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HEIFER PROJECT INTERNATIONAL, INC.

POLICY PAPER

March, 1980

F O R E W O R D

For many years H.P.I. has operated successfully, guided by unwritten, yet acknowledged principles. By and large it has achieved an enviable record. Yet as significant changes in staff and budget have occurred and as demand for H.P.I. assistance has swelled, it is recognized as prudent that H.P.I. carefully review and set forth in writing its basic principles and policy.

In every area of its involvement, H.P.I. recognizes that the long-range goal is the self-development of people and the development of resources in their own community. The solution to development problems recognizes the interdependence of all human factors and requires that colleague organizations collaborate together in a common search for lasting solutions to the needs of the community.

Each project request is unique and requires flexibility in design and response. For long-term development, careful planning and building of infrastructures must occur at the front end. The participating group of individuals must attain a minimum level of managerial skills, production technology and resource commitment. The emphasis should be upon the development of a system that incorporates all of these components: livestock, managerial and production capabilities, and organizational infrastructure.

At the March, 1979, Annual Meeting of the Board of Directors, the Board directed the Program Committee and key members of H.P.I. staff to undertake a review of policy issues relating to program. The development of such a program policy is recognized as a dynamic process that must be guided by H.P.I.'s basic principles of action and informed and modified by ongoing experience in the field.

The following document has been developed through the active participation of the Program Committee, National and Regional staff and Program Field Representatives and is designed to provide a framework for decisions by H.P.I. Board and staff in program policy matters.

March, 1980

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STATEMENT OF PURPOSE

As recorded in the Articles of Incorporation (approved and filed April 15, 1953), the purpose or purposes for which Heifer Project International, Inc., (H.P.I.) is formed are as follows:

To provide, under Christian direction:

- a. Livestock to needy persons.
- b. Other related services toward helping people feed themselves.

As defined today, H.P.I. provides livestock and related services to enable those in need to achieve self-defined development. H.P.I. provides a channel for a personal or corporate commitment to share responsibly with those in need.

It is understood that as a development agency with limited resources, H.P.I. must make explicit choices with regard to the projects it supports, the relationships it develops and the resources it distributes. These choices should reflect a clear understanding of the organization:

1. H.P.I. is a specialized organization that works in animal agricultural projects.
2. H.P.I. is a church-related agency that provides a channel for individual donors and organizations to participate in the support of agricultural development efforts.
3. H.P.I.'s purpose is to support the socio-economic development of the poor and dispossessed, emphasizing assistance to rural families of limited resources.
4. H.P.I. participates, whenever possible, in a process of integrated development in support of community efforts to address the causes of hunger and poverty.
5. H.P.I. seeks to understand development in its cultural, economic, political, and ecological dimensions.
6. H.P.I. seeks to serve individuals, families and institutions on the basis of need irrespective of sex, race, creed or political persuasion.

The established H.P.I. objectives may be summed up as follows:¹

1. To aid persons in a way that helps them meet their needs through their own efforts.
2. To enable recipients to share the increase of their gifts and to provide opportunity for others to share in the gift.
3. To involve recipients in project planning and decision-making.
4. To encourage local autonomy in project control.
5. To cooperate with other agencies with similar objectives.

Both the character of the organization and its objectives suggest that project "ownership" should rest with the counterpart organization, or, ideally, at the project participant level. This implies that H.P.I. primarily forms assistance and advisory relationships with indigenous counterpart structures.

¹ Abstracted from the revised By-Laws, March, 1978. (It is recognized that these objectives are broadly stated and are not easily measurable; they are written in terms that focus on process rather than results.)

CRITERIA FOR PROJECT SELECTION

Heifer Project International has established a set of priorities to be considered as guidelines for project screening and approval. These criteria focus upon five major categories -- initiation of project, participation and "ownership", expected results, social and economic impact, and process -- as outlined below:

A. Initiation of Project:

1. The project requests should be based upon an assessment of needs and priorities which originate in part, if not in total, from within the participating community.
2. Planning should demonstrate sensitivity to social-cultural values of the locality and be consistent with development objectives of national, regional and/or local governments.
3. Preferably the project proposal will be one that views the development need of the community or region as part of an integrated approach.
4. The stimulus for the project proposal should not be simply one of outside availability of funds and/or resources.

B. Participation and "Ownership":

1. The project should be one in which "ownership" is vested, or will ultimately be vested, in the local project group and/or counterpart. (Such "ownership" is understood to impact upon the authority to make management decisions, evaluate performance and effect modifications and/or adjustments.)
2. Participants are expected to invest time, labor, funds and/or material resources in the project to the extent possible.

