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**FINAL REPORT**

**EVALUATION OF EXPERIENCE OF USAID  
MISSIONS WITH PVO UMBRELLA GROUPS IN  
COSTA RICA, GUATEMALA, HONDURAS AND HAITI**

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## I. EXECUTIVE SUMMARY

The Office of Development Programs of the Latin America Caribbean Bureau (LAC/DP) of the Agency for International Development contracted with Checchi and Company Consulting, Inc. to perform a review of the experience which USAID Missions in Costa Rica, Guatemala, Honduras and Haiti have had in working with umbrella organizations to support non-government organizations (NGOs) in these countries. The purpose of the evaluation was to determine the extent to which the objectives of the support were being accomplished, and especially the extent to which the use of the organizations can be an effective mechanism for "reducing mission management responsibilities for PVO projects as well as for funding effective PVO activities." A two-person team performed the evaluation with field work being conducted during the period from August through September 1988. One hundred thirty four persons were interviewed and twenty field activities were visited. A draft report was submitted to LAC/DP on November 7, 1988. Comments from that office and Missions visited were provided to the contractor and taken into account in this final report. Detailed descriptions of the country programs and recommendations concerning their future conduct are contained in the individual country appendices to this report.

USAID/CR provided an operations program grant (OPG) in 1984 to assist in the creation of the Costa Rican Association for Development Organizations (ACORDE) from the program for NGOs which had been operating with USAID/CR's assistance within Costa Rica's major association of private enterprise organizations. ACORDE operates like a foundation and is still controlled by the individuals chosen by USAID/CR at the time of its creation. The USAID Missions in the other countries provided OPGs in 1985-86 to pre-existing membership organizations of NGOs operating in the respective countries. The organizations involved are: the Federation of Private Development Organizations of Honduras (FOPRIDEH), the Association of Non-Governmental Development and Service Entities of Guatemala (ASINDES), and the Haitian Association of Voluntary Agencies (HAVA).

All the OPGs included support for the operations of the organizations and for the funding of sub-projects to NGOs for development activities with beneficiary groups. All, except the OPG to HAVA, included funds for technical assistance and training to the organizations and to the NGOs. In addition, with encouragement from the Missions, all the host governments have cooperated in financial support to the organizations using funds generated under PL 480 and ESF programs; and USAID/CR has donated to ACORDE an office building which it will be vacating.

The purposes to be served by this support from USAID Missions are several: (i) to strengthen the capacity of the organizations to be a representative and coordinator of the

activities of NGOs in the country; (ii) to strengthen the capacity of the organizations to provide information, technical assistance and training to the NGOs; (iii) to strengthen the institutional performance of the organizations, including achieving their long-term financial sustainability; (iv) to strengthen the institutional capacity of the organizations to provide financial support to the NGOs through the support of sub-projects with them; and (v) to achieve favorable economic and social impact on the beneficiaries of the sub-projects. The relative importance of these purposes varies among the Mission programs and within some of the Mission programs over time. Costa Rica has placed most emphasis on the provision of financial support to the NGOs through financing sub-projects, while Haiti has placed most emphasis on the purpose of strengthening the organization as a representative and coordinator of NGOs. Guatemala and Honduras have been concerned with all the purposes. Except in the case of Haiti, all the Missions were motivated by the desire to create or strengthen an organization which would enable them to increase their support for NGO activities without having to meet the programming, monitoring and administrative burden of dealing with NGOs individually.

The major observations of the evaluation are:

- (1) All the organizations have shown that they are able to handle sub-project financing of the type called for in the OPGs, and the limited evidence currently available suggests that the sub-projects are reaching the types of beneficiaries at which they were to be directed and having a favorable impact on those beneficiaries. However, systems of evaluating the impact of the sub-projects are not yet in place in most cases.
- (2) The training and technical assistance programs of all the organizations have been less successful than their program for sub-project financing. All have found it difficult and expensive to mount programs to effectively reach NGOs with these services. Except for Haiti, all the Missions and organizations have given greater preference to getting the sub-project financing underway. FOPRIDEH, however, has recently given increased attention to training and technical assistance in response to member demands. In addition, there have been particular country circumstances of importance. HAVA has become increasingly focused on working directly with beneficiary groups rather than with NGOs. ACORDE consciously has decided to let other organizations address this work while providing some financial support to them for that purpose. ASINDES' internal difficulties undermined its work on this purpose.
- (3) All the membership organizations have suffered from some degree of internal tension over the relative importance to

assign their various purposes and over the advisability of focusing their efforts on utilizing resources from AID and from their own governments.

- (4) Only two of the organizations have made significant progress in becoming representatives or coordinators of the NGOs. As a non-member organization ACORDE has not sought to assume that responsibility. ASINDES' membership is static, and its public role cautious. FOPRIDEH and HAVA, however, are gaining acceptance among NGOs for this role. Accomplishing this objective depends on factors both external and internal to the organizations which are not easy for AID to influence.
- (5) Progress has been made on institutional strengthening, principally in the clarification of purposes and basic identity and direction in two of the organizations. However, more attention is needed to institutional planning in all the organizations. All have introduced new manuals and procedures governing personnel, administration and financial recordkeeping; but greater consistency in applying the standards and procedures is needed. The financial staffs should be upgraded to enable them to unify budgeting and planning and to provide financial analysis to the sub-projects program and to decisions concerning the operation of the organizations themselves. Little progress has yet been achieved in creating systems for planning and evaluating programs.
- (6) All the organizations have suffered serious problems in the organization and use of their staffs and in achieving effective oversight of staff operations by the Board of Directors. This has been influenced by several factors including: restrictions on the levels of salaries and managerial support; personality conflicts; and lack of clarity concerning the roles of the Boards of Directors and the various levels of the staff.
- (7) Except for ACORDE, all the organizations face uncertain financial futures; there is little prospect of their achieving financial self-sufficiency. Currently, all continue to be heavily dependent on AID and AID-related government resources for both their operating expenses and their program levels. Because of USAID/CR's donation of an office building to ACORDE that organization's operating expenses are assured, but it too faces an uncertain level of funding for its future programs. Although all the organizations are pursuing the possibility of funding from other donors such as the InterAmerican Development Bank and the InterAmerican Foundation, their fund-raising programs are still weak; and, except for ACORDE, none are yet attempting domestic fund-raising.

- (8) AID is receiving little recognition from beneficiaries, or even the NGOs, as the source of project support.
- (9) Except in Haiti where special circumstances govern, there is some continuing criticism by NGOs of AID Missions' efforts to channel increased amounts of assistance to NGOs through umbrella organizations. The US NGOs are concerned that they will not have access to support for their dollar costs, and fear getting involved in local political tensions if they receive AID's assistance through local organizations. Some larger, more sophisticated NGOs (including many US NGOs) do not see the utility of the umbrella groups for their own activities. NGOs with a highly social service focus fear exclusion by umbrella organizations which emphasize revenue producing activities. However, the level of the criticism is less than the team anticipated; and it does not appear to threaten the ability of the Missions to pursue the efforts. In fact, the degree to which the Missions seek to limit their support to NGOs to that provided through umbrella groups varies very significantly with Costa Rica using that channel exclusively and Honduras being not particularly concerned with the effort.

The major conclusions of the evaluation are:

- (1) If the principal or only purpose of AID is to provide funding for NGO project activities, the use of a non-membership organization is simpler and more efficient.
- (2) If the purposes of AID include creating or strengthening an organization to be a representative or coordinator for NGO activities, a membership organization should be used. However, for an organization to be able to meet this responsibility, it must have a strong and local membership which has a sense of ownership toward the organization; have a coherent development philosophy and sense of direction; and lack or be able to overcome serious conflicts among its members. The lack of conflict and existence of organizational cohesion appears to be easier to achieve if the members are not very different in size, purpose and background. Concurrently, in working with such an organization, AID must avoid conflicting objectives and be willing to gradually relinquish control.
- (3) If the purposes of AID include providing technical assistance and training to NGOs as well as financing their project activities either a membership or a non-membership organization can be used. The decision would depend on local circumstances and the relative importance attached to each type of activity. Important local factors would be: (a) whether these objectives are compatible with an existing

organization's other objectives and whether it has or can develop the capacity to carry on these objectives without detriment to any of them; (b) whether existing membership organizations would accept and support an organization providing such services to NGOs, including their own members; (c) whether the political situation will enable the organization to fulfill all of AID's expectations of it. It is not wise to support different organizations for the provision of financing and for the provision of training and technical assistance since this increases the difficulty of coordinating the basic components of most activities and usually results in less attention being given to training and technical assistance since they usually are seen as more difficult to provide and less likely to be revenue generating in the near term. A compromise might be to help a membership organization develop a semi-autonomous organization for financing.

- (4) General characteristics associated with effective performance by umbrella organizations include: delineating clearly the internal roles and functions; having all systems, procedures and staff in place before operations begin; avoiding undue delays in providing services or in receiving its own donor funding; and operating on a level compatible with the NGOs served. The last characteristic involves adjusting information and analytic requirements so they are not too sophisticated for the type of project and assuring that representatives of the umbrella organization act in ways which lead the personnel of the NGOs to conclude that their attitudes toward the style and purposes of the activities are similar.
- (5) Greater clarity is needed concerning the meaning of financial sustainability and more focused assistance is called for to assist organizations in achieving it. The trade-off between long-term sustainability of the organization and the NGOs and the desirability of graduating NGOs and beneficiary groups from dependence on donor-funded activities needs to be analyzed and a clearer strategy developed to meet it. Consideration should be given to providing endowments and transitional funding to help achieve long-term sustainability.
- (6) USAID Missions can conserve staff time by utilizing intermediary organizations to prepare, monitor and evaluate project activities by NGOs. However, it is unlikely that, without losing its own coherence, one organization will be able to handle such a variety of NGO activities that a USAID Mission will be able to utilize it for all the types of such activities which it wants to support. Thus, it will not be able to avoid all direct relationships with NGOs unless it has a very highly focused, limited program such as that in

Costa Rica. Furthermore, the Missions should recognize that working with such organizations will involve them in problems affecting the operation and development of those organizations; and that resolving them will require some staff time, including that of Mission management. This will be particularly the case if the Mission also seeks to have the organization assume a leadership role among the NGOs and achieve institutional sustainability. Consequently, the saving on staff time is most likely to occur over the long run rather than in the short run.

## II. BACKGROUND, PURPOSE, AND METHODOLOGY OF THE EVALUATION

In recent years AID has increased the amount of resources available for the support of activities of non-governmental organizations (NGOs), and has encouraged its Missions to increase their support for those organizations and their use of such organizations in their programs. Most Missions have responded by doing so. In the process many Missions decided to provide assistance to the NGOs through intermediary organizations which could perform the guidance, administration and monitoring which otherwise would have to be done by the Missions themselves, and many also undertook to create or strengthen the organizations so that they could provide such support and services both to the NGOs and to other donors who also might wish to support NGOs without incurring the administrative burden of dealing with individuals NGOs. Some Missions sought to strengthen the NGO community as a whole through the strengthening of the organizations as representatives and coordinators of NGO activities.

The Latin American and Caribbean Bureau of AID was interested in understanding better what had been the experience of the Missions in their programs with these intermediary organizations and especially "the extent to which they can operate as an effective mechanism in reducing mission management responsibilities for PVO projects as well as for funding effective PVO activities." It decided to look at the experience of its Missions in Costa Rica, Guatemala, Honduras, Haiti and Jamaica, in all of which the Missions had made operational program grants (OPGs) to intermediate organizations of one kind or another. It entered into a contract with Checchi and Company Consulting, Inc. to perform the evaluation. The text of the Scope of Work for the evaluation is given in Appendix A.

The evaluation was performed by a two-person team consisting of Ms. Patricia Martin and Mr. John Oleson, both of whom had had previous experience in evaluating NGO activities. Mr. Oleson had performed the mid-term evaluation of the USAID Mission's OPG to the intermediary organization in Guatemala. The members of the evaluation team met with representatives of the Office of Development Programs of the Latin America/Caribbean Bureau for a day to discuss the purposes of the evaluation and the approach

which would be taken in carrying out the field work. It was agreed that the limits of time available for the evaluation would preclude extensive visits to field activities and the beneficiary groups and interviewing a large selection of NGOs in each country. The team was requested to do what it could in the time available.

During August and September 1988 together the team visited Costa Rica and Haiti and Ms. Martin visited Honduras while Mr. Oleson visited Guatemala. (Jamaica was dropped from the study since the day after the evaluation team arrived, Hurricane Gilbert struck the island, and all attention of the USAID Mission and the NGOs was diverted to the effort to recover from that catastrophe.) The team interviewed: (i) persons in the USAID Missions who were involved or knowledgeable about relations with the NGOs in general and the intermediate organizations in particular; (ii) members of the Boards of Directors and of the staffs of the intermediate organizations; (iii) representatives of NGOs, which had and had not received support of one kind or another from the intermediate organizations; and (iv) persons knowledgeable about the reputation of the intermediate organizations in the general community. The team also visited some of the beneficiary groups which received support from the NGOs and observed some of their activities in the field. Altogether the evaluation team conducted some 134 interviews and made 20 field visits. In addition, in Costa Rica the evaluation team's work was supplemented by Mr. Ivo J. Kraljevic who was contracted by Private Agencies Cooperating Together (PACT), which is providing technical assistance to the intermediary organizations in Costa Rica and Guatemala.

The preliminary views of the evaluation team were discussed at the end of each country visit with a representative of the USAID Mission and the Executive Directors of the intermediary organizations. Where it was possible to do so, those views also were given to members of the Boards of Directors of those organizations. A copy of the Draft Report was provided to the Office of Development Programs of the Latin America Caribbean Bureau of AID. Comments received on that draft were taken into account in the preparation of this final report.

### **III. SYNTHESIS OF COMPARATIVE EXPERIENCE**

#### **A. MECHANISMS FOR NGO SUPPORT**

Two major types of umbrella mechanisms have been used by AID to channel support to NGO projects in the countries involved in this evaluation. They are briefly described below. In addition, several other USAID Missions were contacted to determine what method they used to provide such funding.

## 1. Foundation

This type of mechanism is represented by the Costa Rican Association for Development Organizations (ACORDE) which, although it is legally structured as an association, functions like a foundation. It is not a membership association of NGOs, and does not officially represent them. However, ACORDE's stated purposes are broad and include providing financial and technical support for NGO development activities in Costa Rica and strengthening the role and performance of the NGO sector in economic and social development.

## 2. Membership Organizations

The organizations in the other three countries studied are federations or associations of NGO member institutions. All existed prior to their association with AID.

The Federation of Private Development Organizations of Honduras (FOPRIDEH) was established by a group of eleven NGOs in November 1982, and received support from USAID/Honduras through two OPGs in 1985, one in dollars for technical assistance and institutional development and one in local currency for sub-project funding and administrative support. The original purposes of FOPRIDEH were to provide for information and resource exchange and coordination among NGOs, to represent their common interests, and to assist the development of its affiliates through training and technical assistance. As a result of the AID assistance, sub-project funding, monitoring and evaluation were added as functions of FOPRIDEH.

The Association of Non-Governmental Development and Service Entities of Guatemala (ASINDES) was founded in 1979, with 31 initial member organizations, primarily to support NGOs in their relations with the GOG. The purposes of ASINDES are to foster coordination, to make known the work of the NGOs, to improve NGO capabilities and to prepare and negotiate development projects with donor agencies. Its relationship with USAID/G grew out of a 1985 review by PACT of NGO operations and needs in Guatemala which in part was designed to assess the feasibility of AID-supported project funding via NGOs. As a result, PACT presented a proposal to USAID/G to enable it to assist ASINDES to develop a better capacity to serve as a funding and support mechanism for NGOs. USAID/G approved a Specific Support Grant to PACT in May 1986.

The Haitian Association of Voluntary Agencies (HAVA) was formed in 1981 by a group of 22 NGOs. HAVA's basic purposes are to promote participatory development by educating and supporting NGOs to carry it out, and to serve as a forum for exchanging information and promoting concerted action among NGOs. It received an OPG from USAID/Haiti in 1984, mainly for institutional

support to enable HAVA to become a more effective coordinating and support mechanism for NGOs. A small amount was initially provided for sub-project funding and PL 480-related resources later were added to this aspect of the program.

### 3. Other Mechanisms

Four other USAID Missions not currently using an umbrella mechanism were contacted by telephone to determine how they funded NGOs what their experience has been, and whether they had considered an umbrella mechanism. Because information on them is so limited, they will rarely, if ever, figure in the comparative analysis below. Their views are included here for information. (For a fuller description of these views see Appendix F.)

