B. Pre-Selection of NGOs

The contractor mailed its brochure to about 600 Peruvian NGOs in mid-1993. They requested that NGO

respond with concept papers for possibly obtaining a sub grant development project funding. The response was overwhelming in that 828 concept papers were received requesting $ 173 million in USAID funding. Using selection criteria and evaluation mechanisms, 104 concept papers were accepted. Eighteen NGOs were pre-selected and requested to submit project proposals following the guidelines for project proposals.

There is some debate between the contractor and USAID/Peru about the contractors' decision to mail out the brochure to 600 NGOs and requesting concept papers in the first place. Several USAID/Peru officials are concerned that this implementation activity opened the floodgate too much and raised high expectations among NGOs for receiving financial assistance. PACT/Peru officials put a positive light on this by showing that NGOs do have positive interests in project delivery and by stating that this approach to soliciting proposals is quite common in Peru. (In Annex 6 that contains the revised logical framework some recommendations are made to address what to do with the 724 concept papers from about 500 NGOs that were rejected and the 89 concept papers submitted but not selected.)

C. NGO Sub-Grants

In early 1994 PACT has awarded 15 sub-grants for a total of $3,024,888. Annex 8 provides a list of sub-grants awarded through May 1, 1994. They have been provided to NGOs in the Departments of Cajamarca (6), Ayacucho (3), Huancavelica (2), Apurimac (1), Cuzco (1), Arequipa (1), and one sub grant at the national level. All sub grants were signed during the period April 15-30, 1994.

Sub grants provide delivery services by 15 NGOs to roughly 12,000 families in health, agriculture, and micro enterprises. Nine projects are rural integral development, 3 are micro enterprise projects, 2 are health, and one an agro industry project. PACT estimates 95,000 persons will benefit from these projects. That would mean roughly $32 per person. The average family benefit is about $500 per family with a $300- $850 range benefit per family.

In reviewing all sub grants, interviewing most grant recipients, and visiting one sub grant site, it is clear the focus is on delivery and promotion. All grants have indicators for assessing product and impacts in these almost exclusively three year projects.

D. Monitoring and Evaluation

To date there is no monitoring and evaluation system for the sub grants. The contractor reports plans contract consultants to set up a monitoring and evaluation system for the sub-grants. The grants do not have institutional strengthening indicators built into the sub grants. The contractor states it will write and implement institutional strengthening monitoring in the near future.

2. NGO Institutional Strengthening

This second component was envisioned in the Project Paper to assist Peruvian NGOs at all three levels of institutional development to become strengthened. The hypothesis is that there are Level 1 mature NGOs, Level 2 up an coming NGOs, and Level 3 new NGOs or otherwise unable to manage available resources. As stated in the Project Paper:

<u>Level 1</u> NGOs were capable of receiving subgrants and had a level of capability commensurate with managing significant funding;

<u>Level 2</u> NGOs needed to gain additional capacity strengthening and could do so with small institutional development subgrant;

<u>Level 3</u> NGOs were new and immature and required technical assistance and training designed to build management and absorptive capacities that qualify an NGO for subgrant funding.

This component was planned to be a major pillar of this project. Although there is limited sub grant money available, the Project Paper envisioned that the project director and staff providing considerable labor intensive work in this component.

The contractor to date has not conceptualized a strategy for providing institutional strengthening within this component PACTs' annual plan 1993-94 elaborates a few general project activities and little detail for implementing this component.

To repeat contextual information from above, the contractor has identified about 600 NGOs, conducted a needs assessment with 340, has pre-selected 104 concept papers with credible projects ideas, and pre-selected 15 NGOs first round sub grants. The Project Paper states that from the needs assessment would emerge NGO characteristics; training, technical assistance, and other needs; and variables that would determine how to strengthen NGOs. Based on this information, an institutional strengthening strategy would be designed and implemented.

Level 1: Institutional Strengthening of Mature NGOs

There are perhaps 45-60 NGOs at Level 1 maturity. To date PACT has provided three activities for Level 1 NGOs.

One, PACT has provided direct technical assistance to the 15 pre-selected NGOs in Cajamarca and Ayacucho to improve their project proposals and to assist them in writing logical frameworks. NGO leaders interviewed state that PACT has assisted them well in this activity.

Two, PACT has provided institutional development grants (IDGs) to two NGO consortiums CIPDER in Cajamarca and CIDRA in Ayacucho. Both IDGs are for $150,000. Both sub grants are almost identical in focus and magnitude. The consortiums will provide training to their members (8 and 9 respectively) and a total of 15 NGOs each in their regions (24 NGOs total) in areas of strategic planning, project administration, and in specific technical areas in health, agriculture, and micro enterprise. Both sub grants have purpose indicators of NGOs getting diversified financing and increased levels of project planning and execution. The other half of grant financing is for NGO equipment (computers) and also internal consortium strengthening through equipment and supplies.

This institutional strengthening approach is received well by both CIPDER and CIDRA as they state that financial resources and decision making stays at the local level. In interviews with both consortiums, board of director members demonstrated good levels of dedication to strengthening their institutions. Neither consortium, however, saw any relationship between this sub grant and institutional strengthening of NGOs to carry out the other sub grants (DAGs).

Three, PACT provided project design with logical framework emphasis training to about 65 participants representing about 20 NGOs in Cajamarca, Ayacucho, Arequipa, Cusco, and Lima in April 1994. Roughly the same participants from the same NGOs received a similar one week workshop in accounting and business management offered in both Cajamarca and Ayacucho in late April 1994.

Level 2: PMU Technical Assistance and Training

At Level 2 technical assistance and training is designed to build management and absorptive capacities that qualify an NGO for subgrant funding. This focus is technical assistance and training provided by the contractor directly or indirectly through contractors or consultants. The Cooperative Agreement states that up to 25 Peruvian NGOs are to receive training and/or technical assistance (from the Project Management Unit independent of any subgrant funding) for their institutional development, particularly in their capacity to assist communities to mobilize and manage resources for sustainable efforts in key development areas.

At Level 2 institutional development subgrant (IDGs) for NGOs assist them to gain additional capacity strengthening so that "these starter grants will provide institutional support through training, technical assistance and core infrastructure or staff support. Modest funding would also be available for implementing experimental or pilot activities, to be expanded later through other funding sources." (PP P.23). The Project Paper states that $1,675,000 will be made available for IDGs. According to the Project Paper up to 18 Peruvian NGO institutional development subgrants (IDGs) of up to $150,000 each will be made available. As stated above, two IDGs have been awarded to two consortiums but for Level 1 NGOs.

PACT contact with NGOs is considerable. PACT has registered 72 NGOs who have visited Lima

headquarters in 1993 trying to get information about funding. In most cases PACT has informed the NGOs about sub grant concept papers. They have not had anything else to offer to date

Level 3: PMU Technical Assistance and Training

The contractor has not designed nor implemented any activities for the estimated target 100 Level 3 NGOs.

3. PL 480 Food Assistance Program Monitoring and Evaluation System

The PL 480 Title II component is to work with four mature international and national NGOs (CARE, CARITAS, ADRA/OFASA, PRISMA) providing feeding programs. The contractor is to set up standardized monitoring systems for these organizations.