C. Expected Results:

1. A reasonable expectation should exist that the agreed upon measurable objectives (performance effectiveness measures) will be achieved by the participants, and that there will be a continued spread of benefits to the immediate area and/or other communities.

2. Projects related to production are expected to be self-supporting - either in subsistence or commercial terms - within a reasonable period of time.
3. Projects which include components of training, service and/or technical assistance should enhance the capacity for self-sufficiency of the local group rather than create dependency.

D. Social and Economic Impact:

1. Projects must be ecologically and technologically appropriate.
2. The breath of project involvement may range from individual producers to organized groups, to community and/or regional wide structures, and should reflect a sensitivity to the social, cultural, political and economic context in which the project is set.
3. Projects should primarily or ultimately assist limited resource rural families to achieve nutritional, social and economic betterment in terms which are primarily defined within the project locality.
4. Projects should facilitate the movement of resources into the hands of those who are poor.

E. Process:

1. Projects should be designed to facilitate continued achievement of benefits once the initial goals are met.
2. Projects should be designed to include participatory evaluation and should have the flexibility to adapt to changing needs.
3. Projects should help increase participants' knowledge, skills and problem solving capacity, and will include the provision for training to assist participants to gain these capacities.

PRIORITY CONSIDERATIONS FOR PROJECT SELECTION

Recognizing that H.P.I. is an agency of limited resources operating without reserves and primarily dependent upon private gifts and contributions for its support, it is important that priorities for project selection be carefully defined. Such priorities should be defined according to need, ongoing commitment, resource availability, appropriateness of resource input, potential for integrated development and for development of appropriate relationships.

A. Priority of Need:

Priority should be given to those projects which are aimed at helping the poorer sectors of the population who can feasibly benefit through the implementation of livestock-related projects.

Priority will be given to projects which strive for the most efficient use of resources to provide the greatest benefit for the largest feasible number of participants. The flexible and creative application of the "passing on the gift" principle will be seen as an important methodology to enhance the carrying out of this priority.

B. Priority of Appropriateness:

Priority should only be given to projects in which animal inputs are clearly appropriate within the context of the participants available resources and the ecology of the impacted area.

Where the maintenance of livestock inputs suggest competition for scarce food grain resources, careful analysis must be provided prior to project approval.

C. Priority of Ongoing Commitment:

H.P.I. places a high priority on the creation of livestock and poultry production systems, and in doing so recognizes that a commitment to an ongoing process is often necessary. Therefore, priority should be given to projects which have received prior approval from H.P.I. for multi-year support. Such projects shall be given priority at the time of the annual budget review with continued support contingent upon the submission of Project Progress Forms that demonstrate that the intent of the project is being met.

D. Priority of Relationships:

Development of relationships with Third World organizations is of primary importance. Priority should be placed on project activity where relationships with national, regional and local counterparts are based upon openness, mutual trust and the nurturing of local initiative. Naturally, there should exist a reasonable assurance that such counterpart organizations are capable of carrying out the proposed project. However, in some instances, H.P.I. should be willing to assume a risk in support of "untested", yet viable organizations, especially if they are grass-roots and participatory in nature.

It is understood that expatriate personnel and international PVO's are valuable components in the development process; however, H.P.I.'s primary relationships should be with national, regional and local organizations. Expatriate personnel should serve primarily in roles of facilitating a process and working in an advisory capacity with indigenous organizations.

H.P.I. acknowledges that there are many factors which must be considered prior to the establishment of a relationship with a counterpart organization or group, and high among these is the ability of that organization or group to work effectively with the ultimate project participants. Yet, in choosing its relationships with counterpart organizations and project groups, H.P.I. should also consider the establishment of such relationships which reflect the following order of priorities:

1. With national and/or regional inter-denominational structures that work in participatory development, i.e., CADEC within the Caribbean, CEDEN in Honduras, etc.
2. Within the context of denominational programs of a national church: i.e., The Methodist Church of Bolivia, The Catholic Church of Guatemala, etc.
3. With national and/or regional Private Voluntary Organizations that work in participatory development: i.e., AFPRO in India, The Dominican Development Foundation in the Dominican Republic, The Federation of Southern Cooperatives in the United States, 4-H and 4-H Foundations, etc.

4. With community-based groups in which broad participation exists: i.e., associations, cooperatives, "Comunidades de Base", entities of both legal and non-legal status, etc.
5. With non-nationalized church missions or other religious organizations, i.e., The Summer Institute of Linguistics, non-nationalized church missions, etc.
6. With government projects in which the primary or ultimate objective is to serve at the community level in participatory development, i.e., The Cameroon project, The "Pilot School" project in Honduras, The Tanzanian project, etc.
7. With external third party cooperating organizations: i.e., U.S. Peace Corps, F.A.O., and other international private voluntary organizations.