- Dominican Republic. The Mission handles NGO funding through direct OPGs or sectoral groupings of NGOs in which one NGO receives an OPG and "subcontracts" others. While the small number of dollar OPGs have worked well, there have been more problems administering the larger number of local currency grants because of the amount of time required. There is an NGO federation, but the Mission does not consider it at present sufficiently capable of administering a substantial sub-project funding and support program for NGOs. The Mission will continue to deal directly with NGOs, possibly contracting out more of the management tasks.
- Eastern Caribbean Regional Development Office. The Mission is currently supporting two sectoral NGO umbrella projects, each covering several islands. The small enterprise project works through separate national development foundations on each island, while the population project is via several Family Planning association affiliates. This approach works well since individual NGOs are far too small to work with. There is no multi-sectoral umbrella organization, and the region's diversity would make it very difficult for one to function. In any event, the Mission's overall NGO support activity is decreasing because of a lack of funds.
- Bolivia. NGOs are funded through OPGs and cooperative agreements. Management of the program has not been unduly burdensome, although many NGOs are weak and require a lot of technical assistance. Complementary training and technical assistance have been given to some of the projects. The Mission sees no need for a general (as distinct from a sector specific) umbrella organization with regard to USAID support for NGO projects.
- Ecuador. The Mission currently uses direct OPGs to fund NGOs, but it believes that it needs to find a way to reduce its management burden and to assure continuing support to NGOs after AID's operations in Ecuador are phased-out. The

Mission is now considering setting up a bilateral foundation to fund NGO projects and manage the participant training program as well as creating an NGO membership umbrella organization to work with the foundation and provide for coordination and representation and probably also training and technical assistance for NGOs.

B. COMPARATIVE ANALYSIS OF MECHANISMS

1. Institutional Structures and Capabilities

This section will compare and analyze the experience of the major umbrella mechanisms studied with regard to institutional structures and administrative functions and capabilities.

a. Institutional Structures, Functions and Relations

The two major organizational types differ significantly in structure and function, although they share the same organizational elements of an Assembly, a Board of Directors and staff.

Assemblies. The Assemblies of the three membership organizations are made up of representatives of member NGOs. In theory, they exercise supreme authority and control over the organization. However, the degree of effective control they exert varies according to the composition and characteristics of the membership, as well as other factors discussed below. The Assembly of ACORDE, by contrast, is made up of influential individuals with no representative function, who serve mainly as a pool from which to draw members for the Board of Directors. Although in theory the Assembly is the governing body, its members have very little real involvement in the organization; its principal function is to elect the Board, which exercises the real control over the organization.

Board of Directors. The Board is the principal executive body in all four organizations, but there are some fundamental differences among them. The Boards of the membership organizations all consist of elected representatives of member NGOs. Their authority derives from delegation by the members, so they serve as a means of member control over the organization and its staff and represent both members' interests and their conflicts. In contrast, although it is elected by the Assembly, ACORDE's Board really represents no one. Its authority derives from the bylaws and from USAID/CR, which chose its members and which created and is supporting ACORDE.

Staff. All the organizations have professional and support staff charged with carrying out the organizations' programs and services. An important variable is whether the staff is recognized as an integral part of the structure, and the degree to which staff's roles, authority and responsibilities are defined.

## Issues

The major institutional and structural issues which have arisen in the organizations studied concern member control of the organization's policies, the appropriate roles and functions of the Boards, and staff relations with the Boards and the members.

Member Control. Issues with regard to the degree of the members' control of the organization have affected all three membership organizations, although to different degrees.

The desire of FOPRIDEH's membership to control the organization is very strong; and the members are demonstrating an increasing sense of FOPRIDEH as their own organization to serve their interests. A perception among some member organizations that the AID-supported sub-project funding program was dominating FOPRIDEH to the degree that FOPRIDEH was failing to fulfill its original purpose as a representative and coordinating mechanism intensified an internal conflict which had existed from the beginning over the degree of importance to place on sub-project funding. Contributing to this is the substantial degree of nationalistic feeling among FOPRIDEH's members, no doubt exacerbated by the current political context in Honduras and Central America. This has resulted in a process of institutional introspection and an effort to develop a conceptual framework to unify the members around a common conception of development and of the roles of both the federation and its member organizations. Factors which have facilitated this are the relative degree of homogeneity among FOPRIDEH's members, which are all development-oriented and mainly local; and the fact that a number of them, although small, are fairly well-developed and socially progressive as well. The process of trying to resolve these conflicts is still underway, but it appears that member control will grow stronger. FOPRIDEH seems to be evolving into an organization with a more cohesive sense of direction dictated by its members and with a concomitant desire to lessen donor control. It is likely that FOPRIDEH's various programs increasingly will be directed in the way that members think best fit their needs.

ASINDES shares some of these same characteristics, but has developed differently. Its membership appears to be more diverse and fragmented than FOPRIDEH's, which may account for some of the differences. ASINDES also experienced differences among its members over accepting AID support, and a group of dissident organizations dropped out. Thereafter, the major focus of ASINDES became the AID-financed sub-project funding program; and relatively little attention was paid to representation or coordination of the NGO community. ASINDES' members seem to have accepted this situation, and have not tried to reassert control over it or bring about any change in direction; nor has nationalism appeared to enter the picture to any great degree. Still,

the Board has had to be cautious in introducing new policies because of member opposition--for example, making the sub-projects financing program even more oriented to productive activities.

HAVA was founded on the assumption of total member control and a high level of member participation in all decisions. This orientation reflected both the idealism and the relative strength of the original members -- mainly large, US-affiliated NGOs. As the organization grew this system became cumbersome given the complexity of its activities and the relative weakness of most of the current members which now include a much larger number of small local organizations. HAVA has just gone through a restructuring designed to maintain ultimate member control but to lessen demands on its members to participate in the work of the organization by giving a larger role and greater authority to its Executive Direction and staff. At the same time the Board intends to place more emphasis on being responsive to members' concerns.

The conclusion to be drawn is that, while member control is built into the structure of all these organizations, its strength is influenced by the strength and composition of the membership and the degree to which they have been able to unite around common concerns and concepts. Nationalism is a factor which weighs more heavily in FOPRIDEH, which is made up predominantly of relatively strong indigenous organizations, than it does in HAVA which is still about half foreign. The local political context can have an important effect in stimulating nationalism and a desire for autonomy, as is seen in Honduras where controversy over US influence also comes into play. This is less a problem in Haiti, or even Guatemala, where the threat to NGOs has often come from their own governments, and US assistance carries less political baggage. However, in all cases the need to obtain the consent of the membership to the program and policies followed has led to caution on the part of the Boards. It cannot be overlooked by AID.

Board's Representative Role. For the membership organizations the Board is the principal means to assure that the organization's functions are carried out in accordance with the objectives approved by the members. This representative role confers a greater degree of authority on a member organization Board than on a foundation Board. However, representative Boards also reflect conflicts going on within the membership. (In the case of FOPRIDEH there is an additional body, the Executive Committee, which can serve as either an ally of or a check on the Board and so augment the possibility of both member control and member conflict.) For instance, because of the aforementioned conflict regarding FOPRIDEH's purposes, there was a move to use the Executive Committee against the Board, followed by an attempt by some members to capture key positions on the Board in the

recent election. However, the current President was reelected, and relatively conciliatory new members were elected to the remaining Board positions and the Executive Committee, apparently dampening the conflict and promoting greater unity. Conflict on the Boards based on member differences does not appear to have been a major problem in the other member organizations. However, in both ASINDES and HAVA there have been changes in the composition of the Boards which resulted in modifications to important policies.

Nature of Board Oversight. The type and degree of control exercised by the Boards vary, depending on the strength and interest of both the member organizations and their representatives of the individuals on the Boards. It also depends on the definition of Board roles which is followed in each organization.

HAVA's Board has given increased responsibility to the Executive Direction, while retaining an approval role, because most of the NGOs were unable to meet the high time and resource demands required to exercise full executive control. The Boards of FOPRIDEH and ASINDES are more zealous in exerting control. In the case of FOPRIDEH, Board control is focused mainly on program direction and on expenses to assure that members get the kinds of services they want and that costs are kept down so that members get the most direct benefit from the funds available and the organization is more sustainable. In ASINDES the Board mainly has been interested in exerting control over the Executive Director, apparently more because of a fear of too much independent action than a desire to achieve any clearly defined functional purpose. ACORDE's Board has encountered some difficulty in establishing a viable role apart from the approval of sub-projects. Most of its oversight responsibility has been left to its President.

All the organizations have suffered some degree of tension between the Boards and the staffs. This is an important problem because it has affected the staffs' morale and performance. The problems observed in ACORDE derive in part from a lack of definition of Board and staff roles, and through a change in the bylaws ACORDE has tried to define those roles and responsibilities more clearly. HAVA appears to have resolved this problem through restructuring and redefinition of roles. The next step for both ACORDE and FOPRIDEH is to arrive at a more detailed understanding of the circumstances requiring Board pre-approval and those which may warrant Board intervention. While ASINDES could also benefit from similar clarification, the main issue is really one of confidence. In all these cases there are personality factors at work as well, but structural and functional modifications could help ameliorate, if not control, their effects. As a corollary to defining the Boards' roles, there is also a need to clarify the limits on staff decision-making and to institute better reporting requirements to the Boards.

b. Administrative Capabilities and Functions

All the organizations studied perform the basic administrative functions examined below: planning, evaluation and financial and personnel management.. Their performance and types of problems experienced vary, depending on both their internal structure and functioning and external circumstances. The collection and analysis of information about the performance and impact of the programs are not yet well organized and little staff time is devoted to the effort. The organizations have not yet been able to prepare and adopt plans providing practical guidance to their work and institutional growth beyond semi-annual or annual workplans which are basically lists of anticipated activities.

(1) Institutional and Strategic Planning and Evaluation

All of the organizations are weak in their planning and evaluation. This is true whether or not they have had the benefit of technical assistance from outside advisors.

ACORDE produced an institutional development plan for 1987-1991 which is a general statement of purposes with emphasis on strengthening NGOs through their institutional improvement. The plan did not contain descriptions of how the component programs would work; set priorities among those programs; or deal with overall promotion of the NGO sector or with fund-raising. ACORDE also has produced annual workplans which have varied substantially in their approach and their detail. The relationship between the institutional development plan and the yearly workplans is not clear, and it does not seem that the planning process provides much guidance to the operation of the organization. There is no system for collecting and analyzing the information which would be needed for an evaluation of the effectiveness of the program. Major decisions have been taken by ACORDE as is indicated in the descriptions of the various elements of the program. However, those decisions do not seem to be the result of any systematic planning and evaluation process.

In 1988 ASINDES did produce an institutional plan which was approved by its Board. However, that plan is very general, and does not indicate priorities among its various elements. The workplans have been produced by the PACT advisors, not by the staff. There is no program evaluation system in place nor a system for collecting information needed to make such a system work.

FOPRIDEH has developed plans for carrying forward specific parts of its program--e.g., for self-sufficiency, training and technical assistance and sub-project impact evaluation. However, it has not yet developed an overall institutional development

plan setting forth the objectives and relative priorities of its overall program. This is largely due to the fact that FOPRIDEH is still in the process of defining the conceptual framework to govern its life as an institution. It is the only one of the four organizations that has developed an evaluation plan. Its evaluation efforts thus far have concentrated on developing a system to measure the impact of the sub-projects which it is assisting.

HAVA has just been through a fundamental review of its purposes and its structure. Important decisions have been made. However, there is not yet an institutional development plan or an overall program plan. Workplans are lists of activities to take place by month. There are no targets, and there is no setting of priorities among the program elements. There is no system for the conduct of evaluations of HAVA's program or of the impact of its programs.

The reasons for this common weakness are several. One, none of the organizations have devoted a professional employee full time to the functions of planning and evaluation. Two, the three member organizations have had to devote considerable attention to discussing what should be the purposes of their organizations, and may be reluctant to assign priorities and targets too clearly to their various programs for fear of stirring up further controversy. Three, all the organizations de facto have given priority to getting the sub-project funds (financed by AID or by the governments with AID-related funds) underway in order to meet the terms of the grants and to gain income and provide tangible benefits to NGOs. They have had less time and inclination for planning and evaluation. Indeed, although the USAID Missions are all in favor of planning and evaluation, none of them appear to have given those activities equal billing with getting in place a system for utilizing the grant funds. Fourth, and most important, the organizations all lack experience and expertise in planning, evaluation and the requisite information gathering and analysis; and achieving such experience and expertise is difficult.

Certainly it must be concluded that it is not likely that organizations of NGOs (or any other organizations for that matter) are likely to put much emphasis on devoting financial and staff resources to planning and evaluation systems in the face of pressures to move resources and to resolve internal conflicts among members. If these organizations are to give priority to planning and evaluation, they will need both assistance and pressure to do so. The result is that after two to three years of operation under the AID grants, the organizations are not yet far along in addressing these aspects of their institutional strengthening. The USAID Missions should have placed more importance on these aspects, and certainly they should not terminate their support for these organizations without making a

concerted effort to assist them in improving their planning and evaluation efforts.

## (2) Financial Management

All the organizations have systems in place for financial controls and reporting which are satisfactory to the USAID Missions for the purposes of accounting for the use of the local funds which they are administering. However, none of the organizations is yet administering dollar funds from the AID grants. PACT is handling the dollar funds for ACORDE and ASINDES, and HAVA and FOPRIDEH do not receive dollars for sub-project funding from AID. This will need to change if AID intends to provide dollar funding in support of or through these organizations after the PACT assistance has been completed. Furthermore, none of the organizations have financial staffs which have the experience and time necessary for them to provide financial analyses in support of the sub-projects or as part of the institutional planning, budgeting and evaluation which should be taking place. Thus all the financial staffs need to be upgraded; however, cost constraints to adding additional staff must also be taken into account. Audits have been performed on all but one of the organizations. Lastly, none of the organizations has yet achieved an effective consolidation of its budgeting, disbursement and projected income records to enable it to make reliable projections of program levels.

## (3) Personnel Management and Training

The most common personnel issues which arose in the organizations studied concerned staff size, salaries and training. They have been factors in both the foundation and the membership organizations.

Salaries. In all cases the Boards and/or members wanted to hold down salary costs, although the reasons differed somewhat. In the membership organizations the factor of competition for funds between members and staff has emerged in the case of FOPRIDEH, which has been particularly adamant about not adding any more staff as well as keeping existing salary costs down. Other factors affecting the attitude of both FOPRIDEH and ASINDES are fear that current salaries and staff size are not sustainable when AID funding ends, and member resentment that staff of the umbrella organization are paid more than the NGO staff. There is also some feeling that an umbrella organization should not operate on a notably more "luxurious" level than its member organizations with regard to offices and equipment. In ACORDE, sustainability is also a factor to some degree, as well as a more prevalent reluctance by the private business-oriented Board to raise salaries they consider high enough in comparison to those in the business sector.

On the other side of the argument, Executive Directors insist that good salaries are necessary to get qualified people, and that it is more cost effective to hire and retain capable, productive staff than to pay low wages and experience low productivity and high turnover. Neither ACORDE nor FOPRIDEH, which have the highest salary levels, have suffered as much turnover or vacancies as has ASINDES. USAID Missions have usually been on this side of the argument as well, emphasizing the need for sufficient qualified staff to carry out the programs they are supporting.

There is no single answer to this problem, which will have to be resolved in each case according to the individual organization's needs and resources, as well as its internal politics. However, the actions that have been taken to date to try to hold down personnel costs have caused problems. These have involved the Boards' denial or reduction of regularly scheduled raises for staff in apparent contravention of the policies stated in the personnel manuals of ACORDE and FOPRIDEH, and the delay in ASINDES in conducting the analysis which would rationalize the overall salary structure. While salary policies must be realistic in terms of the resources available, they also should be handled administratively in accordance with a Board-approved policy, not through direct Board intervention.

Staff Size. Either inability or reluctance to hire sufficient people or those with sufficient experience have affected all the organizations to some degree and particularly HAVA and ASINDES. Budget restrictions have prohibited HAVA from putting into effect a key component of its restructuring plan--it has not been able to hire staff coordinators to replace the non-functioning volunteer sectoral coordinating committees--severely limiting the effectiveness of its technical services program. ASINDES has a very small staff, and has tended to hire less experienced people to keep costs down. In addition, it also has had long vacancies in several posts. Both organizations have also experienced staff problems due to management style and procedures, adversely affecting staff morale. All of these conditions have affected program implementation.

Staff Training. Personnel training generally has been neglected. What provisions there are for it are funded by the USAID grants, most of which are in their later stages. Insufficient thought has been given to assessing staff training needs and figuring out how they will be financed after AID funding ends. This is a matter that has also suffered from the reluctance of some member organizations to spend funds on staff. FOPRIDEH members, for example, have insisted that funds originally granted by USAID/H to train FOPRIDEH staff also be used to train NGO staff. HAVA has no budget for staff training, although, as in the other organizations, staff members may attend HAVA-sponsored training seminars for NGOs and others. ASINDES

did not have funds for training of its staff until the recent additions made to the OPG. This somewhat hit-or-miss process has left many gaps which need to be filled. Computer training was an area mentioned as a staff need by most of the organizations.