This component has an end-of-project product of having the four food-handling agencies of USAID/Peru working with PACT to coordinate and synchronize financial and impact reporting systems. The Project Paper (P.23) states that PACT will "help establish a monitoring system for Title II commodity distribution." According to the Project Paper the contractor will "analyze operational plans, multi-year plans, and annual reports and make recommendations to USAID on the most effective integration of resources to achieve maximum impact. It will review reports on resource usage, working to standardize these among various cooperating sponsors. It will assist in evaluations of program components to assess impact and assure most effective input use. It will develop with USAID impact indicators for combined food aid/project resources and assist cooperating sponsors as needed to perform baseline data surveys.

The Cooperative Agreement states that the contractor will " analyze operational plans, multi-year plans, and annual reports and make recommendations to USAID on the most effective integration of resources to achieve impact. It will review reports on resource usage, working to standardize these among various cooperating sponsors. It will assist in evaluations of program components to assess impact and assure most effective input use. It will develop with USAID impact indicators for combined aid/project resources and assist cooperating sponsors as needed to perform baseline data surveys."

The principal indicator for achieving this, as expressed in the Cooperative Agreement, is "a significant increase in the resource diversification and cost-effectiveness of ongoing A.I.D.-financed PVO/NGO food assisted programs, as indicated by increased percentage of non-food aid and non-USG participation in the overall program, declines in cost per beneficiary, better ratio of benefits to costs, and increased community participation."

According to the contractor by mid-1993 they had reviewed and analyzed the multi-year operational plans (MYOP) of the four NGOs and prepared a document concerning the MYOPs. This report stated recommendations for setting up standard impact and process indicators for nutrition, micro enterprise and agricultural development components of the PVO programs. By December 1993 the contractor reports they have been monitoring the four NGO programs. They report having set up the pilot version of the Information System for Monitoring and Evaluation of Food for Development Program (SISEPAD in Spanish). The contractor reports sending to USAID/Peru for their approval a series of instruments, formats, monitoring and evaluation documents, and other documents that require USAID/Peru approval before proceeding.

The contractor has a full time monitoring and evaluation advisor for the past 19 months and another new staff member to implement this component. The contractor at the time of this evaluation had written a terms of reference for a consultant to assist the contractor in setting up a monitoring and evaluation system.

The contractor reports serious discrepancies with USAID/Peru regarding their work. PACT reports being stymied at only completing preliminary steps
toward establishing consensus among the NGOs regarding food ration levels and beneficiary targeting.

USAID/Peru, on the other hand, reports running a very large PL 480 Title II Food Assistance Program and wants a uniform reporting and monitoring system in place soon. It reports being very disappointed by the contractors' inability to conceptualize an integrated monitoring and evaluation system for the PL 480 Title II Program. It reports having repeatedly advised the contractor to produce an operational plan for discussion

rather than piecemeal documents and formats that are inadequate. The Mission is quite disappointed in some analytical work provided by the contractor for the SAR reviews of the four NGOs. Several Mission officials have lost confidence in the contractor and would prefer to "cut bait" with the contractor and start again in-house or with another contractor.

In reviewing contractor documents provided to USAID/Peru there is no evidence that a system is being devised. The contractor provides partial and many times incomplete instruments of a system and requests feedback from USAID/Peru. The Mission responds somewhat cryptically that the contractor should provide a full monitoring system. In addition, there are four NGOs who only want to buy into a monitoring system with reluctance.

The net effect of the above review is that in the past 19 months very little progress has been made and this component is stuck in a myriad of discussions among NGOs, USAID/Peru, and the contractor. Both institutions manifest and demonstrate minimal respect and confidence in each other.

4. NGO Sustainability and Self-Financing

Implicit, if not explicit, in the Project Paper and the Cooperative Agreement is for PACT to assist NGOs to obtain diversified funding and begin activities that lead to increased sustainability. The mechanisms mentioned are in assisting NGOs to be ready for diversified funding and with good projects. The second mechanism is to assist NGOs with self-financing projects. The SASE research document affirms that about 50% of NGOs in the PACT-funded needs assessment have some kind of self-financing and that 30 NGOs achieve over $50,000 income generated per year.

The contractor has paid little attention to this institutional strengthening possibility/component to date. They report some meetings with potential donors and a few efforts to obtain diversified funding for the national NGOs. There is no strategic plan guiding this effort to date. It will be addressed in the revised logical framework.

Administration and Organization

The third shakedown review area concerns the administration and organization of the contractor to implement this project. The hypothesis is that the contractor would organize itself to produce the project outputs.

The contractor has spent $1,022,965 through March 31, 1994 outside the 15 sub grants and two IDGs grants. This is almost exclusively for salaries, other direct costs, and indirect costs. All USAID/Peru officials interviewed were quite critical of the contractor for spending this amount of monies and having little to show for this effort. According to several officials the contractor has only the sub grants (DAGs) and IDGs as results to show for this level of expenditure in May 1994. These officials state that those two types of activities are done regularly at the Mission and could have been done in-house at only a fraction of the cost.

Some serious discrepancies exist between USAID/Peru and PACT regarding this project. USAID/Peru wants the contractor to demonstrate leadership as a contractor and fulfill its contract obligations based on a strategic plan so that it can avoid micro-managing. It is very disappointed in project results to date and has some strong negative perceptions about PACTs' capacity to carry out this project.

The contractor has been quite vociferous and vehement in insisting on being let alone to carry out the Cooperative Agreement as it best sees fit and believes USAID/Peru has been obstructionist. PACT has questioned and continues to question USAID/Peru's "substantial involvement" in the project. According to some USAID/Peru officials, PACT questions issues in the Cooperative Agreement continually. PACT shows evidence of intransigence; USAID/Peru has sent mixed signals to PACT and has not defined clearly its role and responsibilities in the project. The effect of this situation is substantial energy placed on discussing minuscule administration level issues in the tar pits level rather than both institutions keeping their eyes on the prize. USAID/Peru in general has a clear view of the mountain while PACT is fogged down in the valleys.

1. Personnel and Organization Structure

PACT/Washington recruited three senior staff members for this project and were key personnel in their proposal to the Mission. Once awarded the contract, PACT/Washington appears to have provided low level

orientation and backstopping for its key personnel According to these staff members, PACT headquarters has not provided guidance for strategic planning, annual plans, and the considerable corporate capability of the institution to bear on this project.

PACT/Peru staff have strong backgrounds in financial management and budgeting, NGO project implementation at the community and barrio level, general research capabilities, and medium level specific sector specialization in health, micro enterprise, and agriculture. The Chief of Party stated not having any NGO prior experience before this project and his resume demonstrates almost exclusive financial management. The Deputy Director for Project Development resume shows excellent NGO qualifications and solid health sector background but not institutional strengthening. The Deputy Director for Monitoring and Evaluation resume has mid-level experience in PVO support projects elsewhere but no direct NGO experience nor monitoring and evaluation experience. Three recently contracted other key staff coordinators have good to moderate level experiences for their positions and all have worked for NGOs.

One principal focus has been sub grant development so that the Deputy Director for Project Development and two sectoral coordinators have dedicated almost all their time to this effort. The Deputy Director for Monitoring and Evaluation and one coordinator work closely together on the PL 480 Title II monitoring and evaluation system.

Present PACT/Peru personnel do not have adequate experience to carry out institutional strengthening as proposed in the Project Paper, Cooperative Agreement, and the contractors technical proposal. PACT staff strengths lie with financial administration and budgeting, NGO project development, and medium level specific sector specialization in health, micro enterprise, and agriculture. There is almost no staff experience in NGO strategic planning, institutional strengthening, project planning, self-financing, sustainability, and other similar institutional strengthening needs of Peruvian NGOs.