E. Priority of Integrated Development:

Priority should be given to those projects in which the livestock component adds an important element to the broader socio-economic development of the region.

Since H.P.I. recognizes that development is a process rather than an event, priority should be given to those projects which are designed for maximum use of local resources, and where coordination exists between the various outside resources.

F. Priority of Availability:

In some cases, H.P.I. may respond to projects calling for a particular animal input due, in part, to the availability of that particular resource to H.P.I. at the time. In such cases, the project request must be one which qualifies for H.P.I. support under the established criteria.

NOTE: In addition to the aforementioned priority considerations, it may be necessary to review the allocation of resources according to geographical need and distribution factors. The table which follows reveals the pattern of H.P.I. resource

allocation by regions between 1974 and 1980.

H.P.I. RESOURCE INPUT BY REGIONS
1974-1980 (In percentages)

YEAR	U.S.A.	CARIBBEAN/ LATIN AMERICA	AFRICA	ASIA
1974	27	29	24	20
1975	20	42	18	20
1976	17	25	30	28
1977	23	28	40	9
1978	14	20	44	22
1979	26	30	17	27
Projected 1980	30	27	34	9
Average	22	29	30	19

SPECIFIC H.P.I. POLICY ISSUESPASSING ON THE GIFTSTATEMENT OF POLICY

H.P.I. defines the principle of "passing on the gift" to include a variety of options among which are:

- Passing on the first offspring.
- Passing on a subsequent offspring.
- For small animals giving multiple birth, returning more than one offspring.
- Returning a fixed portion of a litter.
- Establishing an equitable timetable for a return.

H.P.I. allows for the following options other than "passing on the gift", where local participants suggest that technical, cultural, or economic realities indicate these options to be more feasible or appropriate:

- Providing livestock at a subsidized price.
- Trading up, i.e., exchanging an animal of lesser quality for greater quality.
- Providing work or "in-kind" payment.

It is H.P.I.'s policy to emphasize follow-up of animal donations to ensure appropriate care and to encourage responsible participation by subsequent recipients. The emphasis on follow-up is a necessary extension of the training in animal care, nutrition, and appropriate technologies which occurs prior to the distribution of livestock/poultry.

Background:

The principles of "passing on the gift" and the "living gift" itself are the two basic principles historic to H.P.I. The "living gift" refers to H.P.I.'s provision of livestock and poultry to those who are in need. The traditional application of "passing on the gift" refers to the obligation of the recipient to return the offspring - most often the first born female - to the project to be "passed on" to a new recipient.

The traditional principle of passing on the first born (female) offspring developed from H.P.I.'s approach to "self help" rather than relief in post war Europe. As H.P.I.'s assistance has spread to a variety of environments the principle of "passing on the gift" has required a flexible application to take into account a variety of needs and conditions.

Strictly defined the gift is not a gift since both a contract is normally written and a pay back is required. Thus the concept itself is not one of charity, but rather one which creates an obligation, a very real commitment on the part of each participant.

Maintaining the focus upon the involvement of each participant and the obligation of each to return a fair value for the gift, the practice of "passing on the gift" has been adjusted to include a variety of options, such as: the return of a specified number of offspring, "trading up", obtaining the animal at a subsidized price, or providing work or "in-kind" payment. H.P.I. acknowledges that the application of the principle should be equitable and not overly burdensome to the recipient and that it should serve to build community spirit and self-reliance.

Policy Issues:

The concept of "passing on the gift" provides the opportunity for the participant to share in thanksgiving a return for that which has been received.

The question of "passing on the gift" in every project must be carefully studied to ensure that H.P.I. does not impose a pre-designed methodology on participants which may be too burdensome to the participants and/or render the project economically and/or culturally unviable.

If the principle as applied is, in fact, one of a loan and not a gift, then H.P.I. should carefully review the implications, definitions and terms of the loan contracts for "passing on the gift" that have been developed by local communities and/or counterparts.

Recognizing the need for flexibility in design of distribution systems, through practice H.P.I. has modified its interpretation of the principle of "passing on the gift". At issue is the acceptance of these modifications and the need for constituency education to reflect this development process.

Program Implications:

In referring to "passing on the gift", there are a variety of options available in terms of repayment: passing on the first offspring, a subsequent offspring, more than one offspring, or a fixed portion of the litter. Some agreements call for establishing a fixed timetable for a return.