## 2. Sub-Project Development and Support

This section examines the experience of the organizations studied and the factors influencing the effectiveness of sub-project funding programs, including their ability to attract proposals and review, select, monitor and evaluate projects. It also looks briefly at the impact of these projects.

### a. Attracting and Preparing Proposals

None of the organizations experienced a shortage of proposals as far as sheer numbers are concerned. No extraordinary measures have been necessary to bring in proposals; word of mouth among the NGO community has probably been the most effective means. On the contrary, most organizations have been reluctant to undertake much publicity for fear of an avalanche of proposals they can't handle. Reluctance of NGOs to accept funds originating with AID has not been a serious problem. Some NGOs won't accept these funds, which has caused some problems within ASINDES and FOPRIDEH; but by far the great majority are glad to get them. Proposals have come from both local and US NGOs. However, the only organization which has attracted a high proportion from US NGOs (about 50%) has been ACORDE, which offers both dollar funding to US NGOs and higher levels of financing per sub-project.

All the organizations, however, have had problems with the quality of the proposals. Overall, nearly 30% of the proposals to the four organizations have been rejected at least temporarily. While much of this problem has been due to lack of capacity by the NGOs, this problem has been aggravated by delays in preparing adequate project selection criteria and procedures to guide applicants in preparing proposals, as well as by delays in hiring project analysts. Most of the organizations began funding projects before these systems were fully in place. In similar future programs, systems and staff should be in place before project funding actually begins.

All the organizations also have experienced demand from the NGOs for technical assistance in preparing proposals and often in helping applicants make organizational improvements and meet other requirements for approval. The ability to respond to this demand has varied; it has severely taxed staff time; and has sometimes demanded technical expertise project staffs have not been able to provide. This situation highlights the need for

expanded programs of institutional strengthening for NGOs--particular training and assessment and coverage of specific technical assistance needs.

b. Reviewing and Approving Projects

Once project selection criteria, analysis procedures and qualified staff have been put in place, most of the project funding programs have done reasonably well what they were set up to do.

Although their composition varies widely--the Board of Directors in ACORDE, representatives of member organizations in HAVA, outsiders in ASINDES and a combination of members and outsiders in FOPRIDEH--all the project approval committees work reasonably well. There were no reported problems of lack of fairness or favoritism. While it is true that in membership organizations a majority of funding has gone to members, this has not been a motive for complaint by non-member organizations. While it is impossible to know based on our brief visits, it seems likely that the predominance of members among the organizations receiving funding is a function of better communication or increased awareness among the members rather than the conscious exclusion of non-members.

The only questions with regard to project approval committees arose in the cases of ACORDE and HAVA. Although the members of ACORDE's Board have been very conscientious and have learned a great deal, the Board does not include people with experience in and knowledge of either development or NGO operations; and this has caused some question on the appropriateness of its judgments as a project approval body. In the case of HAVA, the question relates to the ultimate effect on the organization of the recent restructuring which, in an effort to lessen the burden on the members of the project approval committee, has substantially reduced its role by giving responsibility for reviewing and approving the vast majority of projects to the staff and the President of the committee.

The major problems experienced have resulted from delays in setting up systems or in hiring staff, and in getting access to program funds. In the case of ACORDE, a delay in the signing of the local currency agreement between USAID and the GOCR curtailed program activity for most of a year. The ASINDES funding program was also delayed significantly while ASINDES and the GOG negotiated the terms under which funds would be provided. USAID disbursements of grant funds to FOPRIDEH were delayed pending the 1987 evaluation, which caused significant program disruption. In all these cases, the organizations suffered loss of credibility with the NGO community as a result of the delays in funding projects which had already been approved.

c. Pending Issues

There are some issues affecting these systems which require attention.

(1) Clarification of Objectives

There is an issue of whether the funding programs are guided by appropriate objectives. This issue includes questions as to whether the programs should be reaching the greatest number of beneficiaries or strengthening the weaker NGOs; funding beneficiary organizations as well as NGOs; and funding social as well as productive projects.

The question of the extent to which the organizations should work with weaker NGOs faces all the organizations. It arose in Costa Rica when NGOs raised the question of whether ACORDE's objective was, or ought to be, reaching as many NGOs as possible in order to strengthen the NGO sector or giving funding preference to NGOs with a demonstrated track record for achieving impact. For the moment ACORDE has been able to do both, but this situation is not likely to last. Therefore, it will become necessary to define better the basic objectives and assign priorities either to institution building at the cost of achieving more immediate beneficiary impact or to the latter with the risk of a small number of more effective NGOs taking a large share of program resources.

Three of the organizations have encountered the question of whether to support directly groups or organizations of beneficiaries rather than to work only with NGOs which in turn would work with those groups or organizations. ACORDE is just beginning to explore this issue, having received one proposal from a beneficiary organization which it is considering as a test case. FOPRIDEH was initially required by the terms of its USAID grant to fund "bona fide PVOs which qualify under the institutional eligibility criteria to be developed." These criteria were interpreted by FOPRIDEH to include beneficiary organizations such as cooperatives, guilds or unions and "patronatos"; and it has funded a number of them. However, as a result of recommendations in the 1987 evaluation, the criteria were clarified so that only legally-recognized, private development or relief organizations are now eligible for funding. ASINDES is still legally able to fund such beneficiary organizations, but has not yet done so.

HAVA has put the strongest emphasis on including beneficiary organizations in its financing program. Its justification for this approach is two-fold: the lack of ability or interest of the NGOs to meet the demand for small credit by community groups, and the need to develop a model credit program so that NGOs will develop greater interest and capability in undertaking small credit programs.

However, there would appear to be problems with this approach. For instance, in the case of HAVA: i) its resources are far too limited to meet anything but a minute fraction of the demand from beneficiary groups; ii) it has made no serious effort to involve NGOs in the program so they can learn by direct experience, and thus its model is unlikely to be accepted and followed by NGOs; and iii) some of its member NGOs perceive HAVA as a competitor because of its direct operational role in working with beneficiaries, which is at odds with its role as an NGO support organization. It would seem to make more sense for the umbrella organizations to use their limited resources to provide technical assistance to NGOs in setting up credit programs, and to lend to NGOs for on-lending to beneficiaries. This would permit a greater multiplier effect as well as reduce the drain on the organization's staff and resources.

The third question, regarding the types of projects to be given priority, has come up most acutely in ACORDE because ACORDE has given almost exclusive priority to productive projects even though, theoretically, social projects are also eligible for funding; and because USAID/CR channels almost all its assistance to NGOs through ACORDE. The result has been that social projects are not being funded either by ACORDE or by USAID. If Costa Rica's economic situation grows worse and other resources become scarcer this problem will very likely become more critical. Therefore, both ACORDE and USAID need to examine their objectives and priorities to see whether the current approach is desirable. This issue has arisen in less critical degree in ASINDES as well. Some NGOs have questioned the advisability of ASINDES' growing emphasis on productive projects since it has forced them to try to structure their basically social projects as "productive" thereby lessening their ability to achieve either a social or a productive objective.

## (2) Clarification of Criteria

The sets of project selection criteria used by the four organizations appear to be working reasonably well. There are, nonetheless, a few areas in which amplification or clarification are desirable.

The only organization with a priority statement or criteria with regard to incorporating women in development projects is HAVA. The others simply have non-discrimination provisions. Given the relatively low participation of women in most of the funded projects and the high number of women-headed households, specific criteria are needed which emphasize the importance of reaching and including women in projects supported by these programs.

HAVA lacks criteria to assess the institutional capabilities of NGOs, for monitoring progress in developing greater institutional capabilities, and as guides for determining the assistance needed to help NGOs improve their performance and capability.

The only other problem noted were two confusing provisions in ACORDE's beneficiary criteria: one which could be misconstrued to discourage employment generation by microenterprises by appearing to restrict income only to the microentrepreneur; and a provision which leaves unclear whether a requirement that the funded microenterprise be the main source of income applies to individuals or to families--if the latter, it would discourage women particularly from undertaking microenterprises to provide a second family income.

### (3) Improving Procedures

Procedures for analyzing and approving projects are working quite well in most cases. As already mentioned, there were problems in several cases of not having sufficiently clear criteria and procedures in place when the funding programs began, which affected both the quality and the timeliness of the project reviews. Once clear guidelines were provided, staff project analysts performed reasonably well. Some problems observed in ASINDES and ACORDE stem mainly from inadequate procedures or criteria which in ASINDES offered insufficient guidance, and in ACORDE put too much stress on review by individual project officers, which tended to make them too slow and cautious and caused problems for new analysts. Lack of sufficient training and supportive supervision for project analysts also caused some difficulties in ASINDES.

By far the most important problem from the point of view of NGOs is that of delays in arriving at funding decisions. Factors contributing to this include the delay in putting criteria and procedures in place and the involuntary delays experienced by some programs in getting program funds. However, unduly cumbersome procedures have also played a role. HAVA's project approval is by far the simplest and quickest, but it is also operating mainly with very small grants and loans, while the other organizations provide much larger amounts of money for larger, more complex projects.

#### d. Monitoring Sub-projects

All the organizations have taken seriously the need to monitor the implementation of the sub-projects which they are financing. Three of the four rely heavily on the sponsoring NGOs to monitor the progress of the sub-projects. HAVA does not and, perhaps because of that has given more emphasis to on-site monitoring than have the others. There was no significant

complaint by the NGOs or the beneficiary groups concerning the monitoring being conducted. In fact, there was some desire that the organizations make more field visits than they have been doing so far. However, only one of the organizations has undertaken an effort to collect data needed to judge the impact of the sub-projects, and none yet has a system which integrates information from field visits, reports and disbursement records to get a complete picture.

ACORDE receives quarterly progress reports from the NGOs who sponsor the sub-projects, and ACORDE's comfortable financing for operations has permitted its project staff to conduct the field visits as planned. However, ACORDE is not yet collecting the information which would be needed for analyzing the impact of the sub-projects, and it does not prepare reports to the Board which would highlight implementation problems except in extreme cases. Except for the President, members of the Board have almost never visited the projects themselves. To increase the amount of field monitoring and evaluation work ACORDE would need additional staff.

ASINDES' monitoring of sub-projects has suffered from the understaffing of its project office and the lack of transportation and other resources to support field visits. As a result, neither the staff nor members of the Board of Directors have performed many field visits, and ASINDES relies heavily on written reports from the NGOs who sponsor the sub-projects. ASINDES recognizes that this restriction is undesirable, and it will seek to correct it once the project staff is brought to full strength.

FOPRIDEH's monitoring system for sub-projects is well developed, and its staff makes field visits as planned. It also has elaborated and begun to implement a system for collecting information for evaluation of the results of the sub-projects, with the assistance of the AID grant.

HAVA has put much importance on and devoted a large amount of staff time to monitoring the sub-projects. This is due to HAVA's having accepted responsibility for administering several large infrastructure projects funded under Title II; its having undertaken several special programs directly with both NGOs and beneficiary groups; and its having decided to administer many of the sub-projects directly with beneficiary groups rather than relying on sponsoring NGOs for implementation and monitoring. The last decision resulted from a conclusion by HAVA that many of the NGOs were not capable of the administration and monitoring which was required. HAVA is adding staff to meet this large monitoring burden.

The importance attached to monitoring the implementation of the sub-projects is consistent with the emphasis which all the organizations have placed on getting the sub-project programs underway and with the need to provide the respective USAID Missions with periodic progress reports. The common need to achieve a more integrated system of information on implementation status reflects the relative lack of sophistication or other demands on the time of the project and financial staffs of the organizations. The relative lack of progress on preparing for impact evaluations of sub-projects is due both to the difficulty of devising and conducting such systems and to the tendency to focus on immediate implementation steps and problems.

Improvements in the monitoring system seem achievable without too much difficulty, but they will involve acquiring more project related staff and thus a greater charge on operating budgets. The most serious problem would seem to be the substantial increase in the difficulty of monitoring which would be associated with the direct administration of sub-projects as is being undertaken by HAVA and with the more demanding financial analysis and followup involved in the use of credit rather than grants for the sub-projects.

e. Achieving Development Impact

All of the programs appeared to be doing reasonably well in this area. However, it must be emphasized that real impact data are very hard to come by. Most of the programs had little or no such data or were only beginning to develop an impact evaluation capability. Therefore, this section relies on output data and impressionistic evidence from project visits and interviews.

Size and Nature of Programs. Most of the programs are doing quite well as far as the number of projects approved and the amount of funding disbursed. Until recently the ASINDES funding program was more or less on hold because of a delay in signing the local currency agreement. While ACORDE and FOPRIDEH also suffered funding delays in the past, they have been able to catch up and are pretty much on track in committing funds. The table below summarizes the projects and dollar amounts approved to date with AID funding both dollar and local currency; it does not include projects funded by other donors.

Projects Supported with AID-Related Funding

| <u>Organization</u> | <u>Number of Projects</u> | <u>Total Amt. (US\$)</u> | <u>Average Project Amount (US\$)</u> |
|---------------------|---------------------------|--------------------------|--------------------------------------|
| ASINDES             | 15                        | 415,645*                 | 27,709                               |
| HAVA                | 22 small<br>4 large       | 64,000<br>323,765        | 2,909<br>80,941                      |
| FOPRIDEH            | 37                        | 2,906,078                | 78,543                               |
| ACORDE              | 32<br>35                  | 4,007,958<br>10,972      | 125,249<br>313                       |
| Totals:             | 110                       | 7,728,418                |                                      |

\* Does not include second year funding for these projects.

All the programs are national in scope. All cover both urban and rural areas to some degree, although Haiti's program is predominantly rural. In Costa Rica attention is concentrated on areas of the country with the lowest socio-economic indicators.

The types of activities funded vary. ACCORDE's program is very heavily concentrated on productive projects, mainly microenterprise and some agricultural credit; as has been noted, there is very little attention to social projects. About 70% of FOPRIDEH's project funding has also gone to agricultural or microenterprise credit, with much smaller amounts to health and training, as well as some to transport and infrastructure. HAVA's grant program covers various activities, but agriculture predominates, with smaller amounts going to microenterprises and infrastructure. Only ASINDES has given much emphasis to social projects, mainly because these are what most of its member NGOs are engaged in; and, as noted, there has been an effort to rationalize them as productive projects because of ASINDES' priorities and guidelines. There has been very little emphasis in these projects on financial feasibility or cost-benefit ratios.

Nearly all the AID-supported sub-project funding has been in the form of grants to the NGOs or directly to the beneficiary groups. HAVA has a small credit program funded by other donors. FOPRIDEH recently secured reprogramming of its OPG to set up a loan fund, but none of the pending applications has yet been approved. ASINDES has made only grants. ACORDE is the only institution putting a major emphasis on a switch to loans to

NGOs, but has only made four to date. As noted in the following section, there are some NGO objections to this policy.

Beneficiary Impact. While the immediate objective of most of these programs is to strengthen NGOs, the ultimate goal is to raise the socio-economic level of the beneficiaries through the NGO projects the programs support. The impact on NGOs will be examined in the next section. As already stated, it is very difficult to assess beneficiary impact because the time allotted for the evaluation was short; most of the projects are still underway; and little if any impact data has been collected. Be that as it may it seems reasonably clear that the appropriate target groups are being reached, and that beneficiaries have received the credit, training or other outputs planned in the great majority of projects. Project visits in all the countries provided an opportunity for conversation with beneficiaries, who confirmed that they had enjoyed increased income or other benefits as a result of the projects they participated in.

Most credit recipients also indicated they were not having problems repaying their loans, and some beneficiaries in Costa Rica had received and repaid several loans at market interest rates. This fact is emphasized to point out the importance of charging real interest rates in credit programs, both to help sustain the programs by covering costs (although the training and technical assistance elements in most of these programs constitute a necessary subsidy in most cases) and to avoid creating beneficiary dependence on subsidized-rate credit. Resistance to the use of market interest rates often comes more from the NGOs or the umbrella organizations (as in the case of HAVA) than from the beneficiaries, most of whom have little or no access to credit at other than the much higher rates charged by moneylenders. Their experience with these and other market-rate programs indicates that beneficiaries are both able and willing to pay, given adequate orientation and technical assistance; and are more likely to "graduate" to the commercial credit system than if they become accustomed to artificially low rates.

Gender. The three programs for which at least some information was available all averaged around 35% for female beneficiaries. While this is quite a reasonable figure for HAVA's heavily agricultural program it is less satisfactory for ACORDE and FOPRIDEH which fund many microenterprises and other projects in which women should have a higher rate of participation. More effort is needed to encourage NGOs to actively seek out and include women.

### 3. Institutional Development of the NGO Sector

This part looks at the experience and effectiveness which the four organizations studied have had in representing and coordinating NGOs; providing for information exchange and

dissemination; providing training and technical assistance, either directly or through sub-project funding programs; developing fund-raising capabilities; and promoting gender equity.

a. Representation of NGO Interests

The membership organizations all have, at least theoretically, a responsibility function to promote their members' common interests and make them known before the government, other agencies and the public at large. However, only two of them, FOPRIDEH and HAVA, are exercising this function in a significant way.