2. Information System

PACT maintains a detailed listing of over 400 NGOs in their data bank. This is most likely the most complete inventory of NGOs in the country. They can access this information quickly and diffuse this information to clients.

The project does not have a monitoring and evaluation system in place today. They plan to have three kinds of monitoring systems: 1) indicators tracked for the project; 2) indicators tracked for sub grants; and 3) indicators tracked for the PL 480 Title II NGOs. These systems are not in place.

3. PACT and USAID Communication

Fairly serious discrepancies have been observed during this shakedown between USAID/Peru and PACT regarding this project. According to USAID/Peru and PACT officials coordination/discord issues occur almost every day between the two parties. The effect of this situation is substantial energy placed on discussing minuscule in the far pits rather than both institutions keeping their eyes on the prize.

USAID/Peru insists that PACT fulfill its contract obligations based on a strategic plan so that it can avoid micro-managing. It is very disappointed in project results to date and has some strong negative perceptions about PACTs' capacity to carry out this project.

PACT insists on being let alone to carry out the Cooperative Agreement as it best sees fit. PACT has questioned and continues to question USAID/Peru's "substantial involvement" in the project. PACT questions minuscule issues in the Cooperative Agreement.

USAID/Peru has demonstrated measured restraint in the face of consistent contractual issues raised by the contractor. There have bee some Mission miscues as follows:

- The Mission has not provided to the contractor a clear strategic vision for this project. Its personnel has that vision integrated into their Mission Strategic Plan and could share with the contractor their years of experience in similar projects and transfer that experience to the contractor.

- The Mission provides to the contractor mixed signals regarding roles and responsibilities. The contractor reports getting confused concerning project management and submits reports to different Mission officials. In reviewing correspondence it is quite evident that the contractor does receive considerable amounts of communication from different USAID officials over the same topics.

- The Mission has provided at times mixed signals to the contractor regarding the overall focus of this project: breath versus focus; project development versus institutional strengthening. The contractor points out communications from the USAID Mission Director requesting sub grants implemented quickly to justify their focus in that component.

- The Mission has not transmitted its disappointments and dismay of contractor performance early, clearly and with force. The SARs, for example, do not show the full disappointment and lack of progress that is so evident in this shakedown evaluation nor the disillusionment expressed so clearly by most USAID/Peru officials.

  The net effect is that after 19 months the contractor still does not perceive that there are any serious problems that need change in this project. The Chief of Party, for example, demonstrated strong disagreement with the USAID/Peru assessment that the project is at present working at very low levels of effectiveness and efficiency.

- The contractor feels that the Mission micro-manages the project.

4. First Annual Report

PACTs' First Annual Report covers the period of project inception to September 30, 1993. The narrative is a seven page document with background data on the project and brief description of activities accomplished. The document contains annex drafts and not final products of the NGO inventory, needs assessment,selection criteria for sub grants, and a draft operations manual. The quality of the annex documents has been reported earlier. This annual report is very deficient and far below professional standards for a contractor implementing a $43.0 million project. It contains almost no detail of activities accomplished in accordance with a strategic plan, no indicators of progress, no description of outputs accomplished, and lacks analysis that can be used for future planning.

5. Second Annual Operational Plan

PACTs' Second Annual Operational Plan is a very short 12 page document that covers the plans for October 1993 to September 1994. It contains a short five page description of administrative and logistical project activities of the previous year. For the coming year the document provides five pages of charts that contains 95 project activities in eight sections. Each activity has a brief description, person responsible, days per activity, and expected results.

The document is inadequate in providing a map of where the project will be going this coming year. For sub grants components there is no narrative nor description of the kinds of activities planned. For institutional strengthening, there is no details of magnitudes of activities, specific institutional strengthening activities planned training, technical assistance, or other activities that will happen. In the PL 480 component the document lacks specific outputs that will take during the year. It is at a very sub-standard professional level and is quite difficult to use for planning.

Conclusions

Three overall conclusions are made in the three study areas.

1. Project Design

The contractor has not developed an institutional strengthening strategic plan 19 months into the project It has planned and implemented project activities in linear fashion in substitute for contemplating and planning for a desired impact. Indeed PACT has spent enormous amount of energy arguing it did not need a strategic plan because it was not required in the Cooperative Agreement. This lack of strategic planning causes the contractor to misdirect its focus almost exclusively on sub grant project development when the central project focus is institutional strengthening.

A strategic plan is a positive document that details in precise terms your strategy, approach, focus, and use of personnel and financial resources. This plan and a mission statement sharply focus your attention on important purpose level impacts desired and helps to avoid getting tangled in mixed level project implementation (outputs, activities, administration) at the expense of having a focused project.

The effect of current poor planning by the contractor is that there is no way that the project purpose can be achieved with the present piecemeal approach. Despite contentions by the contractor, this project has gotten off to a bad start in the first 19 months. The project lacks direction and focus. It may reach a few output level indicators satisfactorily but will not achieve impact level indicators envisioned originally in the Project Paper. The several positive aspects of this project (sub grants to selected NGOs and the two initial institutional development grants) are overshadowed by overwhelming evidence of poor direction and focus. If the project continues on its present course Peruvian NGOs will not be strengthened to a large degree, will diversify their funding portfolios with minimal project influence, will remain low in self-sustainability, and this PVO Support Project will have been reduced to a simple USAID sub grant donation mechanism. The $7.2 million available is a "drop in the bucket" of international funding for national NGOs estimated at $200 million.

2. Outputs and Activities

Only one of the three project components is on track after 19 months. This project does not have an action plan that indicates the types and kinds of activities that will produce the outputs desired. PACT staff has established three output components but they demonstrate poor levels of knowing what these outputs are to accomplish. There are no output indicators that the contractor uses as guidelines except for the simple numbers used for sub grants and institutional development activities.

There are very weak vertical linkages and internal consistency of activities to produce outputs in each component. There is no way to know if the project has produced positive results in the first 19 months in accordance with a plan. The project does not have any purpose level indicators to measure impacts. Original project indicators themselves in the Project Paper are not satisfactory and the contractor would have been well advised to plan and implement indicators at project inception.

The NGO Sub Grant component has a few isolated positive activities that have taken place. Several activities of selecting NGOs and preparing DAGs are of good quality.

The Institutional Strengthening component is floundering and with no direction. In 19 months it has only produced individual IDGs for two consortiums and they do not have an overall plan how they will strengthen NGOs.

The PL 480 Title II component is hopelessly bogged down in dead end analysis and planning and with no optimistic possibilities that the monitoring and evaluation system will ever get off the ground. The contractor and the Mission are at futile land combative loggerheads with no optimistic possibilities on the horizon.

Almost nothing has been done for NGO sustainability and self-financing in the first 19 months.

3. Administration and Organization

In a well organized and administered project, in which the contractor demonstrates leadership and direction, issues of administration and organization are relegated to footnotes in shakedown evaluations. The fact that USAID/Peru has requested an assessment of administration and organizational roles and responsibilities is in itself indicative of some lower level issues that permeate this project. In general terms the design and impact levels should dominate assessment, followed by implementation of activities that produce products. Administration and organization normally is a minor issue. In many cases administration and organization come to command attention by contractors in excuse for lack of performance. Contractors normally never raise organization and administration issues when their eyes are on the prize. They realize that the donor provides funds for their implementation of the project.