Where circumstances suggest more appropriate methods than "passing on the gift", H.P.I. accords local project groups and counterparts flexibility in working out arrangements that ensure a return of fair value for the gift to the project. Such options

often include the practice of "trading up" (i.e., exchanging an animal or animals of lesser quality for ones of greater quality), obtaining the animal at a subsidized price, or providing work or "in-kind" payment. Although these modifications may not be strictly defined as "passing on the gift", they are seen as workable and effective methods for achieving H.P.I.'s objectives.

Whether the gift is tangible (e.g., livestock) or intangible (e.g., training), H.P.I. must exercise care in that the design of the agreements to "pass on the gift" serve to enhance rather than impede development. The concept of "passing on the gift" is intended to ensure that there will be a spread of benefits and that subsequent recipients have the same opportunity for success.

The interpretation of both the work of H.P.I. and of the methods employed in accomplishing its objectives is vital to the development of relationships among its constituencies. A flexible interpretation of the principle of "passing on the gift" is essential. H.P.I. is cognizant that education must also occur at the receiving end to enable the individual to understand what has been received in such a manner that he/she will desire to "pass it on". The understanding sought is that of joy of sharing.

RECOMMENDATIONS:

RECOMMEND, that the Program Department compile examples of contractual agreements and formulas for distributing livestock and poultry, utilizing information gained from a survey of field representatives and counterpart organizations to serve as recommended guidelines.

RECOMMEND, that the Resource Development Department share with H.P.I.'s constituency, through the materials it develops, a flexible interpretations of the principle of "passing on the gift".

SPECIFIC H.P.I. POLICY ISSUESPROGRAM RELATED TRAININGSTATEMENT OF POLICY

It is H.P.I.'s policy to assess the management capability within a project, and where appropriate capability does not exist training and follow-up to produce and maintain that capability should be a part of the total project design. In such circumstances training may be a prior condition to the distribution of livestock and/or poultry to the project participants.

The primary beneficiaries of H.P.I. supported training programs are the local project participants, i.e., small producers.

H.P.I. encourages the development of training programs in which the need and the request for specific types of training are defined within the locality of project. Whenever possible, training should be carried out in-country (preferably within the region of the project) and be sponsored and run by indigenous organizations.

H.P.I. does not directly finance university degree level training. However, where appropriate, H.P.I. acts as a conduit in arranging for such training. In such cases H.P.I. would generally encourage that such training occur within the country of origin or within the geographical region.

Background:

Historically, H.P.I. has committed major investments in program related training with the training component perhaps most evident during the 1960's with the H.P.I./Peace Corps contract. During the past five years H.P.I. has again substantially increased its support for training within approved project requests. The primary focus has been on short courses for animal recipients given at program centers, e.g., in Belize, Bolivia, Ecuador, Honduras, The Philippines, etc. Less often training is scheduled at or near the locality of the specific project, i.e., community-level training.

Such training programs have included a wide variety of training approaches and have been carried out by a variety of personnel, e.g., PCV's agricultural extensionists, etc. Too often there is little evidence that program materials, animal care, appro-

priate technologies, management and marketing strategies are shared between programs.

Although H.P.I. Program Department could serve as a central clearinghouse for such training-related endeavors, this has not been successfully implemented.

H.P.I. also has experience with U.S.-based training for dairy technicians utilizing WILRTC and individualized "hands on" training on dairy farms in the U.S. Among the stated objectives of this training project is to equip participants with the technical skills to train others.

Although there are situations in which U.S.-based training may be appropriate, the existing projects should be carefully reviewed on grounds of appropriateness and the apparent high cost to benefit ratio associated with this approach. (It is noted that upon returning to their homeland, some of the trainees have been assigned to key positions of responsibility and have performed admirably; however, the record of others reflects frustrations and a level of expectations which cannot be met).

From time to time H.P.I. has been called upon to coordinate and/or provide financial support for other U.S.-based training, including university level training, on a case-by-case basis. In many situations a careful search of non-U.S. training sources near the project locale may reveal alternatives to the U.S. training that would be, at least, as appropriate and often less costly.

It is recognized that the establishment of institutional or training center facilities, i.e., Rancho Ronald, Ecuador, or the proposed center at Kitulo, Tanzania, with associated high "start up" and operational costs, may not be the best option for H.P.I. especially if it is acting alone.

Policy Issues:

H.P.I. should clearly define "Who are the intended beneficiaries of the training?", "What kind of training has priority?", and "Who will do the training?"

It is recognized that there are many different levels of training from village-based short courses to advanced degree university studies. The appropriateness of each is dependent upon a careful assessment of needs, methodology and project objectives.

It is important that the level of training reflects the assessed need and utilizes appropriate facilities, equipment and methods. In addition, it is prudent for H.P.I. to seek the most cost/effective, appropriate training.