ASINDES has devoted almost all its efforts to the sub-project funding program, and has no strategy to attract more members in order to become a stronger representative organization. This has been the subject of concern by some of the members.

FOPRIDEH gradually is taking on a strong representational role. This was one of its original purposes; but like ASINDES, it devoted much of its energies for a long period to developing its sub-project funding program. However, its members insisted on a change in emphasis, demanding that FOPRIDEH do more to serve their other needs, among them representation. FOPRIDEH's members are increasingly perceiving FOPRIDEH as their own organization, and it has gained a sufficient number of members to give it a credible representative role before the government, other agencies and the public. FOPRIDEH has collaborated with numerous government agencies, and often acts as a formal or informal advisor with regard to NGO activities. It has also defended its members' interests against perceived interference by the government. FOPRIDEH also represents the NGO community before donors and other international agencies, and participates in international meetings and seminars. Finally, it is beginning to publish articles of interest to the private development community, and has gotten some press coverage to increase public interest in NGO activities.

HAVA is also seen by its members as a way of representing their common interests, particularly before the government. As part of this role, HAVA monitors governmental developments relating to NGO activities, and tries to interpret them for its membership. It also has tried to prevent or modify restrictive laws. Given the political conditions in Haiti, this is both an important and frustrating role. HAVA has had some impact in the past year in defending human rights and the right of NGOs to work with the poor without interference, but its general emphasis is on cooperation and collaborating with government agencies. Like FOPRIDEH, it also maintains relationships with donors and other international organizations in order to promote its participatory development agenda.

ACORDE has no official representational role. However, the absence of other effective member organizations in Costa Rica has led ACORDE to try to represent the NGO sector to some degree. Nevertheless, the scope of its role as a foundation and its relationships with existing representative organizations have not yet been well understood or defined, leading to some confusion and conflict. These are matters which should be resolved.

These experiences indicate that developing a representational role depends on member demand, and will not be effective if the members are not cohesive or in agreement about their common interests. It is difficult for an organization to create a demand for this function.

b. Leadership and Coordination of NGO Activities

Both FOPRIDEH and HAVA have emphasized the coordination of NGO activities. It is not accidental that both organizations have promulgated, or are in the process of creating, statements of principles which promote distinct models of socio-economic development for the NGO sector which can serve as a basis for coordinated action among NGOs, and that both are trying to provide leadership in encouraging NGOs to participate in their models.

HAVA has tried to encourage participatory development through information, training and demonstration projects. As indicated in other sections, its record has been mixed. A particular problem has been its failure effectively to incorporate NGOs in its project funding program, thereby detracting from their demonstration or educational effect. It also has been handicapped by the relative weakness of many of its local NGO members and their predominantly relief rather than development orientation. It has had some success in encouraging coordinated action, most notably in the water and sanitation program, which has gotten a large number of NGOs to standardize equipment and maintenance procedures. Women-in-development is another area in which coordination has occurred to some degree, with a number of organizations collaborating on various seminars and on two Women's Week observances.

FOPRIDEH's development model is still being refined; but member interest in collaboration and coordination is high; and FOPRIDEH already has facilitated a good deal of networking and exchange of information, technical assistance and material resources among its members. It is very likely that, once an acceptable model is approved, FOPRIDEH's leadership and coordination efforts will increase.

Neither ACORDE nor ASINDES has taken an active role in this area. ASINDES' internal problems and diversity of membership

have limited its action on this aspect of its work to providing some services such as the Resource Form of 1987 in which representatives of potential donors met with representatives of interested Guatemalan NGOs invited by ASINDES; and that event was heavily supported by PACT and PADF. ACORDE is not equipped to do so because of its structure. The only way it can effectively influence NGO actions is through the types of projects it funds or the training it provides. It could possibly play a larger role if it were instrumental in working with NGOs to define their mutual development priorities and respective roles more clearly, but as a non-membership organization its ability to do this is limited.

c. Publicity and Information Dissemination Among NGOs

All the organizations to some degree see themselves as responsible for giving publicity to their own work and that of the NGOs in general, and for collecting and distributing information of interest to NGOs. However, the degree of importance given to this aspect of their work varies greatly among the organizations, and even within the organizations over time. In most cases the organization is still seeking the right focus and priority to give to this aspect of its work. In general, the organizations enjoy favorable public images; and there is enough knowledge of their programs among NGOs that there has been sufficient demand to use the resources available for the programs. However, in all countries there is a desire on the part of NGOs for more and better directed information.

ACORDE has focused on getting out general news coverage of its activities. It has not sought to be a source of technical information for NGOs or a forum through which they might exchange information about their experiences. That function has been left to member organizations. Unfortunately those organizations are not performing it well.

ASINDES also has put its focus on providing information to NGOs about its program for sub-projects. Although as a membership organization it has as one of its purposes the providing of technical assistance and representing the overall interests of the NGOs, it has not undertaken to collect and disseminate information in support of those purposes. This reflects the weaknesses of its programs for those purposes which are discussed elsewhere in this report.

To date FOPRIDEH's information program has consisted of bulletins with information on its own member activities, and topics of interest to the private development community. It has also issued two publications on the role of NGOs in development, and is in the process of putting together a library of materials

on development and training topics for use by NGOs and a computerized data bank of information on funding sources and on NGOs operating in Honduras.

HAVA has been very conscious of the need to provide its members and the general public with information about the NGO sector, its own programs and technical topics relevant to NGO programs. However, it is still trying to find an effective way to do this and it is reassessing its approach to the collection and dissemination of information.

The difficulties encountered by the programs for publicity and dissemination of information have been several. One, none appear to have staff or consultant experts who are skilled in publicity and the dissemination of information. Two, some of the organizations seem to be unclear as to how assertive they should be in trying to represent the NGO sector and what priority they should be giving to what kind of information. Most are now undertaking some kind of survey of the felt needs of NGOs to help them face this problem. Third, the weakness of the information programs reflects the difficulties of institutional focus with which all the organizations are struggling to some degree. Fourth, as is common in organizations, none has a system for analyzing the cost benefit relationship of the various types of information programs.

d. Training and Technical Assistance to NGOs

The training and technical assistance programs of all the organizations have been less effective and have received less attention than have the sub-project programs. Except in connection with the preparation of proposals for sub-projects and the creation of systems for accounting for the sub-project funds, most of the organizations have thus far given little technical assistance or training directed at the needs of particular NGOs, although this need to do so is becoming more recognized. What usually has been done is to provide courses or seminars open to all interested NGOs and covering topics of supposed general interest. While some courses have been very well received, some have been criticized as being too elementary and having little impact because of the lack of followup with the NGOs to assist their personnel in applying the content of the courses to their own operations. All the organizations agree that more attention should be given to the technical assistance and training programs, but they are not as sure how best to proceed.

ACORDE's predecessor organization provided technical assistance one way or another to some 141 groups with a total membership of nearly 15,000 people, and ACORDE began its operations with the provision of technical assistance and training as one of its purposes. However, during 1987 ACORDE supported only six technical assistance and training activities, and during the

first half of 1988 it supported only three such activities. More importantly, ACORDE decided that it would not continue to organize and supervise a technical assistance and training program of its own, but rather would make grants to other organizations to enable them to do so. Thus ACORDE abolished its own division of training and technical assistance, and made a grant to the largest membership organization of NGOs in Costa Rica to provide such assistance. That grant did not result in effective programs, and ACORDE has turned to an international training institute (INCAE) to mount the training programs. Meanwhile ACORDE has given some specific technical assistance to NGOs in connection with the preparation of project proposals, but it is not staffed to expand that effort significantly.

ASINDES also had the provision of training and technical assistance to NGOs as one of its major institutional purposes. Furthermore, the proposal for the original AID grant asserted that ASINDES would conduct a survey of the needs of the NGO sector as well as assessments of the training and technical assistance needs of each member NGO in order to identify what needed to be done to strengthen the NGOs as organizations (not just to enable them to handle the funds provided under sub-projects). In fact, that approach was not followed. The survey was not conducted, and the attempts to conduct the diagnostic reviews of individual NGOs was abandoned after being met by resistance on the part of the NGOs themselves, who apparently feared that the results could be used against them either in response to their requests for financial assistance or through the tarnishing of their reputations with the general public. In addition, there was disagreement among persons associated with the program as to the value of the two main approaches--i.e. technical assistance to particular NGOs or courses and seminars on general topics open to representatives of all the NGOs. These difficulties, as well as personal tensions internal to the staff of ASINDES, led to the departure of the person who was in charge of the technical assistance and training program. A replacement has been appointed only recently. Consideration is being given to focusing the technical assistance and training program on a sectoral basis beginning with health, but a strategy and plan to carry it out is not yet in place.

In the last year and a half FOPRIDEH has placed increased attention on training for NGO personnel. In 1987 there were 21 training events for 209 persons, and in the first five months of 1988 there were eight events for 183 persons. In addition, FOPRIDEH supported the attendance of some NGO personnel at courses given abroad. The training courses have included topics such as working with beneficiaries as well as the more traditional administrative and technical ones. The increase in emphasis responds to the desires of NGOs. FOPRIDEH's program of technical assistance to NGOs has been more limited, but is currently receiving greater emphasis. While much of its technical assis-

tance is associated with the preparation of sub-project proposals, it also responds to requests for assistance in other areas and is trying to increase this capacity. Most of the organizations contacted were relatively satisfied with these efforts, but wanted more specific technical assistance and some modifications in course length and frequency. Some also wanted FOPRIDEH to coordinate all NGO training events.

HAVA conducts a diverse training and technical assistance program which includes both (i) the usual topics associated with the handling of sub-project funds, with fund-raising and with general institutional improvement, and (ii) technical topics organized on a sector basis, legal services and the dissemination of information and motivation through theater and animation techniques. HAVA's program includes work with representatives of beneficiary groups as well as of NGOs, and it is likely to become even more heavily directed at the former given the trend in HAVA's approach to development. The impact of HAVA's efforts appear to be positive, with the technical courses in the water and sanitation sector, the legal services program and seminars on women in development issues getting particularly strong endorsement from participants and observers. However, it is not clear that HAVA will have the capacity to expand the program to provide effective coverage to other sectors or that it will be able to meet the burden of providing training and technical assistance directly to many beneficiary groups.

There would appear to be several reasons that the training and technical assistance programs of these organizations have been less effective than the programs for financing the sub-projects. One, as previously stated, all the organizations gave highest priority to getting the sub-projects programs in operation and the funds available for those programs utilized. Training and technical assistance activities were directed at that immediate target. Two, providing training and technical assistance is expensive; and most of the organizations do not yet have the self-confidence (or record of accomplishment) which enables them to seek contributions from the NGOs for the costs of those programs (FOPRIDEH charges for some training services). Three, the range of possibilities for training and technical assistance is broad, and thus a premium is placed on making strategic choices which is difficult for these organizations for the reasons already discussed. This problem of choice is aggravated by the difficult trade-off between courses on topics of general interest and training and technical assistance aimed at specific problems of particular NGOs or beneficiary groups and by the expense and controversy that are involved in conducting surveys and analytical studies to determine what are the most important needs of the NGOs. Four, in the case of ACORDE, there is the temptation to conclude that the provision of training and technical assistance should be the responsibility of organizations whose basic purpose is to be responsive to the needs of its

members, and that ACORDE should not be seen as seeking to usurp that responsibility, even if the relevant membership organizations are not meeting the responsibility.

The USAID Missions do not seem to have played a significant role in the discussions which have been taking place about the topic of the appropriate role for training and technical assistance in the programs of these organizations. The Missions all nominally have included a program for training and technical assistance to NGOs in the grants made in support of these organizations. However, neither the difficulties encountered by the training and technical assistance aspects of the programs nor the significant changes in approach adopted (e.g. by ACORDE in abolishing its direct involvement and by HAVA in focusing its attention more and more on beneficiary groups) seem to have caused any significant reaction or action on the part of the Missions. Given the Missions' desire to reduce the amount of staff time devoted to the administration of NGO programs, this situation is understandable. However, it would seem to be at odds with a real concern for the institutional strengthening of these organizations and the NGOs which they are to serve. A more coherent strategy and better funded program to carry out that strategy is needed for the technical assistance and training aspects of these programs, and the AID Missions should become more actively concerned with their creation and execution.

e. Assistance to NGOs in Fund-raising

The organizations have not been as active as they might in assisting NGOs in their direct fund-raising efforts, being so strongly concerned with fund-raising for themselves. There have been seminars given on fund-raising techniques by all the organizations, and conferences of representatives of potential donors and representatives of NGOs have been organized with assistance of PACT and the Inter-American Foundation in Guatemala and Honduras. However, there has been little followup with the NGOs following those conferences, and there seems to have been little increased support for NGOs arising from them so far. Most of the organizations have yet to adopt a strategy for proceeding on fund-raising which sets forth the priority given to assisting NGOs or the techniques which are to be used in any such effort; FOPRIDEH, however, has recently developed a plan that extends to NGOs as well as fund-raising for itself, and is in the process of developing a competitive data bank on donors for use by the NGOs.

f. Promotion of Gender Equity by NGOs

To date, HAVA is the only organization studied which has made a point of specifically promoting the inclusion of women in its development projects. The others need to prepare priority statements and specific criteria for their funding programs to encourage NGOs to give more attention to gender equity, and

should also conduct training sessions on this topic and arrange for appropriate technical assistance to help organizations effectively reach and include women.

ACORDE, HAVA and ASINDES have excellent ratios of high-level female staff; FOPRIDEH could improve in this respect. Board gender ratios are good for HAVA and FOPRIDEH, but ACORDE has only one woman on its Board, and ASINDES has none. The presence of women in such positions sets a good example for NGOs and tends to favor attention to women beneficiaries--although it by no means assures it.

#### 4. Effectiveness in Achieving Sustainability

A major problem facing all the organizations studied is the question of their sustainability once AID support ends. This section examines both their institutional and financial sustainability and the factors which affect it.

##### a. Institutional Sustainability

Factors which contribute to institutional sustainability include a clear sense of institutional identity and mission on the part of the organization, a perceived need for the institution and support for it by the NGO community, and support (or at least acceptance) and recognition of the institution's role by the government.

Measured by these factors, FOPRIDEH is well on its way toward institutional sustainability, although much will depend on the cohesion it is able to build around its prospective conceptual framework and development model. However, it does seem to have achieved substantial recognition and credibility among the NGOs (though their willingness and ability to provide a higher level of financial support is still to be seen). Its recognition by the GOH is also a positive factor, and it has made progress in establishing a collaborative relationship while still defending NGO interests. The relative homogeneity and strength of FOPRIDEH's membership have contributed to this situation, as has a strong sense of nationalism and desire for increased autonomy.

HAVA has also made progress toward institutional sustainability. It has achieved a clear sense of its identity and mission. However, its ability to rally a relatively weak and quite fragmented NGO community around this mission is still an open question. A number of NGOs do appear to recognize the need for a common forum and representative, particularly with respect to relations with the government. USAID/H has been instrumental in having the GOH present HAVA with AID-related sources. However, the quality of HAVA's future relations with the GOH and HAVA's ability to deal effectively with it are obviously affected by the

instability of the current situation in Haiti, which makes it impossible to predict future developments.

ASINDES' prospects are mixed. Its current membership appears to support the direction it is taking, but there is little evidence that they are enthusiastic about it or willing to give it extensive support. There is little momentum to expand the membership to achieve a stronger organization. The definition of ASINDES' purposes and the scope of the assistance which it will provide to NGOs is still evolving, and thus the degree of utility which it will have for the NGO community is not yet clear. With USAID assistance ASINDES has received financial assistance from the GOG, but the negotiations have been difficult; and there is still considerable suspicion on ASINDES' part as to whether the GOG can be trusted to remain supportive of its efforts. Some observers have commented that ASINDES' main accomplishment to date has been to continue to exist in the face of the internal and external pressures to which it has been subjected.

ACORDE is in a different situation, since it essentially is just a financing institution. Because it is a foundation rather than a membership organization, there is little basis on which NGOs can develop institutional loyalty toward ACORDE beyond their need for the funding it provides. ACORDE is perceived basically as an AID funding window by the NGOs, which are happy to get the money but don't feel responsible or involved in sustaining the institution. On the other hand, ACORDE enjoys good relations with the GOCR, which sees it as providing a useful service. It is receiving government support through AID-related funding; and, although political considerations might intervene, it is likely that that support will continue for at least five years.

b. Financial Sustainability

The financial sustainability of the programs of all the organizations except ACORDE is in doubt; dependence on AID-related financing is not decreasing; fund-raising efforts have not yet produced the results projected; dues and revenues from reimbursable services are not significant sources of financial support; and the use of reimburseable financing of sub-projects as a source of revenue is currently very limited and its future unclear.