The contractor has lost track of its real purpose and spends most of its time engaged in nonsensical administrative issues. Unqualified and underqualified contractor field staff members spend an enormous amount of energy stuck in the tar pits at the administration level. PACT as contractor emphasizes organization and administration at the expense of higher level concerns. They do this precisely because it is more facile to get bogged down in minuscule administration detail rather than tackle the more difficult design and project internal inconsistency issues.

The contractor is responsible for implementing this project and has contractual obligations to fulfill. It cannot back down on its responsibilities and obligations to implement this project well and in accordance with the Cooperative Agreement. It cannot refer back to the Mission as an excuse for its inaction. The contractor itself is fully responsible for implementing this project.

The most surprising finding in this evaluation was the contractors' total insensitivity to the notion that they were not performing well. They continue to believe they are doing well and any shortcomings are the fault of others. That is why the recommendations made below for improving this project, under present conditions, are going to be quite difficult. And this is why a strong hand intervention by the Mission will be required to implement those recommendations.

Recommendations

PACT/Washington needs to spearhead a complete overhaul of this project that includes developing a strategic plan, a revised logical framework, a global plan, a revised 1994-95 annual plan, revised budget, and a restructured administration and personnel to implement this re-designed project. This active planning is essential to get this project on track. It cannot be done by the PACT/Peru staff alone because of factors mentioned in the conclusion. Three recommendations follow the three conclusions in the three study areas. Annex 6 annotated logical framework is part of this recommendation.

USAID/Peru has a central role in re-designing this project. It needs to provide guidance, close supervision, approvals, and act as a genuine partner for these reforms to be instituted.

Project Design

This project needs to be shaken and redesigned so that the project is in accordance with core principles of the Project Paper, the Cooperative Agreement, and PACTs' technical proposal that has institutional strengthening and building of 200 Peruvian NGOs as a central focus. PACT needs a new strategy and new focus immediately. This new design will contain many features of the present design but it will have rigorous planning The revised logical framework contains elements of this revised strategy. The key concepts are:

a) Project revised with an institutional strengthening framework rather than the present project development focus. The strategy would define conceptually institutional strengthening and provide the hypotheses for the revised project design.

b) A strategy of actions for institutional strengthening based on three levels of NGO developmental characteristics, needs, and means to graduate and become more mature institutions. This strategy would have specific training and technical assistance guidelines that are sequential and developmental and that lead to contractor certification.

The contractor should write a 30-40 page strategy and get USAID/Peru approval.

Outputs and Activities

Once the strategy is in place, the contractor needs to design and write a new logical framework for the next 4 1/2 years. It should start with the purpose and its indicators, goal and indicators, and then proceed to define outputs and their respective indicators. Project activities must be designed to produce new and revitalized outputs and that in turn produce the same purpose. The project requires refinement and adaptation to maintain internal consistency. Annex 6 contains some preliminary ideas for a revised logical framework based on recommended modifications for the future. They center on a few fundamental concepts for outputs:

a) Re-structuring institutional development that goes beyond the present focus of institutional development grants and that includes increased sequential training and certification of NGOs; technical assistance awards and specific project interventions for NGO specific needs; and technical training in health, micro enterprise, and agriculture.

b) Producing high quality activities for institutional strengthening (publication of directory, publication of needs assessment, systematization of NGO experiences) within the framework of a strategic plan.

c) Adding a new output component of sustainability and self-financing with respective activities and indicators.

d) Targeted actions for strengthening and graduating NGOs to higher levels of sustainability and self-financing. The strategy would include guidelines and tactics for diversifying funding of NGOs.

It is recommended that the PL 480 component be taken out of the PACT contract and re-adjustments made for PACT personnel. An agreed upon sum would be taken from the PACT budget and be re-allocated to the USAID managed part of the overall budget. If this recommendation were not acceptable then

e) a holistic and integral strategy for linking the PL 480 Title II institutions with other NGOs, coordinatio of their food assistance programs, and how a monitoring and evaluation system would function for the betterment of the food assistance program is needed.

After the logical framework is written and approved by USAID/Peru, the contractor should be required to write themselves (not contracted) a new four and one-half year detailed 200 page "project paper" (operational plan) that describes in detail outputs, detailed description of activities, and a complete monitoring and evaluation system with specific indicators. USAID/Peru should provide guidelines for this document and approve it.

Once the operational plan is approved, the contractor should re-write its annual plan 1993-94 as one-forth of the operational plan and in specific detail. USAID/Peru should approve this document.

Administration and Organization

The contractor organization and administration should be redirected to implement changes required. This most likely will require replacing certain staff members and contracting other staff members. The contractor should bolster its staff with institutional strengthening experts and diminish administration and financial management specialists. If PL 480 monitoring and evaluation is eliminated, as recommended, then that staff member would not be needed.

The time envisioned for all plans (strategic, logical framework, operational plan, annual plan) is six weeks. The contractor should curtail all future project activities until these plans are written and approved.

PACT/Washington should be obligated to spearhead these reviews in Lima for the entire six weeks. PACT/Washington should take full responsibility for re-organization and administration of this project in line with the new global plan. Their presence is required to change personnel, if needed, and to restructure the budget in line with the new activities and outputs.

ANNEX No. 1: Scope of Work for Evaluation

The following are key excerpts from the Scope of Work for this evaluation.

A. Design of Activities, Results, Purpose, Goal

1. Determine if project responds to country needs

2. Determine, given NGO present financing, if project will have positive and relevant impact

3. Determine if project would have more precise population focus, geographic, and sector focus

4. Analyze convenience to have PACT take over PL 480 Title II monetization program as well as follow-up and monitoring of food assistance PL 480 Title II Program

5. Revise indicators of four levels of logical framework

6. Write a new logical framework

7. Review assumptions

8. Review and propose changes in cooperative agreement

B. Activities and Results

1. Analyze the activities of project including a) level of effort; b) needs assessment; c) programming; and d) established program

2. Analyze results including a) positive results; b) reasonable results related to costs; c) monitoring and evaluation of food assistance and its support. Should mission continue in these actions; and d) results with women and micro enterprise development.

C. Organization and Administration

1. Adequacy of personal and organization. Effectiveness of personal.

2. PACT information system to manage project.

3. Communication and coordination between PACT and USAID.

4. Adequacy of USAID role in project.

5. Substantial involvement of USAID to supervise Cooperative Agreement.

6. Adequacy of project management.

7. Strengths and weaknesses of PACT.

8. Relationship of project implementation to Cooperative Agreement with norms and regulations.

9. Second Annual Work Plan October, 1993- September, 1994.

Annex 2: Documents Reviewed

PACT	"Technical Proposal for the PVO Support Project."
PACT	"Annual Work Plan, PVO Support Project, for period October 1992 to September 1993."1993
PACT	"Inventory of NGOs (Directorio Nacional de ONGs)." September 1993.
PACT	"Needs Assessment (Estado Situacional de las ONGs)." May, 1993.
PACT	"Formats and Contents for Concept Papers and Project Proposals." No Date.
PACT	"Draft Sub-Grant Agreements." No Date.
PACT	"First Annual Technical Progress Report, PVO Support Project , October 1992 to September 1993 " December 1993.
PACT	"Second Annual Work Plan: PVO Support Project, October 1993 to September 1994." Decembe 1993.
SASE	Instituto Apoyo. "Evolución Institucional de las ONGD en el Peru." August, 1993.
AID/Peru	"Cooperative Agreement No. 527-0353- A-00-2297-00."1992.
AID/Peru	"Project Paper: PVO Support Project." 1992.
AID/Peru	"Semi-Annual Reviews." April 1993; October 1993; April 1994.