Program Implications:

H.P.I. has come to recognize training as a necessary ingredient to ensure the development of self sufficiency. With training H.P.I. not only gives a living gift, but also gives a gift that stays alive.

There are a variety of approaches to the process and content of training. At times it may be important to focus upon leadership training for the organization and administration of local community project groups, or to focus upon the training of community agricultural leaders to act as resources for their neighbors.

Whenever possible trainees should be encouraged to participate in defining needs and learning goals, rather than merely depending on trainers and technicians to pre-define the course of study.

Training may also focus on various levels of skills. This may include training of livestock producers in specific technical aspects; training extensionists in follow-up care and basic veterinary services; training managers in record keeping, management methods and marketing; or training youth or farmers through short courses in fundamental production technology and other knowledge suitable to the particular project.

A participatory approach to training would include the following elements:

1. Training would be designed to include participants in a mutual appraisal of training needs and content, whenever possible.
2. Full information would be shared with potential trainees on the implications of the cost, time, skills, knowledge and other resources needed for production.
3. In certain projects it would be necessary to include instruction on non-animal specific topics such as marketing, cooperatives, goal setting, administration, etc.
4. Project managers would need to guard against creating greater expectations than can be reasonably fulfilled.

At times advanced training may be appropriate for project managers or other technicians. However, continuity of the project in their absence, the concern of raised expectations upon their return, and assurance of their continued involvement after training

must be carefully evaluated.

It is understood that in some projects the capability to manage the activity already exists, and in such cases H.P.I. does not presume that additional training will be required. Thus, H.P.I. does not impose training as an absolute condition for support of projects.

RECOMMENDATIONS:

RECOMMEND, that materials, syllabi for training courses, and approaches to and methodologies of training be shared through the H.P.I. Program Department.

RECOMMEND, that a Program Department staff member be delegated the responsibility for coordinating and/or directing H.P.I.'s thrust in training.

RECOMMEND, that a line item be established within the budget to cover the cost of the collection, evaluation, sharing, and, to a limited extent, development of materials, and of designing and as-¹ sisting in the implementation of training projects.

¹ *That where printing of materials for a specific project is required, H.P.I. shall encourage that printing to be done within the project country or regional area.*

SPECIFIC H.P.I. POLICY ISSUESSUBSIDIES AND REVOLVING FUNDSSTATEMENT OF POLICY

H.P.I.'s primary and predominant means of support to projects is through the input of livestock, poultry and technical assistance. It is H.P.I.'s policy to ascertain the production feasibility of all projects it supports.

In projects in which the financial commitment required by the intended recipient may not be sustainable during the initial phases of the project and where other financial resources are not readily available, H.P.I. attempts to explore external sources of funding and as a last resort considers providing additional assistance, upon request, in the form of revolving funds and/or subsidies.

H.P.I.'s policy with regard to the provision of such revolving funds and/or subsidies is to channel this assistance through local credit institutions or existing cooperatives in the form of guarantees or the provision of grants to the project groups through indigenous organizations. H.P.I. will not directly administer revolving funds or subsidy projects in the form of credit or direct grants to participants.

It is H.P.I.'s policy to orient potential project participants as to the cost of maintaining animal stock and of the possible risks as well as the potential benefits of participation in the project. Project participants should be encouraged to closely examine the projected production costs of any livestock or poultry which they are requesting and should be assisted to understand the potential to sustain the livestock or poultry during the initial phases of production.

Background:

H.P.I. acknowledges that for each animal received there are certain costs associated with initial preparation, feed, management and care. Further, H.P.I. is aware that certain animals and/or breeds require higher feed and maintenance costs than others. As it attempts to reach the rural poor, H.P.I. recognizes that the initial cost of production may be, in certain situations, an untenable burden for the limited resource farmer.

Typically, the greatest financial difficulty is during that period prior to the animal's coming into production. At that time a needy participant may not have sufficient funds to cover all costs associated with production. However, in such cases H.P.I. would find it to be unacceptable for the recipient to further reduce the family's marginal food or health budget in order to maintain the livestock input.

Policy Issues:

H.P.I. should determine whether it is appropriate to provide revolving funds and/or subsidies and, if so, under what conditions.

H.P.I. should further determine whether such revolving funds and/or subsidies should be in the form of guarantees to local credit institutions or cooperatives and/or grants for indigenous organizations to administer.

Program Implications:

In order to more effectively serve the poorest individuals and communities who can feasibly benefit from animal production, it may be necessary to provide financial assistance through revolving funds and/or subsidies. In specific projects such as those which call for the establishment of commercial production of swine or poultry, even on a limited scale, H.P.I. should review both the availability and affordability of feed sources. In many of these projects it must be recognized that in order to achieve success external funding may be necessary.