(1) Operating Costs

All of the organizations except FOPRIDEH are operating with more or less balanced operating budgets. However, only ACORDE appears to have assured financing to cover its operating costs and a level of operating costs which does not seriously limit its ability to meet its program responsibilities. None of the organizations has been able to mount a significant reimbursable

services program to raise revenues. All remain overwhelmingly dependent on AID-related sources for financing their operations.

ACORDE's operating and fund-raising budget for 1988 is the equivalent of approximately \$306,000 which is approximately 11% of the overall budget. ACORDE has been financing these costs mainly from interest on balances in its bank accounts of funds from its predecessor agency which are not yet disbursed, from support under the USAID grant to PACT and from the GOCR funds made available under the agreement among ACORDE, the GOCR and USAID/CR. In the future the major share of funding for ACORDE's operating expenses will come from income generated from renting space in the downtown office building which AID has granted to ACORDE and will turn over to it by 1989.

ASINDES' operating budget for the fiscal year 1988-1989 is the equivalent of approximately \$180,000 which is approximately 14% of the overall funding for its programs (10% if purchases of furniture, equipment and vehicles are not included). Although this level is a very substantial increase over that which prevailed before 1986, it does not permit ASINDES to fund the level of activity that is required for it to perform its responsibilities satisfactorily. The costs are financed through the USAID grant to PACT and from the fees earned on the administration of funds transferred from the GOG pursuant to the agreement among ASINDES, the GOG and USAID. Those sources will continue to predominate until 1990. At present ASINDES has not identified any source of financing likely to replace the transfers from USAID/G through the PACT grant and it is not certain that the GOG will continue indefinitely to transfer substantial funds to ASINDES to administer on its behalf.

FOPRIDEH's operating expenses were the equivalent of \$206,823 during the first seven months of 1988. This constitutes about 28% of the overall funding for its programs during the period. However, FOPRIDEH's revenues for the first seven months were only the equivalent of \$139,000 (67% from interest on balances held in bank accounts of AID funds obligated for the sub-projects but not yet disbursed, and 30% from fees for administering the AID funded sub-projects). Current operating expenses are covered by the AID grant, allowing FOPRIDEH to save from its revenue to help cover expenses after its AID grant runs out. The prospects for financing FOPRIDEH's operating budget after 1988 are not good. The bank interest on undisbursed balances of AID funds will decline and the fees for administering the two large projects will cease. It is unlikely that an increase in reimburseable services or administrative fees on possible new projects will make up the difference. Thus FOPRIDEH is making tentative plans for a retrenchment of its staff.

HAVA's operating budget for the year 1987-1988 is the equivalent of approximately \$354,000. That amounts to over 70%

of the total program. The extraordinary high percentage reflects the very small size of the sub-projects program and the emphasis placed on education rather than the placement of funds. These operating costs were met by transfers from the GOH of PL 480 resources, support under the USAID/H grant and residual support from the IAF under its terminating credit program. USAID/H's grant will largely meet the operating expenses of HAVA until the middle of 1989. The prospects for funding after that are unclear. The most likely sources would be additional support from USAID/H or additional transfers from the GOH of funds generated through other AID related programs. However, there are no current concrete plans by the GOH or USAID/H to provide such funding.

Thus, all the organizations except ACORDE appear to face indefinite reliance either on grants from the AID Missions or on fees for administering government funds also derived from AID. It is hard to see how this situation is strengthening the independence of the organizations. The ACORDE alternative of being given a large endowment by AID is appealing and should be given serious attention, but there does not seem to be much interest on the part of other Missions doing this. The alternative of increased fee income from administering projects on behalf of donor organizations holds some promise, but it is far from being realized; and, in fact, it holds the dangers that the organizations could be diverted from their principal purposes and their own programs in order to supply administrative services.

Certainly more should be sought in the way of income from administrative fees and additional reimburseable services. Income from the interest spread on reimbursable sub-projects will also provide some support to the operating budget. However, there seems to be no prospective alternative which will relieve these organizations of the need to increase their fund-raising efforts very significantly and to include in those efforts financing for their own operations. Those efforts are likely to take longer than the periods during which the Missions currently plan to support their operating costs. This issue will need to be faced soon.

## (2) Program Levels

All the organizations face major uncertainties in trying to maintain the level of program activity which they have reached in the last few years with assistance from the AID Missions. Except for FOPRIDEH, their dependence on their own governments for program funding is growing as a result of AID's influence with those governments, and their access to foreign exchange for external program costs is declining as AID ceases to provide dollar financing for these programs.

ACORDE's program budget for 1988 amounted to \$3.845 million. Of that amount \$1.7 million came from transfers from the GOCR of funds generated by repayments of its loans to the private sector under other AID programs, \$1.2 million came from transfers under USAID/CR's grant to PACT, and \$.797 million came from funds transferred to ACORDE from its predecessor agency. According to the agreement between the GOCR and USAID/CR the former's contribution to ACORDE should continue for five years. However, the latter two sources of funds will be exhausted during 1989. At present the only likely substitute for those sources is the possible grant of \$500,000 to \$1.0 million from the Inter-American Development Bank. (PACT also is exploring the possibility of making ACORDE the beneficiary of a debt-swap agreement between the GOCR and its US creditors, but that possibility is just beginning to be analyzed.) Even with such a grant, the level of program being supported by ACORDE is likely to fall unless unanticipated success is achieved in fund-raising.

ASINDES' program level for the current budget year is the equivalent of \$1.067 million of which 31% comes from the USAID/G dollar grant to PACT and 69% from GOG funds generated by other AID programs. Prospects are similar for the program in the budget year 1989-1990. Thereafter the prospects are unclear. At present there are no sources likely to replace these two current sources of program funds. USAID/G has provided ASINDES with \$200,000 to administer a small projects program linked with the association of returning participants under the CAPS program, but it has decided not to use ASINDES for implementing funds available under its projects in health and in small enterprise development. The Board of ASINDES would like to create a financial organization separate from ASINDES in order to enable it to attract funding and operate reimburseable programs without conflicting with the concerns of its members that the other purposes of ASINDES are being subordinated to the financial program. However, the source of funding for such an organization is no clearer than that for ASINDES itself.

FOPRIDEH's program for the first seven months of the current budget year is the equivalent of \$450,000. The sources of these funds are a dollar OPG for technical assistance and a local currency OPG for sub-projects, an AID grant for a health project to be administered by FOPRIDEH and some small grants from European organizations. Only the local currency OPG will run beyond the early part of 1989, and it will be fully utilized by the end of 1990. FOPRIDEH has received notice of preliminary approval for a soft loan equivalent to \$500,000 from the Inter-American Development Bank. It is also negotiating with the World Food Program, the Inter-American Foundation, the European Economic Community and a German foundation about possible future financial support for its programs. However, even if all these discussions were successful, the level of support would be well below that currently being provided by the OPGs from USAID/H.

Thus, FOPRIDEH also faces the likely prospect of a declining level of program resources unless it can turn to the GOH to provide it with resources or it is able to mount an effective fund-raising campaign.

HAVA too is facing a declining level of resources for its program. There are funds to continue the current level of activities under the legal services and theatre programs for another year or two, but not to expand them. The funds available for sub-projects are largely used, and the most likely sources of replenishment are a loan of \$300,000 to \$400,000 from the IDB for the agriculture credit fund and additional transfers of PL 480 generations from the GOH. Neither is certain, although both seem to be good possibilities.

The prospects for program funding do not seem to be dependent on the type of organization. All are facing difficult situations, which seem to reflect the nature of the programs being supported and the fact that even those organizations most interested in using reimbursable funding for sub-projects (e.g. ACORDE and ASINDES) have not made much progress in doing so yet. The situation also is owing to the fact that all AID Missions appear to want to discontinue providing dollar funding for NGO programs and assume that local governments will be willing and able to provide funding to keep the levels of programs from declining. Even if the levels can be maintained, the result is likely to be less flexibility for the organizations and serious constraints on their ability to support activities requiring foreign exchange.

### (3) Fund-raising

To date the fund-raising efforts of all the organizations have not lived up to expectations. With the exception of FOPRIDEH, the organizations have not forged coherent strategies, much less concrete plans to raise funds from sources other than AID and their own governments. Almost no effort has gone into domestic fund-raising except in the case of ACORDE, and that effort has had more benefit for a particular NGO than it has for ACORDE as an institution. Proposals have been made to the usual official donors such as the IDB and the IAF, and all have had at least some contact with US foundations and European organizations. However there has as yet been little in the way of concrete results from those contacts. Indeed, most organizations have not yet made such basic decisions as the extent to which the effort will be focused on finding funds for particular projects of NGOs or for the overall program of the organization, or the extent to which the organization wishes to focus on offering itself as an implementor or administer specific activities. ACORDE is the only organization which uses the full time of a staff member for fund-raising.

During the first half of 1988 ACORDE raised \$43,000 domestically from non-government sources (all but \$1,333 of which was for projects of a specific NGO) and \$61,000 from international sources. Although trips in 1987 to the US and Europe by the President of the Board and the Executive Director did not result in immediate financial support, they did serve to establish channels of communication. The staff of ACORDE has concluded that its experience shows (i) that ACORDE should seek funding for specific NGO projects rather than general support as an institution or a line of credit for its programs such as USAID/CR and the GOCR have supplied; and (ii) that more preparation and staff work is necessary to convince potential donors that ACORDE is deserving of their confidence as an administrator of project funding. That view is not shared by the President of the Board, who sees a need for more institutional support for ACORDE and places more importance on personal contacts and vigorous followup to initial contacts. Partly as a result of this difference in points of view, ACORDE has not been able to formulate an agreed-upon strategy for its fund-raising.

ASINDES has had even less success at fund-raising from non-governmental sources. No effort has been made to raise funds domestically, and the effort to raise external funds has been limited to a trip to the US by some members of the Board. A similar trip to Europe currently is under consideration. Fund-raising is handled by the Executive Director as part of his regular duties. There is no approved strategy to address the issue and preparation of background materials is hardly underway.

FOPRIDEH is beginning its fund-raising efforts. It has identified a series of steps to be taken starting with better defining its conceptual framework and purposes. It is collecting information on possible funding sources, both domestic and external, and preparing promotional material to use in its actual contact work. A \$500,000 loan from IDB has been approved. Fund-raising is handled by the Executive Director with the assistance of the resident German advisor. They have traveled to Europe to initiate and followup on contacts with possible donors. So far these efforts have not produced much support for the program, although some support for equipment and training has been secured, and some organizations have indicated potential interest. As in the case of ASINDES, the Board is considering creating a semi-autonomous organization to act as the financial agent for FOPRIDEH's project funding programs in part to make it more attractive to a broader range of donors.

HAVA has received support from fairly diverse sources -- e.g. the IAF, the EEC, UNICEF, a Dutch development agency and AID. It currently is seeking funding from the IDB and the Canadian Government as well as from its past donors. However, HAVA has no effort underway to obtain funding from domestic sources, and it has made little effort to seek funding from

private sources abroad. Furthermore, although HAVA has evolved a fairly focused approach to development, its fund-raising effort has not been elaborated with equal care or precision. The members of the Board do not seem to be engaged in the effort to any significant extent, leaving the problem to be addressed by the Executive Director.

It may be that it is too early to expect these organizations to have achieved significant success in their fund-raising efforts, and it also may be that the fairly generous support of AID and of the local governments with AID's encouragement has led the organizations to be less driven to find other sources of support. However, the more likely explanation is that AID and the organizations overestimated what is possible within the period of these OPG grants and included in those grants commitments for performance by the organizations without providing the degree of support which would seem to be necessary. The situation is further complicated by the facts that AID no longer is willing to have AID funds used to help finance fund-raising efforts, and that many European sources of assistance do not want to associate themselves with organizations they see as closely linked with the USG and its policies in Central American and the Caribbean. Whatever the reason, fund-raising is perhaps the weakest aspect of the performance of these organizations, and the AID programs have not yet found a way to make their efforts effective.

##### 5. Use of External Advisors and Technical Assistance

All of the organizations except HAVA have used significant amounts of external technical assistance and have had resident external advisors. The AID grants to ACORDE and ASINDES financed such advisors and technical assistance from Private Agencies Collaborating Together, Inc. (PACT), a US based international consortium of private voluntary organizations working in developing countries. The AID grant to FOPRIDEH financed two individual resident advisors, and the organization later used financing from another source to obtain the services of an external advisor. In all cases the relationship between the advisors and the organization has not been entirely smooth, but on balance has been positive; and the presence of the resident advisors has been recognized as being beneficial. However, there still appears to be some resentment concerning the home office costs of PACT, and some question concerning the utility of periodic visits from PACT's home office personnel.

ACORDE has had the assistance of a resident PACT advisor throughout its existence. In fact, that assistance began while the program was still only a division within CINDE. The current resident advisor from PACT has been with ACORDE since March 1987, and is scheduled to remain until June 1989. There seems to be agreement among the Board and USAID/CR that it would be wise to

extend the advisor's presence for one or two additional years. Although all agree that he is personally well prepared and motivated and has been of important assistance to ACORDE's programs, there is some feeling that he has become too involved in the internal disputes of the organization and on occasion has been too forceful in seeking changes in the organization's structure and the distribution of its responsibilities. Thus, it would seem to be wise to seek further clarification of the role which the advisor is to play.

ASINDES has had a resident advisor from PACT since mid-1986. His job was made difficult by several factors. First, ASINDES was resentful of AID's having provided the dollar funding for sub-projects through PACT rather than directly to it and of what it considered to be the excessively high cost of PACT's handling of those funds. Second, ASINDES was suspicious of PACT's intentions seeing it as a potential rival in providing assistance to Guatemalan NGOs. Third, the former Executive Director of ASINDES resisted taking advice from the resident advisor, and was critical of him with the Board of Directors. Through persistence the PACT advisor was able to overcome these negative factors while accomplishing most of the tasks assigned by the Grant, and currently he appears to have the confidence of the Board and to be accepted by the new Executive Director. However, ASINDES remains critical of the costs of PACT's assistance--and especially of the home office charges--and probably accepts the continued involvement of PACT as an institution basically because the USAID Mission requires it to do so.

Although FOPRIDEH has not had assistance from PACT it has had the help of resident external advisors. The USAID/H grant financed the full-time services of a former Mission employee from the beginning of the OPG until March 1988 to assist FOPRIDEH in organizing its internal administration and its operating policies and procedures. The grant also financed the full-time services of an advisor during 1985-1986 to assist in liaison work with the NGOs. During the last year and a half FOPRIDEH has had the full-time assistance of a German advisor partially funded by the Intergovernmental Committee on Migration (CIM). The relationship between the first full-time advisor and FOPRIDEH deteriorated over time, and was allowed to lapse. The current relationship with the German advisor appears to be better and his services to be valued. However, FOPRIDEH is sensitive to his remaining an advisor and not seeking to dominate or direct its actions. In addition to the full-time advisors, FOPRIDEH has utilized short-term advisors from PACT as well as local consultants, for help in preparing its self-sufficiency, training and impact evaluation plans.

In contrast to the other organizations, HAVA has never had a full-time external advisor. (The original USAID/H grant contained \$40,000 for assistance from the Florida Association of Voluntary

Agencies, but the assistance was limited to that Association's providing liaison with potential cooperating entities in Florida.) This does not mean that HAVA is closed to external advice. Indeed, it has received assistance from PACT and the Pan American Development Foundation in organizing workshops for its members in accounting, in the use of computer programs, in planning and analysis and in staff training programs; and it has utilized studies financed by those organizations. However, HAVA has been cautious in seeking a more intimate or comprehensive relationship with an advisory group since it feared losing control of its own development and its own decision making; and USAID/H has not actively encouraged HAVA to seek such a relationship or a full-time external advisor. Although HAVA has made substantial progress in its institutional development without the degree of advisory assistance provided to the other organizations, it now faces a sufficiently complicated and demanding agenda of issues that it should reconsider its past attitudes toward such assistance.

Judging from the experience of these organizations, it would seem that it is somewhat harder for membership organizations to utilize the services of external advisory groups or full-time external advisors. However, the difference is one of degree, not kind since ACORDE too has had to deal with tensions surrounding the role of PACT's advisor. In fact, it seems that none of these organizations are likely to seek full-time external advisory assistance unless strongly encouraged to do so by the financing agency--in this case the USAID Missions--for its own reasons. PACT is present on a full-time basis in Costa Rica and Guatemala because the Missions insisted that it handle the dollar funding under the grants and not in Honduras and Haiti, where the handling of such funds was not involved in the grant. Furthermore, the requirement to have such an external involvement is likely to cause some resentment, and the relationship between the organizations and its advisors will most likely involve periods of tension and cause a series of personal and program problems which will call for the attention of the Missions. However, on balance these advisory services appear to be helpful and to be valued by the organizations. Indeed, in some instances, the resident advisors appear to have been the mainstay of the organizations' performance during the periods of crisis brought on by their own internal disagreements. Of course, the degree of acceptance of the external advice and its utilization will be dependent to an important degree on the skill of the advisor in making himself and his suggestions acceptable to all the persons involved in the work of the organizations.