In addition, this consultant reviewed all sub grant donations, institutional development grants, PL 480 Title II documents and reports, PACT trimester reports, and files of internal documents from both PACT and USAID/Peru. Both institutions were most cooperative in providing abundant information for this review.

ANNEX 3: PERSONS INTERVIEWED

USAID/PERU

Harry Wing	Chief, Office of Rural Development
Merritt Broady	Chief, Food for Local Development Division
George Baldino	Deputy Chief, Food for Development Division
Juan Robles	PVO Project Coordinator

PACT

Andrew Urquhart	Chief of Party and Project Director
Gloria Tejada	Deputy Director for Program Development
Monique Davis	Deputy Director for Monitoring and Evaluation
Hugo Centurion	Coordinator for Agricultural Projects
Luis Del Aguila	Coordinator for Micro Enterprise Projects
Carola Amezaga	Coordinator for Food Aid, Monitoring and Evaluation
Alicia Rivera	Finance Officer

Non-Governmental Organizations

Cajamarca	33 staff from following organizations:
CEDAS	Centro de Desarrollo y Accion Social
EDAC-CIED	Equipo de Desarrollo Agropecuario-Centro de Investigacion, Educacion y Desarrollo
CEDEPAS	Centro Ecumenico de Promocion y Accion Social
IDEAS	Centro de Investigacion, Documentación, Educacion, Asesoria y Servicios
ASPADERUC	Asociación para el Desarrollo Rural de Cajamarca
RAIZ	Centro para el Desarrollo Regional Raiz
CEDAJ	Centro de Desarrollo para el Alto Jequetepeque
CEDIF	
ADEFOR	
CAPECC	
ITDG	
PROMOVIENDO	
CIPDER	Comite Interinstitucional de Desarrollo Regional
Ayacucho	35 staff from the following organizations:
TADEPA	Taller de Promocion Andina
IER-IMA	Instituto de Estudios Regionales "Jose Maria Arguedas"
CEDAP	Centro de Desarrollo Agropecuario
VECINOS-Peru	Vecinos Peru
FINCA Ayacucho	Asociación de Fomento Agropecuario
CCC	Centro de Capacitación Campesina
CIPED	Centro de Investigación para el Desarrollo
CEAA-INTI	Centro de Estudios y Asesoria Agricola
CIDRA	Comite Interinstitucional de Desarrollo Rural de Ayacucho

ANNEX No. 4: NGO Assessments of their Strengths and Weaknesses

The following information was provided by 65 NGO leaders from 25 NGOs in focus groups in Cajamarca and Ayacucho. This consultant compiled and synthesized their opinions. The commentary is not translated from Spanish.

NGO Internal Strengths:

1. Conocimiento de la realidad o relación directa con el medio
2. Revaloración del aspecto cultural de la población
3. Capacidad de convocatoria y concertación con otros actores
4. Algún grado de propuesta de programa de desarrollo integral
5. Cobertura de espacios y temas no atendidos por el Estado
6. Uso racional de los recursos
7. Profesionales de experiencia en los diferentes campos
8. Mística y compromiso de trabajo de los profesionales
9. Mayor operatividad y ejecutividad de proyectos
10. Legitimidad ante la sociedad y el Estado
11. Trabajo inicial en consorcios (conformación del CIPDER)

NGO External Opportunities

1. Relación estrecha con la población objetivo
2. Alguna presencia de las organizaciones campesinas de base
3. Reducción del aparato estatal
4. Pérdida de credibilidad en los programas del Estado
5. Población expectante, aumenta demanda de labor de ONGs
6. Alguna capacidad de concertación con las diferentes instituciones del medio
7. Flujos financieros internacionales canalizados por la mayor confianza en las ONGs
8. Capacitación usando el conocimiento del desarrollo existente en el país: Planificación sistémica, elaboración del proyecto, investigación, otros
9. Vinculación del profesional nuevo hacia la problemática real del país
10. Constitución de redes institucionales

NGO Internal Weaknesses:

1. Ámbitos localizados o espacios de intervención reducidos

2 Trabajo en períodos cortos

3 Infraestructura limitada de operación

4. Desequilibrio de recursos frente a necesidades, falta de recursos humanos y financieros

5. Incapacidad para generar recursos propios

6. Débil desarrollo institucional, por escasa o inexistente planificación estratégica y poca sistematización de experiencias

7. Enfasis tecnocrático y algún grado de ausencia de propuestas políticas de desarrollo

8. Algún grado de ausencia de articulación entre las ONGs, con duplicación de esfuerzos y presencia de recelo institucional

9. Proyectos con énfasis en el asistencialismo

<u>NGO External Risks</u>:

1. Violencia política en las áreas de influencia de las ONGs

2. Desconfianza del gobierno al trabajo de las ONGs, con amenazas sistemáticas de algunos miembros de gobierno

3. Intervención política del Estado y cambio permanente de las políticas en los gobiernos

4. Programas distorsionados de emergencia social, FONCODES y otros

5. Autoridades corruptas

6. Centralización de la información en las grandes ciudades (Lima)

7. Alguna desarticulación de las organizaciones del medio de trabajo

8. Alguna falta de capacidad de concertación de las ONGs con sectores del Estado, Iglesia, otras ONGs, etc

9. Proliferación de ONGs

10. Bajos niveles educativos de los beneficiarios

ANNEX 5: NGO DESIRED ASSISTANCE FROM PACT NEXT FIVE YEARS

Focus groups were held with 65 NGO members from 25 NGOs in Cajamarca and Ayacucho. The following is a synthesis of their perceived desired assistance from PACT in the next five years. They are organized in accordance with the project components

Sub Grant Development Activities

- Finance integral development projects with emphasis on environment and women issues.
- Financial assistance to NGOs for rural sanitary infrastructure
- Sub-grants for commercialization components within larger projects; not just projects
- Provide credit for agricultural/health projects

Institutional Building/Strengthening

- Train NGO staff in project design and logical framework
- Serve as catalyst for exchanging information among NGOs
- Contract specialists for specific technical services for NGOs. Examples are assistance with feasibility studies; extension promotion; training of trainers
- Channel information regarding projects in Peru and elsewhere in Latin America. Serve as facilitator for up-to-date information on different kinds of projects; lessons learned; and ways that NGOs can be more effective and efficient.
- Have strategic plan that can help NGOs over a longer period of time of 7-10 years.
- Technical assistance in design, monitoring and evaluation of projects.
- Train NGOs in project administration.
- Provide forum for exchanging information and experiences among farmers and technicians.
- Data bank for NGOs including common software.
- Strengthen documentation centers.
- Training and research in specific agricultural areas.
- Train in delivering services to base organizations
- Train in agricultural extension techniques
- Publish systematic experiences NGOs in Peru

NGO Sustainability

- Make contacts with international donors who can provide financial assistance to Peruvian NGOs
- Provide direct technical assistance to NGO development projects. Help exchange information regarding successful projects.
- Sponsor research and investigation about new project possibilities.
- Provide technical assistance in specific problem areas such as agricultural business, agricultural exports, agro-industry, agricultural marketing.