In projects which require subsidies and/or revolving funds, H.P.I. should first explore other alternatives for external funding such as:

- * Commercial Lending Sources.
- * Revolving Funds (in particular, agricultural funds) within the country locale of the project.
- * The American Ambassador's discretionary Fund.
- * The Ecumenical Church Loan Fund of Geneva (ECLOF).
- * Development Banks, such as the Inter-American Development Bank.
- * Church Funding Sources.

It is recognized that the aforementioned list is not an exhaustive one, but rather the implication of the listing is that H.P.I. should be considered the lender of "last resort."

In all projects H.P.I. has a moral responsibility to inform prospective recipients of the possible risks, as well as the potential benefits, of project participation.

RECOMMENDATIONS:

RECOMMEND, that the Program and Evaluation Departments identify credit and financing institutions which may be potential resources to be used in support of H.P.I. related projects where financial assistance is needed.

RECOMMEND, that in the process of determining project feasibility assessment of credit and/or financial need and options for fulfilling that need rests primarily with the project holder. If additional help in identifying sources for such financial assistance is necessary, the H.P.I. Program and Evaluations Departments should attempt to refer project holders to such resources.

SPECIFIC H.P.I. POLICY ISSUESCENTRAL FARM FOUNDATION HERDSSTATEMENT OF POLICY

In projects in which a central farm is a source of animals for distribution to recipients the key question in need of assessment is the degree to which benefits accrue to the poor within a realistic timeframe.

It is H.P.I.'s policy, in projects which utilize the foundation herds approach, to make medium and long-range projections as to the number of potential participants and beneficiaries so as to establish estimates of cost effectiveness. It is understood that realistic initial projections are often difficult, and therefore, periodic and scheduled evaluations should serve to analyze the situation on an ongoing basis.

In projects which involve central farms the presentation of the projects should clearly delineate the role to be played by the central farm in the process of transferring knowledge and livestock to the intended beneficiaries.

Where appropriate H.P.I. will consider the local purchase of quality genetic stock from a central farm to make such livestock available to limited resource farmers. In some cases this will mean the "buying back" of offspring from H.P.I. donated stock.

Background:

A common approach utilized by H.P.I. to introduce high quality genetic stock is through the establishment of a foundation herd at a central farm facility. Among the objectives of this approach are: the provision of quarantine services, the acclimatization of exotic stock, quality control, assurance of a higher level of management care, controlled breeding and cross-breeding, and utilization of facilities and herd for training purposes.

Foundation herds at central farm facilities have been established in: Cochabamba and Santa Cruz, Bolivia; Yarinacocha, Peru; Santo Domingo de Los Colorados, Ecuador; La Ceiba, Honduras; Belmopan, Belize; Dasmarrinas, Cavite, Philippines; Kitulo, Mafia Island and Zanzibar, Tanzania; and Bambui, Mankon and Wakwa, Cameroon (not an exhaustive list). In these projects the

foundation stock may vary from bees to dairy cattle, but it is generally the more sizable projects involving larger animals which utilize this approach.

Traditionally, the foundation herd approach carries high initial investment, significant production and maintenance costs throughout the life of the project. Such costs to the farm operation have to be offset by farm income which often dictates that animals be provided to participants at subsidized prices rather than as a gift.

The H.P.I. projects in Tanzania and Cameroon are clearly central farm approaches calling for the establishment of foundation herds. The objectives held by H.P.I. and the counterpart Government Ministries in these projects include:

- * To build a genetic base upon which the livestock (in particular dairy) industry will expand.
- * To improve the economic and nutritional status of rural people.
- * To increase the supply of livestock products to urban centers.
- * To reduce foreign exchange required by the importation of animal products and by-products.
- * To provide employment opportunities in order to curb rural exodus.
- * To provide good quality breeding stock to small holders at subsidized prices.
- * To provide training¹ and management opportunity for stock farmers.

The priorities assigned to these objectives by each party have tended to vary greatly; perhaps these variations are simply a matter of perspective and timing.

In both Tanzania and Cameroon it has been H.P.I.'s assumption that the central farm provides a locus for careful management and an appropriate facility for the development of a dairy indus-

¹ Taken from Article II of the "Agreement of Scientific and Technology Cooperation between the National Office for Scientific and Technical Research (ONAREST) of the United Republic of Cameroon and Heifer Project International, Inc., (H.P.I.) of the United States of America," signed July 12, 1976.

try which will eventually impact on the nutrition of the people in the villages. In these two areas in particular H.P.I. has established its involvement with large government-related projects in response to an initial request received from the respective governments. H.P.I. based its decision upon its perception of need, feasibility and the relatively limited organizational infrastructure that exists outside of the government in the newly emergent nations of Africa. The exportation of cattle over great distances (specifically to Africa) renders it uneconomical to transfer small numbers of animals. Thus it may be argued that in Africa, necessity dictated the adoption of the central farm approach for large animal projects.