## 6. Relations with AID

### a. Effects of AID on Performance of NGOs

AID's policies and procedures in designing and managing OPGs

to umbrellas organizations and the actions and attitudes of USAID Missions and their staffs have had considerable influence on the results achieved by these organizations. Without AID's support and assistance these organizations would not be functioning nearly as well, if at all. While AID's guidance and support have generally been positive, greater attention to some design and implementation aspects by AID could have avoided some of the problems that have arisen in these organizations.

Clarifying Objectives. Some of the objectives sought in the AID grants have caused problems because they are inappropriate to the basic structure of the institution created or selected to carry out the program and because the objectives are sometimes in conflict.

ACORDE was created by USAID/Costa Rica to channel AID funds to NGOs; however, it was also expected to help strengthen the NGO sector. ACORDE was given a prestigious Board to give it greater visibility and to create a rallying point for the NGOs, but it has not been able to meet this second objective because the NGOs see it as removed from them and as an organization in which they have no participation; and because there has been tension between ACORDE and an existing NGO federation and some of its members. Precisely because it is not a membership organization, the role ACORDE can play in leading and strengthening the NGO sector is limited. Accordingly, it has made very little effort in this regard, and even its ability to provide training and technical assistance has suffered.

In the case of FOPRIDEH and, to a lesser extent ASINDES, there is some contradiction between the basic objectives sought by USAID. The principal objective was to implement a sub-project funding program; however, at least partly in deference to the organizations' original purposes and initial requests for assistance, the grants also included institutional strengthening as objectives. Although these two objectives need not be in conflict, in practice they have become so because some of the NGOs saw the funding program as detracting from the institutional development, representation and coordination functions they saw as more important.

These experiences indicate a need to clarify what the most important objective really is and to select a compatible institutional structure through which to achieve it, or to take specific measures to ameliorate perceived conflicts, since incompatible objectives can weaken rather than build an institution.

Financial Sustainability. It is clear from the experience of these organizations that financial sustainability should be clearly stated as a goal from the beginning; that the meaning of sustainability should be defined; that specific steps to achieve it should be built into agreements and carefully monitored and

that adequate technical assistance to achieve it should be provided starting in the early stages of a project. The experience of FOPRIDEH is the clearest example of the problems encountered by a sudden shift in USAID emphasis on this issue, although all the organizations are having problems to some degree because insufficient attention has been paid to guidance and support for achieving sustainability.

Degree of Involvement and Control. Finding the appropriate degree of involvement by AID in the operation of the umbrella organizations is difficult. On the one hand, AID has an interest in assuring that the funds which it provides are used in ways which are consistent with the terms of the grants and in an honest and effective manner, and AID has both the prestige and the leverage which can be exercised in favor of resolving conflicts and other problems which the organizations may have within themselves or with others such as governments. On the other hand, AID wants to reduce the amount of staff time which it must devote to NGO activities, and does not want to dominate, or appear to dominate, the organizations so that they lose or do not achieve independence, or appear to other potential donors as mere creatures of AID. The AID Missions usually have responded to this dilemma by focusing their attention on reviewing the sub-projects approved by the organizations, encouraging governments to make financial contributions to the organizations and turning over to PACT (or not concerning themselves with) the guidance and monitoring of the institutional development of the organizations. The exception to this approach has been Honduras, in which the Mission has claimed the need for closer control in order to ensure FOPRIDEH's organization viability. The sensitive political context also may have been a factor.

This overall approach has had some negative impact on the organizations. The heavy focus on the use of funds for sub-projects probably encouraged ACORDE, ASINDES and FOPRIDEH to do less than was necessary in technical assistance and training and not to address the thorny issues involved in becoming more effective spokesmen or coordinators of the NGO sector. In the case of FOPRIDEH, this eventually led to tension with the membership and a change in direction for the organization. In the case of HAVA the very hands off attitude by the Mission has encouraged a sense of independence in the organization, but it has created little incentive and help for HAVA to strengthen itself as an institution.

Perhaps the lesson to be learned is that no approach can be adopted and then pursued indefinitely. There will be a need to remain close enough to the organizations to understand the nature of their problems and the direction of their evolution and to be able to intervene as necessary to help resolve problems, and that effort will inevitably require some reasonable amount of staff time and the periodic attention of the management of the USAID

Missions. For instance, in the case of FOPRIDEH the problems are being worked out as a result of a high degree of pragmatism on both sides. However, this experience highlights the need to understand the dynamics of NGO perceptions and relationships and the effects of their political context.

Funding Delays and Uncertainties. As with other development projects, delays in funding and uncertainties re future funding can be very destructive of the morale and ability to plan of the organizations being assisted. The delays in receiving AID-related funds from the GOCR and the GOG had serious negative consequences for ACORDE and ASINDES. Although the delays were not the fault of the AID Missions as such, it would have been much better for the programs if those Missions had given more attention to resolving the problems earlier.

A problem which is more under AID's control is the clarification of future funding for these programs in dollars as well as AID-assisted local currency funding. Dollar funding is important to enable the organizations to obtain external advisory and other services, to have the flexibility of covering external costs of NGO-sponsored activities and to assist in covering the operating expenses of the organizations themselves. At present the impression which these organizations have is that AID does not intend to provide additional dollar support to their programs, and in some cases local currency funding is also in doubt. This may be an incentive to more serious fund-raising efforts, but it also tends to make the organizations less optimistic about the future and thus less expansive in what they undertake. If, indeed, AID Missions would be willing to provide funding for certain aspects of the programs during the five-year AID planning period, it would be useful for them to indicate to the organizations what are the possibilities and what types of expenses they might be willing to meet with such funds.

b. NGO Performance with Regard to A.I.D.'s Objectives

Program Objectives. The degree of success of the umbrella organizations in meeting AID's program objectives has varied with the objective. All organizations have utilized the AID funds made available to them within a reasonable time, and all seem to be reaching beneficiary groups which are of the nature expected to be served. Thus AID's objective of providing funds to NGOs and beneficiary groups is being met.

Although the parameters of this evaluation did not permit an extensive review of field activities and the absence of collected impact data makes judgment difficult, there is at least episodic evidence that the activities are having a favorable impact on the beneficiaries. However, without more data on impact and cost accounting by program component, it is not possible to come to conclusions on the cost-benefit relationships of the sub-

projects. It is too early to form a judgment on whether the beneficiary groups will be lasting and useful for ongoing development activities.

The AID objective of supporting the provision of training and technical assistance to the NGOs is not being met to the extent which was expected. None of the organizations yet has a sufficiently strong program to provide training and technical advice except in connection with the preparation of sub-project proposals and the preparation of the administrative procedures for utilizing the sub-project funds. The concept of performing analyses of individual NGOs to determine their needs and then providing for those particular needs through targeted training and technical assistance has not been sufficiently pursued to date.

The training programs for NGOs have been more active. Surveys of the training needs have been performed to some extent. The training provided usually has been related to the topics of the basic principles of administration, techniques of community organization and fund-raising and preparation of project proposals. Relatively little training has been provided on technical matters. In general there has been a lack of followup with trainees to assist them in applying the knowledge obtained at the training events. Only HAVA consciously and systematically includes representatives of the beneficiary groups in its training program.

The AID objective of strengthening the umbrella organizations as representatives and coordinators of NGO activities is being met to a very limited extent. This is the function of the umbrella organizations whose success is most dependent on external factors and internal cohesion. Except in Haiti, the USAID Missions do not seem to give great importance to this objective, although it is included in all the grant agreements. There may have been an assumption that this objective would be accomplished automatically if the objectives of providing NGOs with financing, training and technical assistance were to be achieved. That is unlikely to be the case. Achieving this objective will require a more thorough analysis of the respective local institution and agreed strategies on how to proceed.

The AID objective of creating organizations whose programs are sustainable without continuing AID support is far from being achieved. Progress has been made in refining the objectives of most of the umbrella organizations, but more work is necessary on clarifying the priorities among the objectives, formulating strategies, and preparing institutional development plans for the organizations. Furthermore, except for ACORDE, the organizations face very uncertain futures concerning the financing of their operating costs, and all will suffer declining program levels unless substitutes are found for the current AID OPGs. Since

fund-raising efforts have barely begun in the organizations, the most likely sources of continued program financing are their respective national governments using resources generated by other AID programs. This is not necessarily consistent with the organizations' long-term independence. Achieving sustainability will take longer and require more support from AID than was originally assumed would be necessary, and there is a need to define more clearly what is meant by sustainability in order to have a more practical goal to work toward.

In short, while the utilization of funds is being accomplished more or less according to plan, all the institutional strengthening purposes and the broader sectoral purposes are not being accomplished as was originally projected. Undoubtedly the original expectations were overly ambitious. A refinement of the objectives in light of the realities of the particular institutional situations would be helpful.

Reduction of Mission Workload. The underlying purpose of all the OPGs, except in the case of HAVA, was to create a channel through which the USAID Missions could provide funds to NGO activities without incurring the administrative burden of dealing directly with the NGOs. However, the degree to which the USAIDs seek to use these channels for such support varies. It is nearly exclusive in Costa Rica. In Guatemala and Honduras, the Missions see the umbrella organizations as one channel among others. They support some NGOs directly, and have contracted with some NGOs to provide services to their projects. The reasons for the Missions using NGOs directly include the particular relations they have with those NGOs, the fact that some of the activities are not compatible with the operations of the umbrella organization and the conclusion that the umbrella organizations did not have the capacity to perform the particular tasks the Missions wished to achieve.

To the extent that the Missions use the umbrella organizations for providing resources and assistance to NGOs, they are able to save on the time of their own staffs. However, in order to achieve all the purposes of the grants, the Missions will have to spend more staff and management time on the programs with these organizations than they have in the past. Thus Missions would be advised not to undertake the creation or strengthening of these umbrella organizations if their sole or overriding motive is to save staff time, or at least that they should do so only if they restrict the purposes of their support to that of channeling funds.

#### **IV. MAJOR CONCLUSIONS AND LESSONS LEARNED**

Based on the experiences with two different types of umbrella mechanisms, this final section draws out some general lessons and recommendations which may be useful to AID in

planning future support for NGOs and umbrella organizations. Many specific recommendations for the four institutions studied and the individual USAID Missions are included in the four annexed country reports as well as in the foregoing comparative analysis. (At the end of this part there is a note giving a short summary statement of PACT's own conclusions on these topics.)

- The choice of the most appropriate mechanism to use depends on the objectives being sought:
  - If the objective is solely to establish a funding mechanism to enable AID to channel funds to NGOs, a foundation would be the most appropriate mechanism if activities with individual NGOs are too burdensome for the Missions.
  - If the objective is to strengthen the NGO sector by assisting with institutional development, including such aspects as coordinating activities and assisting the non-profit private development sector to relate more effectively to the government, in addition to providing training, technical assistance and project funding, a membership organization is the most appropriate mechanism. A foundation is structurally at a disadvantage to perform these functions.
- If institutional development is defined only as providing training and technical assistance, without the coordination and representation functions noted above, and a mechanism to do this as well as to fund projects is desired, either type of mechanism could be appropriate. The choice would depend on the following conditions:
  - The objectives do not conflict with or distract from other objectives an existing organization may have (particularly important in the case of membership organizations).
  - In the case of a newly created mechanism, the objectives do not conflict with services already being performed by other NGO organizations, or a clearly delineated separation of functions agreeable to all parties is possible.
  - Adequate attention is given to developing the organization's capacity to assess and meet NGO training and technical assistance needs as well as funding sub-projects.
- If strengthening the NGO sector is a major objective and a USAID Mission is contemplating working with an existing

membership institution, the following characteristics appear to be favorably associated with an institution's ability to accomplish this objective:

- It has a relatively homogenous, reasonably strong and predominantly local membership.
- It has developed or is in the process of developing a coherent philosophy or model of development to serve as a unifying element for the membership.
- Its members have or are developing a sense of ownership with respect to the institution.
- Political divisions or other conflicts among member organizations are not too widespread or are amenable to solution or accommodation.

● USAID-related factors associated with more successful institutional development in conjunction with NGO membership organizations include:

- Avoidance of conflicting or contradictory objectives. In the case of multiple objectives, care should be taken to avoid creating a sense of conflicting agendas between the Mission and the membership. This requires willingness on the part of the Mission to accept and support institutional development as an integral part of the program, with attention to staffing, funds, technical assistance and other guidance to achieve these objectives, and not allowing project funding to become the predominant function. Membership organizations appear to function best when funding programs are well integrated into development programs and are compatible with their overall institutional development goals.
- Willingness to relinquish control as the organization develops its own capacity and finds its own direction and identity and willingness to tolerate differences in agenda. If political conditions are such that tight control is considered essential, other means of working with NGOs, such as using them to provide specific services, rather than attempting institutional development through a membership umbrella, are preferable.

● General characteristics associated with effective performance for both types of umbrella mechanisms include:

- Clear delineation of roles and functions among the different elements of the organization, particularly the Boards of Directors and staff.

- All systems are in place before operations start, eg. criteria, procedures and staff.
  - Umbrella mechanisms are perceived as compatible with the NGOs they serve. For member organizations, resentment may ensue if the umbrella operates at a notably more "luxurious" level than its member NGOs as far as staff salaries, office, etc.
  - Avoidance of undue delays, either in sub-project funding or the provision of other services by the umbrella or delays in funding to the organization by donors, which cause delays or disruptions in the organization's services. Both undermine the organization's credibility with the NGO community.
- Institutional sustainability depends on a perceived need on the part of the NGOs for the services provided and willingness to use and support them, as well as on a clear sense of institutional identity and mission which can be communicated to NGOs, donors and others and recognition of the institution's role and importance by the government.
  - Measures to promote financial sustainability must be built into umbrella projects, strongly emphasized from the beginning, and technical assistance provided to achieve it. Specific steps and timetables to achieve it should be included in agreements and carefully monitored. Consideration should be given to providing endowments, when feasible, to cover operating costs and ensure maintenance of the installed capacity developed under AID funding agreements. When OPG funding ends, transitional funding to bolster sustainability should be considered, e.g. arrangements for the organization to provide specific services such as contract management or limited funding to develop a reimbursable services program.
  - Although the use of umbrella organizations can enable AID to economize staff time in providing support to NGOs, USAID Missions should understand that they will need to devote attention to the system created and that that attention is likely to require the participation of Mission management on occasion. This is more likely to be the case if the objectives of AID include strengthening the umbrella organization as a representative and coordinator of the NGO community and as a provider of technical assistance and advisory services as well as financial resources. The major saving of Mission time is likely to occur over the long rather than in the short run.

Note:

In 1984 PACT sponsored a review of the experience of others and itself in creating and strengthening consortia of NGOs. Among the major conclusions reached in that review were that: (i) an attempt should be made to have regional consortia promoted and controlled by organizations from within the region; (ii) international NGOs and consortia should involve local NGOs and consortia in all aspects of programming, implementation and evaluation; (iii) international partners of local consortia should establish relations beyond the channelling of financial resources and place emphasis on providing those consortia with information and assistance in establishing international communications; and (iv) PACT should reduce its almost exclusive reliance on AID for financing.

The group which analyzed the experience in Latin America and the Caribbean warned that international partners of NGOs should not use consortia as their main channel for assisting NGOs and that consortia need to pay more attention to their relationships with local governments. The group also agreed that the following lessons had been learned: (a) members of a consortium need to have a unity of purpose and a clear view of what they want to accomplish through their consortium; (b) the process of establishing trust and common vision among consortium members is a long one; (c) only when a consortium is ready can the members determine common goals and establish common policies; and (d) some financial assistance may be necessary in the early stages of a consortium's life, but all too often financial inputs from the outside become more the problem than the solution, and thus it is better for a consortium to rely primarily on its own initiative and funding in its early stages.

Appendix A

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SCOPE OF WORK  
FOR  
EVALUATION OF PVO UMBRELLA GROUPS

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SCOPE OF WORK

FOR

EVALUATION OF PVO UMBRELLA GROUPS

1. Purpose and Background of the evaluation.

With growing staffing constraints in our missions, the LAC Bureau is interested in exploring the extent to which (and the optimum ways in which) PVO umbrella organizations can serve as an efficient and effective mechanism for the selection, implementation (in some cases), on-going supervisory oversight and evaluation of PVO activities.

We continue to discover the positive outcomes resulting from some of the smaller and more inexpensive PVO projects implemented by indigenous groups yet we are faced with our inability to fund such projects because the staffing constraints in our missions will not permit adequate management of a variety of small grants. We are at a point where staffing constraints are driving missions to reduce proliferation of projects and consolidate project efforts as much as possible. This obviously affects how we do business with PVOs.

Umbrella organizations may prove to be an effective mechanism that will permit missions to retain their commitment to fund some of the small indigenous PVO and to continue our compliance with the mandate to channel between 12 and 16 percent of our funds through PVO activities. Several of the LAC missions have been working with such organizations over the past few years and with several other LAC missions showing interest in establishing such groups, it would be useful at this time to determine the extent to which they can operate as an effective mechanism in reducing mission management responsibilities for PVO projects as well as for funding effective PVO activities.