ANNEX 6: **REVISED LOGICAL FRAMEWORK**
PVO SUPPORT PROJECT

This annex provides some preliminary concepts for a revised logical framework for the PVO Support Project. It is an annotated logical framework in order to provide more specific detail on some proposed changes. The format is somewhat modified also for easier reading.

This revised logical framework assumes that the contractor will fulfill certain planning activities that are in the line with many of the concepts stated here. The documents required in this order are:

1. Strategic Plan
2. Revised Logical Framework
3. Global Plan for next 4 1/2 years
4. 1993-94 revised Annual Plan

GOAL

Summary Quality of life increased for beneficiary families in specific geographic areas where NGOs deliver project activities in agriculture, micro enterprise development, and health

Indicators

1. Increase of 10% income per family of project beneficiaries for each year of NGO project

2. In agricultural projects only, increased income of 10% per family based on sales of increased production

3. In health projects, reduced child mortality and morbidity rates by 5% per year in family beneficiaries

4. In microenterprise projects, increased family income of 10% per year for project beneficiaries and 10% increase average per year employment increased in project beneficiary micro enterprises

5. In integral projects, increases and decreases as stated in four above indicators.

PURPOSE

Summary

Peruvian NGOs capable of delivering development programs to specific beneficiaries with credibility and experience through effective and efficient means and with sustainability

Indicators

1 50% of 200 NGOs monitored in project demonstrate graduation characteristics advancing toward maturity from level to level upward by September 1998.

2. 100 new projects financed and implemented by the 200 NGOs monitored that can be attributed to project activity initiative through September 1998.

3. 25 of Level III NGOs graduate to Level II; 25 of Level II NGOs graduate to Level I during project period to September 1998.

4. Increase of 20% in number of projects and beneficiaries reached by international donor support for the 200 monitored NGOs during project period.

OUTPUTS

OUTPUT NO. 1: Sub Grant Development

Mature Peruvian NGOs with strengthened development capabilities for providing effective and efficient development services

Indicators

1.1 25 Level I mature Peruvian NGOs implementing sub grant projects in rural integral development, health, agriculture, and micro enterprises using effective and efficient strategies by September 1998

1.2 20% increase in community participation with DAG sub grant NGOs each project year

1.3 80% completion rate of indicators in sub grants awarded (requires monitoring of indicators in sub grants)

1.4 Increase of 20% in demand by communities covered in the DAG project areas for NGO services to September 1998

1.5 20% increase in number of communities in DAG communities able to design, plan and implement their own sustainable development activities as a result of NGO support

1.6 50% of NGOs with DAG financing obtain additional diversified (not USAID) funding for some project before its termination

Activities

1.1 Screen, review, and select 25 mature NGOs at Level I for DAGs. 15 have already been selected. Select 10 more by end of June 1995.

1.2 Set-up and implement monitoring and evaluation system for the DAGs using indicators established in this grant. Set-up indicators for 15 sub grants by June 1994 and then indicators for new grants <u>before</u> the sub grants are awarded.

1.3 Train 250 staff from the 25 NGO DAG recipients in project design, implementation, and evaluation at the beginning of project implementation, using their DAG projects as a <u>means</u> for them to gain experience in effective and efficient project implementation and thereby becoming strengthened. Average 10 staff per NGO.

1.4 In-service technical training for 250 NGO staff from 25 DAG recipient NGOs in 1) community participation and planning, 2) needs assessments to expand to new geographical areas, 3) extension techniques, 5) appropriate technology, and other technical areas. Important to set-up sequential and development training program leading to certification.

1.5 NGO staff from the 25 NGO DAG recipients provide in-service training, orientation, workshops, field days. Level II 375 staff from 75 NGOs trained and Level III 375 staff from 75 NGOs trained. This transfer of information, attitudes, and practice from mature NGOs to new and developing NGOs is an obligation of the DAGs to transfer, "take under their wings", and otherwise help the transfer to newer NGOs.

OUTPUT NO. 2: NGO INSTITUTIONAL STRENGTHENING

Second and third Level Peruvian NGOs strengthened and capable of designing, implementing, and delivering development assistance in credible fashion to specific beneficiaries over a sustained period of time

Indicators

2.1 75 Peruvian NGOs recipients of small scale institutional development grants in accordance with established strategic plan approved in June 1994

2.2 80% of 75 Level II and 75 of Level III NGOs with increased capability of planning, managing, and implementing development projects in effective and efficient manners gaining credibility in the national and international communities by September 1998

2.3 30% increase in variables of strengthening developed in approved strategic plan of targeted 75 Level II and 75 Level III NGOs

2.4 80% of trained NGO staff members applying in practice at high levels of professional quality concepts provided by training six months after workshops

Activities

2.1 Based on operational plan, write a specific sequential training guide with curriculum, objectives expected outcomes, targets, and criteria for NGO participants to get certification having passed this development course.

2.2 Purchase training materials for specific courses before starting courses. For example, microenterprise training could use training materials from Carvajal Foundation and ACCION International. Health could use Hesperian Foundation materials.

2.3 Develop curriculums for training courses and organize training materials.

2.4 Publish the curriculum and course outlines.

2.5 10 workshops for 300 NGO staff in 75 Level II NGOs in management, organizational development, and strategic planning

2.6 10 workshops for 300 NGO staff in 75 Level III NGOs in management, organizational development, and strategic planning

2.7 10 workshops for 300 NGO staff in 75 Level II NGOs in project design (logical framework)

2.8 10 workshops for 300 NGO staff in 75 Level III NGOs in project design (logical framework)

2.9 20 workshops in health for 300 NGO health workers at Level II and Level III in five years in sequential training programs related to primary health care, health delivery, promoter training, and other related health themes in accordance with strategic plan approved in June 1994

2.10 20 workshops in agriculture development for 300 NGO agricultural workers in NGOs at Levels II and Level III over a five year period in sequential training programs related to agricultural extension, agricultural production, commercialization and other related agricultural themes in accordance with strategic plan approved in June 1994

2.11 20 workshops in micro enterprise development for 300 NGO micro enterprise promoters in NGOs at Levels II and III over a five year period in sequential training programs related to micro enterprise promotion techniques, production for micro enterprises, training of trainer strategies, and other related micro enterprise themes in accordance with strategic plan approved in June 1994

2.12 Technical assistance to the 89 NGOs with concept papers approved by PMU but not selected (89 of the 104 pre-selected) to refine, adapt, and otherwise get these projects ready for funding by alternative donor assistance other than USAID/Peru or the sub grant mechanism. In Component No.4 these are principal candidates for obtaining funding from alternative sources.

2.13 Technical assistance/project design workshops to 100 NGOs of the next best qualified concept papers to turn those concept papers into full projects for funding.

2.14 Publish the revised NGO Directory that contains indexes of NGOs by sector and geographic location. Directory expanded to include 20 key characteristics of each NGO relevant for international donors including types of projects, financing, levels of operations, staff, and PACT certification. Distribute directory to all NGOs listed, national and international entities.

2.15 Revise, adapt, polish, and publish the needs assessment document. Turn needs assessment into advocacy document that includes new information on sectors, geographic locations, the NGO movement in Peru, and certainly a "user friendly" document that helps support the NGO movement in Peru.