Experience suggests that projects utilizing the foundation herd approach tend to require financial investment and resource commitment of several years in order to build up the quality and quantity of animals that will permit a future base of operation.

In projects which are developed around the central farm concept, building and maintaining foundation herds often requires that income from production be re-invested in herd development and/or operational cost. In such projects the sale of animal offsprings at subsidized prices, rather than the direct "passing on of the gift" has become the rule of operation.

Policy Issues:

Although the background is one which reflects stated objectives, at issue is whether the central farm foundation herd projects offer a viable avenue to reach small, limited resource farmers.

In projects in which a central farm is the source of animals for distribution, H.P.I. should determine whether it is appropriate to financially assist participants who are unable to secure sufficient funds to meet the cost of purchase.

In order to reach the poorest of recipients who may be able to benefit from animal production, H.P.I. should decide whether it will provide for local purchases of offsprings of H.P.I. donated animals from central farm operations.

If it is H.P.I.'s goal to effectively serve the greatest number of potential beneficiaries with the resources available, can it be demonstrated that the foundation herd approach maximizes this effort ?

Is there another viable alternative ?

Program Implications:

For some African based projects requiring the shipment of larger animals, freight cost alone may reach well over \$110,000. (In a recent shipment the cost of freight, insurance and handling

totalled \$1,373 per head, while the per head value of each heifer shipped was only \$700.) Initial shipments of large animals to these projects are of necessity on a large scale, and, almost without exception, require a major commitment on the part of the indigenous organization receiving the shipment. Since in many countries within Africa social institutions are not well developed, the level of infrastructural development required to accommodate such a shipment may only be available through appropriate government ministries.

Large projects require intensified and improved record keeping, reporting and managerial supervision. In many cases this has been interpreted as requiring the presence of H.P.I. personnel. Where personnel are deployed there are significant additional financing and relational considerations.

In projects where the costs of central farm operations dictate that offspring must be sold, even if at a subsidized price, many farmers with marginal incomes cannot be reached unless external financing is available. It is acknowledged that the purchase price alone eliminates many potential recipients and places a severe financial strain on many others. The concept of "buying back" animals from foundation herds originally established by H.P.I. differs very little from the principle of local purchase; yet the practice would expand H.P.I.'s capacity to reach the participant of limited resources.

RECOMMENDATIONS:

RECOMMEND, that the Evaluation Department review the various types of foundation herd approaches that have been supported by H.P.I. and make a comparative assessment of the impact of each on reaching the project's intended beneficiaries.

RECOMMEND, that Evaluation Department review foundation herd projects that provide animals at a subsidized price to examine the socio-economic level of participants being served and, where appropriate, recommend to the Program Department alternatives which will better enable the project to reach the intended beneficiaries.

SPECIFIC H.P.I. POLICY ISSUESGOVERNMENT FUNDINGSTATEMENT OF POLICY

It is H.P.I.'s policy to avoid dependence on U.S. Government funding. In all instances in which U.S. Government funds are being requested, consideration will be given during the planning phase as to the implications of accepting such funds in terms of the proportion of total H.P.I. budget from government sources.

H.P.I. follows a policy of sensitively and carefully assessing the attitude of counterpart organizations and project groups with regard to the acceptance of funds which originate from the U.S. Government. In the event that a counterpart prefers not to receive U.S. Government funds, H.P.I. will seek other funding sources for project support.

Background:

In 1973 and again in 1975, the United States Congress set a new direction for public support of Private Voluntary Organizations. The rationale upon which this is based includes some of the following:

- * That the government, through its Agency for International Development¹ seeks effective methods of enabling appropriate resources to reach those who are poor.
- * That Private Voluntary Organizations (PVO's) have established a record of delivery of resources to the poor at a high benefit-to-cost ratio and often using innovative approaches.
- * That PVO's are often effective in mobilizing private financial and human support, both domestic and foreign, to assist in development efforts.
- * That many PVO's would benefit from the funding and the opportunities that a relationship with AID provides.

¹ To be relocated within the new International Development Cooperation Agency (IDCA).