The LAC Bureau intends to conduct a comparative evaluation of PVO umbrella groups operating in the LAC region to answer these questions and to ascertain important lessons that can be applied to missions interested in funding umbrella organizations and for strengthening those already established.

In addition to comparing the functioning of these groups across several countries throughout the region, the LAC Bureau would like to take advantage of lessons learned from experience with similar groups or funding mechanisms in other regions as well. Therefore, the LAC Bureau intends to work closely with and

coordinate to the extent possible the evaluation effort (in terms of scope of work and timing) with the other two regional bureaus in the interest of maximizing lessons learned.

Once the evaluation is completed, the LAC Bureau will disseminate to all Missions in the LAC region the results of the evaluation along with a synthesis of the results of the evaluations conducted by other regional bureaus .

In those countries where existing organizations need considerable improvements, the LAC Bureau will encourage and if possible provide funding to conduct a workshop with the mission and the umbrella organization. The purpose of such a workshop would be to develop, as a group, a set of specific recommendations and actions that respond to the concerns raised during the evaluation and to identify any lessons learned from the experiences of other organizations studied that may be relevant for strengthening their own organization. The LAC Bureau would also be interested in assisting missions that currently do not have an umbrella group project but are interested in developing one.

## 2. Statement of work.

The evaluation team will answer the following questions:

A. Description of Mechanism/Approach In each country in the LAC region, describe the approach taken or mechanism used to select, manage, monitor and evaluate PVO activities. Note where the actual system differs from how it was planned in the PP.

B. Effectiveness of Mechanism and Institutional Effectiveness (For each country visited) To what extent has the umbrella organization proven to be an effective and efficient mechanism for selecting, managing, monitoring and evaluating PVO activities? To what extent has this mechanism reduced the management responsibilities and burden for mission staff?

1. Publicizing Funds. How does the umbrella organization publicize the availability of funds? What proportion of PVOs are aware of the program and understand how it works and how to get funding? Are some PVOs targeted? If so, are they being drawn by the publicity? Are high performing PVOs being drawn?

2. Quantity and Quality of Proposals Received. What is the total number and amount of proposals received during

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each year since the umbrella project began? Are enough proposals being received? What is the ratio of proposals received from indigenous PVOs to U.S. PVOs? How is the quality of the proposals being received? Is there any indication that they need clearer or more instruction/guidance/assistance in developing proposals?

3. Assistance to PVOs. What criteria does the umbrella organization use to determine which proposals need further work and which are ready for review? Are these criteria adequate? How does the organization work with PVOs to improve the quality of subproject designs? How can such assistance be improved? Assess whether the procedures and practices avoid any potential for conflict of interest, particularly with respect to the dual roles of the umbrella organization in (a) provision of technical assistance to PVOs, in proposal preparation, and (b) proposal review and approval. Aside from assisting with subproject designs, how do project activities assist them in other ways, e.g. implementation?

4. Allocation of Subproject Funds. What process is used by the organization to make decisions concerning the allocation of subproject funds? What criteria are used to make allocation decisions? How can the allocation process be improved?

5. Reviewing Proposals. The process for reviewing and approving proposals is a very important part of umbrella organizations. Are the best proposals being funded? What are the steps from receipt to approval? What specific criteria are used to review each proposal and should they be more rigid or flexible? Do criteria cover technical, financial, legal, policy and/or other aspects and how are they weighted? How are proposals rated and ranked? What is the opinion of PVOs, USAID staff, T.A. consultants (if appropriate) and others that existing review and approval process works effectively and equitably? How about the timeliness of the process? What recommendations can be made for improving this process?

6. Monitoring and Evaluation. What procedures does the organization use to continually monitor and evaluate subprojects? To what extent are they engaged in on-going performance monitoring? Can these be improved? To what extent is the umbrella organization requiring the subprojects to perform internal performance monitoring? Are existing reporting requirements necessary and/or useful and how can they be minimized? To what extent has the monitoring and evaluation data been used for problem-solving and decision-making (identifying problems as they arise and making timely corrections and using for future funding decisions)?

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7. Organization's Relationship with Significant Others. What is the nature and extent of communication between the umbrella organization staff and their board? What is the nature/extent of the organization's relationship with the host government, the PVO community, USAID, other donors? Are there actions that need to be taken to improve the relationship?

8. System of Committing Funds. Is the present system of committing funds by subproject agreement effective?

9. Organizational Structure and Governing Boards. Discuss the positive and negative effects the organizational structure and governing boards have on:

- making decisions in a timely manner;
- process of choosing subprojects;
- program implementation;
- relations with A.I.D.

10. Administrative Systems. Does the organization have adequate administrative systems?

Financial Management: Describe the financial management procedures and practices (both planned and actual) with regard to funding approvals and disbursements. Are the functions of the persons in charge of the financial and accounting activities well defined? Is an annual audit carried out by an internationally recognized firm? Are its finances administered efficiently? Have efforts been made by the organization to seek new sources of financing? What is its current financial status? Are its financial reports accurate, complete and on time? Have provisions been made to strengthen financial management if necessary?

Personnel Management: Does the organization have the proper number and types of personnel? Are they qualified for their positions? Do they receive any training and how are their incentives? Is the personnel manual adequate and are its policies and procedures complied with? Are there systematic and regular evaluations of the personnel and are they shared with personnel afterwards? What kind of training/assistance could they use to more effectively carry out their responsibilities?

11. Overall Institutional Effectiveness. To what extent does the organization operate as an effective and sustainable institution? What are its major strengths? What are its major weaknesses and what actions should be taken to strengthen its institutional effectiveness? There is some concern that many umbrella groups are not sustainable without continued A.I.D. funding. What are missions with umbrella groups doing or are planning to deal with this issue?

12. Reduction in Mission Workload. To what extent has this mechanism reduced the management responsibilities and burden for mission staff? Which staff? Describe and delineate the procedures and roles of each participating entity (USAID, the umbrella organization and the PVO) in sub-project proposal review and approval, sub-project monitoring and administration, and sub-project evaluation processes. Diagram the paper flow from grant approval to reimbursement request and delineate which organization (mission, umbrella organization, PVO) is responsible. Note the documents (memorandums, implementation letters, reports, etc.) prepared to document these procedures and the discrete responsibilities of each participating entity. Compare the policies and procedures of different missions using a matrix presentation format. What are the time estimates for completing each of these activities and what is the estimated time savings of each step for the mission?

How much is the estimated time difference spent by mission staff on PVO activities in general since the PVO umbrella organization was established? Have telephone contacts and visits from PVOs diminished? Is the amount of time spent changing for U.S. PVOs as well as indigenous? Presumably as the organization becomes stronger and its role increases in the PVO community, the amount of mission time spent on activities should continue to diminish. To what extent has this proven to be true? How does the future look in this regard? How has this reduced contact affected the mission's relationship with PVOs? What can missions do to maintain some meaningful contact with PVOs while reducing overall time and management responsibilities with PVOs?

13. Documentation Use a matrix to delineate and compare the documentation used to:

- justify the umbrella project (PIDs, PPs, action memos, proposals, etc.);
- approve the umbrella project (action memo, authorization, etc.);
- obligate funds for the umbrella project (PIDs, PPs, grant agreements; contracts, etc.)
- disburse funds to the umbrella organization (implementation letters, vouchers, memos, etc);
- monitor the project implementation (reports prepared by whom, provided to whom and how often);
- evaluate project progress (who prepares what, when, planned and actual).

Assess whether USAID procedures and practices for review and approval of vouchers and related project documentation are adequate to satisfy AID financial oversight requirements and regulations. Review the project file to determine adequacy of project documentation related to procedures and processes.

C. Gender Considerations When the umbrella group was set up, to what extent was consideration given to addressing gender issues? To what extent have women been involved in the management of the umbrella group? When sub-projects have been funded, to what extent were gender issues considered and women highlighted as participants and beneficiaries? What approximate percentage of sub-projects are managed by women? What approximate percentage of the sub-projects have women as their prime beneficiaries?

D. Effectiveness and Strategic Relevance of Activities Funded. (For those countries visited) To what extent has the umbrella organization served as more than just a mechanism that reduces the burden of managing PVOs and in fact serves equally as an effective mechanism for funding useful, strategically relevant and high performing and effective PVO activities that are geared towards the country's priority development needs? To what extent have the umbrella group's own objectives, priorities and interests been compatible with those of the mission's? What happens when they are divergent? How have the mission and the umbrella group handled differing agendas?

E. Performance and Strategic Relevance of Activities Funded Under Umbrella Organization Versus Activities Funded Directly Through Mission. (For those countries visited) What are the differences in those PVO activities funded under the umbrella project and those funded separately? To what extent are there differences in the quality of the management and monitoring/evaluation of these projects? To what extent are there differences in the contribution they are making toward the mission strategy? To what extent are there differences in the level of performance and effectiveness in achieving goals and objectives? Are there some PVO activities that should not be funded through the umbrella organization? If yes, which ones and why?

F. Preferred Funding Mechanism Used by Mission's Without Umbrella Organization. In those LAC countries that do not have an umbrella project, why not? Do they have plans for one in the future? What approach are they using now to contend with the management responsibilities for PVO projects given staffing constraints? To what extent is this approach efficient and effective for selecting, implementing, managing and evaluating PVO projects that are performing well in achieving their intended outcomes (beyond input/output).

G. Overall Conclusions and Best Uses of Umbrella Group Mechanism. What conclusions can be made about the usefulness of this umbrella organization mechanism in an overall sense? In what situations does each work best? Do umbrella projects

present new management problems? Does this mechanism provide for more collaboration and experience sharing among PVOs and with the missions and therefore help to avoid repetition or failures? Does the umbrella mechanism lead to more involvement of indigenous PVOs in A.I.D. projects? Does this mechanism give more power - a voice to the PVO community with donors and the government? Do umbrella projects provide leverage for PVO policy impact? Do they facilitate the involvement of PVOs in the mission planning process (sectorally or country-wide)?

### 3. Methods and procedures.

The field work for this evaluation will focus on the PVO Umbrella organizations in the following countries:

Guatemala - ASINDES  
Hondorus - FOPRIDEH  
Costa Rica - ACORDE  
Jamaica - CVSS - United Way  
Haiti - HAVA

While the field work for this evaluation will take place in countries that have umbrella projects, the evaluation team will also make telephone contacts with other countries to explore why they do not have umbrella projects and identify any other approaches that they believe achieves similar ends.

Prior to the team's departure, they will participate in a two-day team planning meeting (TPM). This will give the team an opportunity to meet with select LAC Bureau staff to ask questions and to gain a fuller understanding of the Bureau's concerns. The team will also carefully go over the scope of work to determine the kinds of data needed to answer each question, a possible source for the data and the approach used to gather the data. The TPM will also be an opportunity for the team members to carve out specific roles and responsibilities.

The overall approach to data collection in this evaluation will be rapid appraisal. While the team will employ the methods of research, they will be applied on a more limited scale. Small

samples will be used and the team will rely heavily on secondary data whenever possible (e.g. recent evaluations as in the case of Guatemala and Honduras), interviewing key informants, group interviews, observation etc.

The methods used for collecting data to answer/address the questions/issues posed in this scope of work will be a combination of: reviewing relevant documents (including project paper, evaluations); interviewing selected mission staff, umbrella organization staff, PVO staff with subprojects, selected AID/W staff; make on-sight observations of some of the PVOs activities funded through the umbrella organization.

#### 4. Evaluation team composition.

The team will be composed of the following members:

A. Team leader that is knowledgeable about the functioning of PVOs (both U.S. and indigenous) and their relationships with A.I.D (from a financial and management standpoint). This person should also have experience working in Latin America and the Caribbean conducting evaluations.

B. Person should be an organizational development specialist/social scientist with experience with PVOs.

(and if possible)

C. A.I.D. Direct Hire with experience with PVOs and evaluations.

#### 5. Reporting Requirements.

A. Format of the Report: The final report shall contain, at a minimum, the following sections:

-- Basic Project Identification Data Sheet.

-- Executive Summary (of not more than three to five single-spaced pages, prepared according to Evaluation Summary instructions).

-- Body of the Report shall include:

Introduction: Background on evaluation; brief description of the umbrella organization concept; purpose and methodology of the evaluation.

Synthesis of Lessons Learned: comparison of how this approach works in the various missions and what each mission can learn from one another's experiences. This section should be organized by issue/question, findings, conclusions, and options for improvement that specifically answer the questions/issues raised in the Statement of Work..

Individual Umbrella Group Summaries: descriptions of each umbrella group project; the evaluation team should organize the substance of the report by stating the question/issue and followed by findings, conclusions and options for improvement that specifically answer the questions/issues raised in the Statement of Work.

-- Appendices - These should include, at a minimum:

- Evaluation Scope of Work
- Description of the Evaluation Methodology
- Bibliography of Documents Consulted
- Evaluation Summary

B. Submission of Report: Prior to departure from each country, the team should hold a debriefing session with select mission and umbrella group staff to provide preliminary findings, conclusions and options for improvement and receive comments to be incorporated in the final report. A draft copy should be delivered to LAC/DP/SD within three weeks after field work has been completed. A final copy of the evaluation report should be delivered to LAC/DP/SD within three weeks of the time that comments have been received from A.I.D. After the final evaluation has been submitted to LAC/DP/SD, the team will hold a de-briefing with the Bureau to discuss findings, conclusions, and options/recommendations.

Appendix B

COSTA RICA - ACORDE

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## Appendix B

### Costa Rica - ACORDE

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## A. BACKGROUND

USAID/CR began to support the work of the Costa Rican Coalition for Development Initiatives (CINDE) in 1983. The main purpose of CINDE is to support the interests of its members and to provide a channel of external funding and technical assistance for the profit-making industrial sector in Costa Rica. However, CINDE also had a division which worked with private voluntary agencies and other non-government organizations. By 1985 that division had provided some 175 million colones in funding for projects by such organizations.

USAID/CR had growing concern that it could not increase its support for non-government organizations (NGOs) activities in Costa Rica if it were not able to delegate the administrative and programming responsibilities for such support to an intermediate organization. It decided to use CINDE for that purpose-- including the provision of funds for US PVOs operating in Costa Rica. Consequently, in the first half of 1985 USAID/CR provided CINDE with technical assistance from Private Agencies Collaborating Together (PACT), which is an international consortium of private voluntary agencies, to strengthen the operation of the NGO division. During the course of that assistance PACT identified as problems: that the division had become somewhat bureaucratic; that the process for reviewing and selecting projects was not well understood; that there was no program to provide technical assistance to NGOs; and that the lack of dollar funding hindered the division's relations with international PVOs.

In March 1986 PACT made a proposal to USAID/CR for an Operation Program Grant for two years in order to: (i) establish CINDE's NGO division as an independent, legal organization and transfer to it the existing portfolio of the CINDE division; (ii) create a grant program in conjunction with that organization to transfer dollars to NGOs operating in Costa Rica; (iii) increase the organization's effectiveness as a grant making, NGO support organization; and (iv) design and implement a technical assistance program for NGOs through the new organization. The proposal projected that the effort would result in 30 sub-projects with NGOs, some 185 days of on-the-job training for NGO representatives, seven formal training opportunities for the organization's own personnel, five workshops/seminars for NGOs each year and 20 interagency exchanges among the NGOs each year. The proposal called for an inventory of existing NGOs to be conducted and an assessment made of their needs in order to determine the nature of the technical assistance program which was to be created.

PACT's proposal was accepted as the basis for an Operation Program Grant from USAID/CR in June 1986. The grant was for a project of five years, during the first three years of which PACT

would have a significant presence in Costa Rica. The life of project amount was \$4.9 million with \$1.3 million being obligated for the first year. By August 31, 1987 the full amount had been obligated through two amendments to the original grant. The life of the grant was to run through June 26, 1991.

Most of the balance of 1986 was spent in setting up the new, independent organization which was named the Costa Rican Association for Development Organizations (ACORDE). In fact, the organization did not achieve formal, legal recognition as a public utility association entitled to tax free donations until June 26, 1987. Moreover, it was not until October 31, 1987 that the agreement was reached among USAID/CR, the Government of Costa Rica (GOCR) and ACORDE under which the GOCR was to provide ACORDE with colon financing for ACORDE's development activities with NGOs; and the first disbursement did not take place until December of that year. In the meantime ACORDE worked with the dollars available to PACT under the OPG and with the colon amount transferred to it from CINDE during 1987.