2.16 Review, adapt, polish, and publish as PACT product the SASE/Instituto de Apoyo assessment of Peruvian NGOs. Document reduced to maximum 50 page user friendly document that provides relevant information that supports the NGO movement in Peru.

2.17 Public relations effort to launch three documents of directory, needs assessment, and SASE study. Purpose to gather support for NGOs.

2.18 75 NGOs from Levels II and III classifications receive technical assistance IDG not to exceed $5,000 each that can be used for individual technical assistance, staff training, a needed input, credit, and other similar short-term rapid insertion to fulfill an immediate need. Mechanism designed that NGO submits one page request and justification for IDG. PACT has turn around approval within two weeks.

OUTPUT NO.3: PL 480 TITLE II MONITORING AND EVALUATION SYSTEM

A PL 480 Title II monitoring and evaluation system functioning in an effective and efficient manner

Indicators

1.1 A uniform monitoring and evaluation system for PL 480 food program functioning in effective manner by August 1994.

3. A PL 480 Title II monitoring and evaluation system in place and functioning effectively by August, 1994

1.2 Four PVOs in PL 480 Title II program adapt monitoring and evaluation systems and practice system within their organizations.

1.3 Four food-handling agencies work with PACT to have same system functioning with standard financial and impact reporting systems.

Activities

3.1 Analyze operational plans, multi-year plans, and annual reports and make recommendations to USAID on the most effective integration of resources to achieve maximum impact.

3.2 Design monitoring and evaluation system and present to USAID for approval.

3.3 Seminars on use of monitoring and evaluation system.

OUTPUT NO. 4: SUSTAINABILITY

Peruvian NGOs graduated from new to developing to mature organizations and with sustainability as on-going and stable third sector/third generation development organizations

Indicators

1.1 Increase of $5.0 million new funds for 200 monitored Peruvian NGOs in 1994; and $10.0 million each in 1995, 1996, 1997, and 1998.

1.2 30 NGOs have sustainable profit making activities or endowments, beyond projects, that assist in sustaining those organizations at EOP.

1.3 50% of 100 NGOs attempting self-financing activities have adopted strategic plans for self-financing.

1.4 Increase of 20% national and regional government "contracting out" to 100 monitored NGOs for production, commerce, and services by September 1998.

Activities

4.1 Design in specific detail an action plan based on the global plan. Plan should provide specific detail how to go about self-financing and sustainability.

4.2 Develop training materials on self-financing for NGOs. Develop curriculum for training NGOs.

4.3 Publish brochure describing PMU sponsorship of self-financing and sustainability program for Peruvian NGOs.

4.4 10 workshops for 50 NGOs in self-sustaining development activities.

4.5 Present up to 80 polished and finished projects to national (FONCODES for example) and international financing organizations.

4.6 Provide seed money to 40 approved self-financing projects by NGOs.

4.7 Assist in negotiating 10 debt-swaps for NGOs.

4.8 Investigate and diffuse information to NGOs regarding opportunities for "contracting out" of services to NGOs.

4.9 Dialogue seminars with 25 NGO DAG recipients and other veteran 25 NGOs to plan sustainability.

4.10 Technical assistance by PACT to 25 NGOs so they develop additional activities and products in same projects and obtain additional funding for the same projects so they can continue after DAG funds terminate.

ANNEX 7: AID EVALUATION SUMMARY

ABSTRACT

The Peru PVO Support Project No. 527-000353 goes from September 30, 1992 - September 29, 1998 (6 Years) with a budget of $13,600,000 (delivery $ 6,382,996 and subgrants $ 7,217,004). This was a shakedown evaluation required in Cooperative Agreement and was done 1 year and 7 months into project by an independent evaluator under purchase order with USAID/Peru. The evaluation purpose was to answer uncertainities regarding project design, project activities producing outputs, and administration and organization issues. The project is administered by the US PVO Private Agencies Collaborating Together (PACT). The project purpose is to strengthen the institutional capacity of Peruvian NGOs to work more effectively with community organizations in the delivery of services in key sectors. The major findings and conclusions are:

- Project has good design in Project Paper but contractor never has understood the basic concept of institutional strengthening as the centerpiece of this project.
- Only one of three project outputs somewhat on track; the other two components are fumbling or have not really gotten started. Project activities in those two poor outputs hardly exist.
- PACT has recently signed 15 sub grants totaling $3.1 million and two institutional development grants totaling $300,000. These will assist 25 NGOs in Cajamarca and Ayacucho. Selection systems to get proposals generally good.
- Contractor has weak field staff and acrimonious relationship with Mission.

Recommendations are:

- Set-up rigorous and tightly controlled by Mission two month re-design of strategy, logical framework, operational plan, annual plan, restructuring budget, and perhaps changing some field staff to get project on trazck.

Summary of Evaluation Findings

The Peru PVO Support Project No. 527-0353 is a six year effort for the period September 30, 1992 to September 29, 1998 and administered by the US PVO Private Agencies Collaborating Together (PACT) with a cooperative agreement with USAID/Peru. The project purposes are to 1) expand the amount and increase the developmental impact of PVO/NGO programs in the key sectors of agriculture, health and enterprise development; and 2) to strengthen the institutional capacity of Peruvian NGOs to work more effectively with community organizations in the delivery of services in these key sectors. Project outputs are 1) direct grants awarded to U.S. and indigenous NGOs; 2) workshops/seminars conducted to assist in maximizing NGO services and resources, and improving service delivery; 3) skills, knowledge, and suitable technologies transferred through NGOs to key sector beneficiaries; and 4) uniform, synchronized financial monitoring systems and impact reporting system developed by PMU and adopted by the food-handling agencies.

This "shakedown evaluation" was contemplated in the Cooperative Agreement to analyze the project after one year and to make necessary adjustments for the six year project. The evaluation was a 14 day effort to review documents, discuss the project with both PACT and USAID/Peru, and have several focus group meetings with NGO officials. The evaluation assessed 1) the overall project design, 2) specific project activities and results, and 3) project organization and administration. Evaluation results are presented with findings, conclusions, and recommendations. Seven annexes provide the scope of work, documents, and a revised logical framework for the project.

Findings

The initial Project Paper design is well-stated and is in line with the Peruvian NGO needs and aspirations. It contains a minor flaw of having a dual purpose statement of 1) project development focus and 2) NGO strengthening focus. By placing the former project development purpose as the goal and the latter NGO strengthening purpose as the sole project purpose, while at the same time lowering the high expectations of the goal statement, a project focus is obtained. The contractor has taken a strong project development focus at the expense of institutional strengthening.

The PVO Support Project emphasizes NGO institutional strengthening. The contractor has placed misguided and dominant focus on sub grant development activities (DAGs). This stems from several factors that include 1) PACT/Washington experience in sub grants in other countries and transfer of those experiences to this project; 2) PACT/Peru staff interest and experience in sub grant projects 3) PACT/Peru staff lack of institution building experience; 4) USAID/Peru giving mixed signals at times in wanting sub grants; 5) a poor understanding by PACT/Peru of how sub grants are to be used as a <u>means</u> to obtain a higher purpose of institutional development; 6) PACT/Peru unwillingness to address institutional strengthening and building with a strategy; and 7) PACT/Peru desire to get immediate sub grant projects started rather than devise a strategy for the slower and more amorphous effort of institution building.