The mechanisms that USAID has implemented to assist in meeting program costs of PVO's include: Operation Program Grants (OPG's) for development projects usually in a specific country; Development Program Grants (DPG's) for PVO's needing considerable headquarters support in order to increase their effectiveness as development agencies (no longer available); freight reimbursement; and a variety of other "institutional support grants". More recently the AID policy with regard to funding of PVO's is based upon the Matching Grant concept which includes the following criteria:

- * Only for PVO's with established development programs.
- * Only for PVO's with established fund raising abilities.
- * For programs which must be field oriented and regularly evaluated.
- * AID will match up to 50% of the total cost of the program to a maximum of \$1,000,000 annually.
- * There will be limited AID oversight or management.

To date, government funding in support of H.P.I. has tended to be for large scale projects, i.e., The Tanzania Dairy Project, The Evaluation Grant, The Training Grant, etc. Since large projects require multi-year budgeting, it is understood that the acceptance of an AID grant carries with it a multi-year commitment.

The Matching Grant may offer expanded possibilities for H.P.I. to carry out a variety of smaller projects with government support. Based upon the history of H.P.I.'s relationship with AID it is anticipated that funds through this channel could be made available for H.P.I. projects. Such grants are currently available from the AID Office of Private and Voluntary Cooperation (AID/PVC Office).

The USAID Matching Grant option establishes a funding source which enables PVO's to maintain autonomy in a decision-making and to achieve the flexibility necessary to work with small projects. With the acceptance of AID support, a greater obligation is placed upon the PVO's to report on and carefully evaluate project progress and results. The evaluation project established by H.P.I. must be developed to provide this capability.

Policy Issues:

It is imperative that government grants not be viewed simply as a source of "easy money". Where government funding is sought, the same project criteria and priorities that apply to non-government funded projects should be in effect. H.P.I. recognizes the same moral accountability for the use of public funds as it accepts in the use of privately generated support.

The concept of H.P.I. as both a "private" and "voluntary" organization must be maintained.

Dependence on government funding must be avoided. Therefore, it may be prudent to establish a general guideline with regard to an acceptable level of funding as a percentage of the total budget. In defining government support under these general guidelines, the definition of such support should be exclusive of freight reimbursement.

Program Implications:

H.P.I. must maintain up-to-date information on all AID funding policies and procedures. This requires the maintenance of close contact with the AID/PVO Office (Office of Private Voluntary Cooperation).

This also requires that the H.P.I. Program Department develop, well in advance, detailed information on a project-by-project basis for all projects in which freight reimbursement is sought. For each country, H.P.I. must secure appropriate legal status to ensure duty free entry of all shipments.

Projects funded by AID must be carefully monitored and an adequate system of reporting on progress must be established. H.P.I. must not only keep accurate accounts of all expenditures of AID monies for specific programs, but also must carefully record all H.P.I. financed support costs. Evaluation must also be an important component part of the design of each program in which AID participates.

If a Matching Grant is secured from the government, it may be necessary to restructure staff responsibilities at the National Office in such a way to ensure adequate reporting, liaison and communication.

RECOMMENDATION:

RECOMMEND, that the Program and Executive Departments initiate a careful study of Matching Grant opportunities with the intent of pursuing this option if it is determined that flexibility, autonomy and H.P.I. control can be maintained.

SPECIFIC H.P.I. POLICY ISSUESOWNERSHIP OF FOREIGN PROPERTYSTATEMENT OF POLICY

It is the policy of H.P.I. to not own property in foreign countries. It is to be understood that this policy refers only to the ownership of real estate and buildings.

Background:

For several years H.P.I. owned farm property in Santo Domingo de Los Colorados, Ecuador, that served to facilitate the H.P.I./Peace Corps program of training and animal distribution. (The legal ownership of the property, Rancho Ronald, actually remained with the Brethren Foundation which held the title.) At the time of acquisition the purchase of this property was considered to be the only viable option for the continued implementation of a beef cattle project which had been operating in a growing resettlement area. The actual Rancho Ronald project was carried out through the Peace Corps and the Ministry of Livestock and a low-key profile was maintained by H.P.I.

Based upon a careful evaluation of the services provided by the facility, the program operation and a study of available options, it was the decision of H.P.I. to transfer ownership and administrative control of Rancho Ronald to an indigenous organization.

Policy Issues:

Under what circumstances, if any, shall H.P.I. own foreign property ?

Program Implications:

It is acknowledged that in the development field the trend has been away from the ownership of property by U.S., or European-based organizations.

The ownership of property in foreign countries, even if solely for the purpose of program operation, carries with it several potentially adverse consequences.

1. The perception of national and/or local organizations, relative to foreign ownership may be one of imperialism.

2. The ownership of property may tend to obligate a foreign organization beyond the commitment to its original program alone and may serve to perpetuate project support.
3. Such ownership of property may remove the opportunity for ownership and/or control from indigenous organizations and individuals.