The original Project Paper design emphasizing three NGO developmental levels appears to be right on target. The Project Paper and PACTs' proposal make this approach central for a strategic plan. The contractor has gotten misguided and confused as it implements a very limited, superficial, and different kind of project then was designed. Left alone to continue its present misguided course, the present implemented outputs will never produce the project purpose in the six year project period. The contractor does not have an institutional strengthening strategic plan 19 months into the project. It has planned and implemented project activities in linear fashion in substitute for contemplating and planning for a desired impact.

The current population, geographic, and sector focus are sufficiently emphasized to support NGO institutional strengthening impact if implemented well. There are perhaps about 200 NGOs and 3,000 NGO staff in the three sectors of health, microenterprise, and agriculture; about 50-60 NGOs in the four principal geographic zones.

The contractor delivers three project products (outputs) that they handle as project components. These are 1) Sub Grant Projects; 2) Institutional Strengthening; and 3) PL 480 Title II Monitoring and Evaluation System.

The Sub-Grant Project Component has dominated project implementation to date during these first 19 months. The contractor set-up good selection criteria, evaluation mechanisms, concept paper mechanisms, and

screening processes for receiving concept papers and eventually sub grant project proposals. Unfortunately they promoted this sub grant fund widely and got 828 concept papers from over 600 NGOs nationwide that would require a total of $175 million of funds. They screened these concept papers down to 104 and submitted to USAID for approval. Fifteen concept papers were approved and the NGOs provided proposals. By May 1994 the contractor had signed 15 sub-grant projects with Peruvian NGOs for a total of $3,024,888. The sub grants are good projects in themselves but lack institutional strengthening relationships and respective indicators.

The Institutional Strengthening Component has barely gotten off the ground after 19 months. The contractor has provided direct technical assistance to the NGOs preparing their projects with logical frameworks. In April 1994 the contractor signed two institutional development grants with two NGO consortiums in Cajamarca and Ayacucho for $150,000 each; and provided two workshops each in finance/accounting and logical framework in Cajamarca and Ayacucho for 65 NGO staff members from 25 NGOs. There is no strategic plan for this component. This cornerstone project component lacks focus, a plan, and indicators of institutional strengthening.

The PL 480 Title II Component is to work with four mature international and national NGOs providing feeding programs. They are to set up standardized monitoring systems for these organizations. In the past 19 months very little progress has been made and this component is stuck in a myriad of discussions among NGOs, USAID/Peru, and the contractor. USAID/Peru requests from PACT leadership in setting up a global strategy for a cohesive monitoring and evaluation system. The NGOs are willing to go along with a solid system. The contractor has not been able to provide that system causing delays in starting up what USAID/Peru considers an important project output.

The contractor has spent $1,022,965 through March 31, 1994 outside the grants. This is almost exclusively for salaries, other direct costs, and indirect costs. The contractor has little results to show for this level of expenditure.

Some serious discrepancies exist between USAID/Peru and PACT regarding this project. USAID/Peru wants PACT to demonstrate leadership as a contractor and fulfill its contract obligations based on a strategic plan so that it can avoid micro-managing. It is very disappointed in project results to date and has some strong negative perceptions about PACTs' capacity to carry out this project. The contractor has been quite vociferous and vehement in insisting on being let alone to carry out the Cooperative Agreement as it best sees fit and believes USAID/Peru has been obstructionist. The effect of this situation is substantial energy placed on discussing minuscule administration level issues in the tar pits level rather than both institutions keeping their eyes on the prize. USAID/Peru in general has a clear view of the mountain while PACT is bogged down in the valleys.

Present PACT/Peru personnel do not have adequate experience to carry out institutional strengthening as proposed in the PP, Cooperative Agreement, and PACTs' proposal. PACT staff strengths lie with financial administration and budgeting, NGO project development, and medium level specific sector specialization in health, micro enterprise, and agriculture. There is almost no staff experience in NGO strategic planning, institutional strengthening, project planning, self-financing, sustainability, and other similar institutional strengthening needs of Peruvian NGOs.

Conclusions

This project has gotten off to a bad start in the first 19 months. The project lacks focus and direction. It may reach some output numbers satisfactorily with sub grants to NGOs but will not reach impact levels envisioned originally in the PP. The several positive aspects of this project (15 sub grants to NGOs; two initial institutional development grants) are overshadowed by evidence of poor focus. If the project continues on its present course Peruvian NGOs will not be strengthened to a large degree, will diversify their funding portfolios with minimal project influence, will remain low in self-sustainability, and this PVO Support Project will have been reduced to a simple USAID donation award mechanism.

The project lacks internal consistency of activities and outputs to produce purpose level indicator impacts. Original project indicators themselves are not satisfactory. A strategic plan is a positive document that details in precise terms your strategy, approach, focus, and use of personnel and financial resources. This plan and a mission statement sharply focus your attention on important purpose level impacts desired and helps to avoid getting tangled in mixed level project implementation (outputs, activities, administration) at the expense of having

a focused project

PACT and USAID/Peru spend enormous amount of energy stuck in the tar pits at the organization and administration level. PACT focuses at this level at the expense of setting this project on a directed course

Recommendations

PACT/Washington needs to spearhead a complete overhaul of this project that includes developing a strategic plan, revising the logical framework, designing a global PL 480 monitoring and evaluation plan, a revised 1994-95 annual plan, a revised budget, and a restructured administration to implement this re-designed project.

- The contractor needs to refocus the project in accordance with core principles of the Project Paper, Cooperative Agreement, and PACTs' proposal that has institutional strengthening and building of 200 Peruvian NGOs as central focus. The contractor should write a 30-40 page strategy and get USAID/Peru approval. The key concepts are:

  - Revising the project to an institutional strengthening framework rather than the present project development focus;

  - Devising a strategy of actions for institutional strengthening based on three levels of NGOs and targeted actions for strengthening and graduating NGOs to higher levels of sustainability.

- Project activities must be designed to produce new and revitalized outputs and that in turn produce the project purpose. The project requires refinement and adaptation to maintain internal consistency. A new strategy is recommended for accomplishing a very focused and defined purpose with a new set of revised and measurable indicators. They center on a few fundamental concepts for outputs:

  - Re-structuring institutional strengthening that goes beyond the present focus of institutional development grants and that includes increased sequential training and certification of NGOs; technical assistance awards and specific project interventions for NGO specific needs; and technical training in health, micro enterprise, and agriculture.

  - Producing high quality activities for institutional strengthening within the framework of a strategic plan.

  - Adding a new output component of sustainability and self-financing with respective activities and indicators.

  - Targeted actions for strengthening and graduating NGOs to higher levels of sustainability and self-financing.

It is recommended that the PL 480 component be taken out of the PACT contract and re-adjustments made for PACT personnel. An agreed upon sum would be taken from the PACT budget and be re-allocated to the USAID managed part of the overall budget. If this recommendation were not acceptable then a holistic and integral strategy for linking the PL 480 Title II institutions with other NGOs, coordination of their food assistance programs, and how a monitoring and evaluation system would function for the betterment of the food assistance program is needed.

The contractor should write a revised logical framework and get USAID/Peru approval; then proceed to write a 200 page operational project plan and a PL 480 operational plan for the next four and one-half years and get USAID/Peru approval.

The contractor organization and administration should be redirected to implement changes required. This most likely will require replacing certain staff members and contracting other staff members. The budget requires a complete overhaul.