By the beginning of 1988 ACORDE had all the major elements of its operation in place. This was halfway through the three-year period originally planned for PACT's in-country presence and for the utilization of the dollar financing. PACT and USAID/CR agreed that it would be advisable to have an external evaluation performed of the progress which had been made and of any problems which might need correction during the remaining period of the grant. Since AID/W also was planning an analysis of the experiences of USAID Missions with various groupings of NGOs and had planned to include ACORDE among those groups, it was decided to combine both efforts. Checchi and Company Consulting, Inc. was contracted by AID/W to provide a two-person team to perform the multi-country comparative analysis, and PACT contracted for the services of an evaluator to work with the Checchi team on an evaluation of the operations of ACORDE and the USAID Grant to PACT. Field work by the three-person team was conducted in Costa Rica during August 1988. The observations in this report are the result of that field work which included interviews with some 42 people and visits to seven of the NGO activities being assisted by ACORDE. (A list of the persons interviewed and visits made is included in Attachment 1.)

The principal conclusions and issues of this report were discussed with the Director of USAID/CR, the General Development Officer of USAID/CR, the Executive Director of ACORDE and the resident representative of PACT before the Checchi team left Costa Rica. Thereafter, the evaluator contracted by PACT had further discussions with the staff of ACORDE.

B. INSTITUTIONAL ORGANIZATION AND EFFECTIVENESS

1. Organizational Structure

ACORDE is a non-profit, non-political foundation with legal "public utility" status. Legally it is an "association", not a membership organization. ACORDE is set up as a service institution to provide funds, technical assistance and training to the NGO sector in Costa Rica. (See Attachment 2 for ACORDE's organizational chart.)

a. Assembly of Members

The General Assembly is the supreme body of ACORDE. It is comprised of individuals in their own right, not as representatives of organizations. It meets at least once yearly in regular session during the second week of March. Extraordinary sessions may be called as necessary. Assemblies may be convoked by the Board of Directors or its President, by petition of one-third of the members of the Board or by only one member under certain circumstances. The major, regular function of the Assembly is to elect from within its membership the Board of Directors and the Fiscal who is to assure that the organization is observing its own procedures and all legal requirements.

The members of the Assembly are predominantly influential persons in the private, entrepreneurial sector and from the upper strata of Costa Rican society. There is a careful balance in the membership to ensure a non-partisan, apolitical approach. The current Assembly members were selected by USAID for their prestige and influence to give ACORDE credibility and image, rather than for their knowledge of or direct links with NGOs. Only one Assembly member officially represents a PVO consortium (the President of the Federation of Voluntary Organizations is an ex-officio Assembly member). However, a couple of members also serve on the boards of other NGOs.

There are currently 16 Assembly members, 12 men and 4 women. (See Attachment 3 for a list of current members.) The size of the Assembly is about to be enlarged by 12 members to allow for greater diversity and a wider choice of potential Board members. These new members will be appointed by the Board of Directors with USAID approval. Although no very specific selection criteria are being used, there appears to be some effort to select people with more NGO experience, more diverse backgrounds and more time to give to ACORDE affairs.

b. Board of Directors

A six-member Board of Directors and a Fiscal are elected from and by the Assembly members. Like the Assembly, the Board

is balanced to avoid political domination. Three of the current Board members, plus the Fiscal, are business executives; two are prominent lawyers; and one is a lawyer/university professor. The Board of Directors currently has only one woman, the President.

ACORDE's by-laws recently were changed more clearly to define the role of the Board, giving it the power to: direct the affairs of the Association; define administrative, financial and program policies; approve projects; approve the budget and annual operating plan; appoint the Executive Director; ratify appointments by the Executive Director of the department heads and the finance officer; appoint external auditors; and name commissions as needed. Another change calls for the election of Board members for three years, with two members rotating each year, thus providing for greater continuity, since previously half the Board changed every two years.

#### c. Staff

The 14-member staff of ACORDE is headed by an Executive Director who is also a member of the General Assembly. She is assisted by administrative and finance officers and support staff. There are two specialized departments: Program Development (PRODE), with three professional staff members and a secretary, is in charge of project preparation and review; and Economic Diversification, with one professional and a secretary, is in charge of fundraising.

The recent revision of the by-laws made the Executive Direction an organ of ACORDE, and defined its function to be the administration of the organization in accordance with the policies and guidelines established by the Board of Directors.

#### d. Relationships and Issues

Composition of the Board. A number of the NGO leaders interviewed observed that the current members of the Board know little about NGOs or their beneficiaries. Interviews with the Board members indicate that it is true that most have had little experience with NGOs, but also that they have taken their responsibilities seriously and have learned a great deal. One Board member observed that the Board had learned a lot, and was now in a much better position to select even more appropriate Assembly/Board members to carry on their work.

While it is not ACORDE's function to represent NGOs, establishing a coherent policy and long-term strategy with regard to ACORDE's role in NGO development and the role of NGOs in Costa Rica's socio-economic development will become increasingly important as ACORDE develops and demand for its support grows. In order to develop such a policy, greater understanding of and closer relationships with NGOs would be helpful; and it could be

beneficial to have an Assembly and a Board which includes a broad economic, social and occupational spectrum. Therefore, the current effort to broaden the membership of the Assembly, from which the Board is elected, is a positive step. A closer definition of both ACORDE's and the Board's role and functions also would be helpful to determine the type of people most appropriate to become Assembly and Board members. Furthermore, it is important to recognize that ACORDE's needs, and hence the role of its Board, are not static but rather are evolving over time. Therefore, the review of the relationships and role of the Board should be a periodic rather than a one-time process.

An important, though unofficial, role of the Board as initially constituted was to give ACORDE prestige and credibility. Clearly the prestige and connections of some Board members have been helpful in getting the GOCCR's approval for ACORDE's local currency funding arrangement, and probably will continue to be helpful in maintaining current good relationships with the GOCCR. Furthermore, in the past high-level relationships between Board members and USAID/CR and the U.S. Embassy were important. However, there has been little involvement by the Board (with the exception of two members) in local private-sector fundraising or, indeed, in raising funds from any source, and this would seem to be a natural function for them to undertake given their prestige within the private sector.

Recommendation - The Board and Assembly should examine and define ACORDE's philosophy of development and long-term strategy vis-a-vis the NGOs, donors and the GOCCR and develop clearer criteria for the selection of future Assembly and Board members. It would be helpful to have greater professional and social diversity and experience in social and economic development among the Assembly and Board members.

Oversight by the Board. There currently is a serious problem involving the exercise of the Board's oversight responsibility. On the one hand, most of the staff and some members of the Board think that there is undue interference in purely administrative matters by the President and other members of the Board. On the other hand, some Board members indicated that they believed that there had been some reluctance by the staff to accept the Board's authority and to keep the Board fully informed of its actions. At least one of the members indicated support of the Board's involvement in administration on the grounds that otherwise too much would be left to the staff. Another member felt that some staff members lack sufficient dynamism, were not working as hard or effectively as they should, and thus needed prodding by the Board. The tensions generated by this problem have caused frustration among Board members as well as among the staff. Relationships with USAID also have been affected, as various parties have sought USAID's intervention in defense of particular points of view.

The recent revision of the By-laws, noted above, spelling out Board and staff roles more concretely, should help. However, the Board will need to discuss and clarify its oversight role in greater detail, perhaps by defining the types of events and situations which would merit Board intervention in administrative matters. It is important that these problems be approached and resolved as institutional issues rather than treated as personal problems.

Recommendation - The Board should establish general policies and guidelines for the organization, receive regular, complete reports and ensure that the stipulated policies are followed. Otherwise, administrative matters normally would be better left to the Executive Director and the appropriate staff members.

Board as Project Approval Committee. Another organizational matter which may merit further examination as ACORDE evolves is the dual role of the Board of Directors, which also serves as the project approval committee. On the other hand, this function has become the Board's major activity and the Board has taken its responsibility seriously; the elimination of this responsibility could remove a major incentive to some Board members for participation in ACORDE. The exercise of this function also has given Board members greater familiarity with NGOs and their projects. On the other hand, performing this function may encourage an over-involvement by the Board in administrative matters and may distract the Board's attention from other important topics such as fundraising, the setting of program strategy and evaluating the organization's effectiveness. Also, a Board composed principally of executives in relatively large businesses, may not be seen to be the best-qualified body to examine and approve micro-enterprise projects. The definition of roles and functions and the planned diversification of the members of the Board could reduce the problems associated with the Board's acting as a Project Approval Committee. However, if ACORDE's program grows significantly, increased workload may eventually necessitate the establishment of a separate project approval committee.

Gender Composition of Assembly and Board. The proportion of women in the Assembly and on the Board is very low.

Recommendation - There should be an effort to get more women into the Assembly and on the Board, particularly strong executive or professional women with some background in socioeconomic development.

## 2. Personnel

### a. Composition and Quality of Staff

ACORDE currently has 14 staff members with seven professionals/managers and seven support staff (See Attachment 4). In addition to the Executive Director, there are three other women in managerial or professional positions: the assistant to the Executive Director, a projects officer and the fundraising coordinator. This is an excellent ratio, and every effort should be made to maintain it.

Most of the NGO representatives interviewed find ACORDE's staff to be qualified, although at least one mentioned some deficiencies in technical capacity. (It should be noted that this person was almost uniformly critical of ACORDE, and admitted that his organization would prefer a direct relationship with the USAID Mission). Another representative noted that while the initial ACORDE staff had had little experience with NGOs, current staff members have learned a lot. However, he asserted that any new staff should have had previous experience working with NGOs. Based on interviews with staff members, the Board and the resident advisor of PACT as well as NGOs, it does appear that the staff is generally qualified. However, some key positions need backing up both to relieve the growing workload and to provide continuity should current incumbents leave. These positions are identified in subsequent discussions in this report.

### b. Personnel Policies and Practices

ACORDE's management style is notably non-hierarchical, with a strong emphasis on teamwork and an effort to include support as well as professional staff in administrative and technical decisions. However, there are some problems stemming from the fact that a personnel manual exists but its provisions have not been fully implemented.

The most serious issue appears to be with regard to salaries and raises, since the salary scale outlined in the manual has not been put into effect. The raises granted last year ranged from 5 to 10%, insufficient to cover the 16% inflation rate. Furthermore, there are salary differences among staff members with no apparent justification either of seniority or of workload. Also, instead of the semi-annual employee evaluations and raises envisioned in the manual, the Board has been deciding on raises on an annual, case by case basis. Staff members have commented that there are not enough incentives to work harder - those who do and those who don't get the same small raises. In contrast, Board members appear to believe that staff salaries are already high - some say too high - so that larger increases are not justified. However, handling this situation on a case by case basis rather than developing a policy that demonstrates

impartiality may be contributing to some perception by the staff that the Board is not concerned with the staff's welfare.

Recommendation - There should be a clear policy on salary scales, percentage amounts and frequency of raises for both cost-of-living and performance incentives. These should be budgeted annually by the Board and implemented through normal administrative channels rather than being decided on a case-by-case basis directly by the Board. If the provisions in the current personnel manual are unrealistic in terms of projected resources, an effort should be made to bring policies and resources into concordance so that the personnel know what to expect.

### c. Training

The training system and benefits (e.g. availability of scholarships) as outlined in the personnel manual (and as described to some newly-hired staff members as benefits of employment with ACORDE) have not been fully implemented. At least five staff members (including two who have since left ACORDE) received some type of training, usually attendance at short courses or seminars. These have been funded through the PACT Grant. However, training has been related only to current job requirements. Support has not been available for general education or for promoting upward mobility. Resources other than the PACT Grant are not available for staff training. The greatest training need expressed by ACORDE's staff, both professional and secretarial, is for computer use. Other training needs are identified in various parts of this report.

Recommendation - Regular funds should be budgeted as overhead costs for staff training on a continuing basis once income becomes available from the office building transferred from USAID/CR.

## 3. Financial Soundness

### a. Operating Expenses - Level and Prospects

ACORDE's planned operating budget for 1988 is C20.143 million, which is the equivalent of approximately \$265,000. This is an increase of 32% over the actual operating budget for 1977. In addition, there is a budget of C3.105 million (the equivalent of \$41,000) for the fundraising program which is marginally larger than that for 1987. These two major costs of doing business amount to approximately 11% of the funds available in 1988.

The operating budget is nearly covered by the income (approximately C19.642 million) which ACORDE expects to receive from interest on the balance in its bank accounts and a minor

amount of other income. In addition, ACORDE can use for administrative expenses up to C8.480 million of funds from the GOCR available under USAID-GOCR-ACORDE Memorandum of Understanding. Funds under the OPG from USAID/CR cover all the costs of supporting the PACT assistance to ACORDE including a share of ACORDE's general office expenses.

This favorable situation for the financing of ACORDE's operating expenses is likely to continue into the future. ACORDE will not have the right to use funds from the GOCR for administrative expenses after 1988, and its interest earnings may fall as the effective use of the bank balances of the program funds accelerates. However, payments to ACORDE under the reimburseable development funds already utilized should grow steadily from \$23,000 in 1988 to \$82,000 by 1991 and be further augmented by payments under additional reimbursement development activities to be entered in the future; and these payments may be used to meet operating expenses if necessary.

USAID/Costa Rica has made a grant to ACORDE of the building in downtown San Jose which USAID now occupies but will vacate in late 1988, and the income from renting all or a portion of this downtown office building should more than make up for any decline in other resources available to meet ACORDE's operating expenses in the foreseeable future. Indeed, given ACORDE's favorable financial situation, ACORDE should be able to take those steps to improve its performance which are suggested in various parts of this report.

The composition of ACORDE's operating budget and its style of operations seem appropriate; of the 1988 budget 62% is for salaries, service contracts and related social benefits compared to a share of 66% for those costs in 1987. Apart from salaries and related benefits, the major increases in the 1988 budget have been in insurance payments, transportation costs and publicity and publications. The costs of the operation of the Board and of representation type expenses amount to some 7% of the operating budget. This may be somewhat high, in view of the fact that the Board members do not receive compensation for their time.

b. Program Funds - Level and Prospects

ACORDE has four main sources of funds for its programs in 1988: the amounts remaining unused from the funds transferred to it from CINDE, transfers of funds from the GOCR pursuant to the Memorandum of Understanding among USAID-GOCR and ACORDE; funds raised by ACORDE both within Costa Rica and abroad; and dollar funds under the OPG with PACT for mini-grants and development support to US PVOs operating in Costa Rica. ACORDE's planned amounts from these sources in 1988 are:

|                        | <u>C Millions</u> | <u>\$ (actual or equivalent)</u> |
|------------------------|-------------------|----------------------------------|
| Funds from CINDE       | 59.782            | .797                             |
| Funds from GOCR        | 133.602           | 1.781                            |
| Funds from fundraising | 5.000             | .067                             |
| Funds from PACT OPG    | <u>--</u>         | <u>1.200</u>                     |
| TOTAL:                 | 198.384           | 3.845                            |

These anticipated funds were budgeted among the following programs:

| <u>Obligations</u>                    | <u>C Millions</u> | <u>\$ (actual or equivalent)</u> |
|---------------------------------------|-------------------|----------------------------------|
| Reimbursable Development Program      | 26.000            | .347                             |
| Nonreimbursable Development Program   | 63.200            | .843                             |
| Fundraising Program                   | 3.104             | .041                             |
| Investment in Income-Producing Assets | 1.500             | .020                             |
| Pending Obligation                    | <u>104.580</u>    | <u>1.394</u>                     |
| Total in Colones                      | 198.384           | 2.645                            |
| Development Activities under OPG      | <u>--</u>         | <u>1.200</u>                     |
| TOTAL:                                | 198.384           | 3.845                            |

In contrast to the prospects of funding for operating expenses, the prospects of the funding for programs is uncertain. Funds from the PACT OPG will be utilized fully by the middle of 1989, and new funds from the balances transferred from CINDE will no longer be available; the repayments from previously disbursed funds under the reimbursement program, even if not needed for administrative expenses, will amount to only the equivalent of \$32,500 in 1989. The level of funding from transfers from the GOCR is not likely to go above that of 1988, and may become subject to question on the part of political and other critics of the current arrangement. The level of funds raised domestically

and abroad should increase, but the prospect for significant increases is not at all clear. The most likely sources of funds with which to maintain the level of programs in the face of these prospects are a loan of between \$.5 million and \$1.0 million a year from the InterAmerican Development Bank for small projects which currently is under discussion, and the possibility that ACORDE could become a beneficiary of debt-swap arrangements between foreign creditors and the GOOCR and its Central Bank. Both of these sources could provide major amounts of funds, but the latter source in particular seems to be quite problematic. Furthermore, neither source would provide the dollars that may be needed by US PVOs which are active in Costa Rica.

The prospect of diminishing availabilities of funds for programs is an important reason that the Board of ACORDE is moving toward a nearly exclusive focus on income producing and reimbursable projects. However, even that approach will not provide the basis for maintaining the current level of programs over the next few years. It is unlikely that that level will be achieved without increases in the GOOCR's support or a continuation of AID's dollar financing for program costs, and plans for neither are currently in place. Unfortunately, this prospect for declining program resources is occurring as demand for ACORDE's support is increasing and as ACORDE is gaining the capability to respond to that demand.

Recommendation - USAID/CR should discuss with ACORDE and the GOOCR the level of resources needed for ACORDE's programs in 1989 and 1990 and determine whether ACORDE will be able to plan on their additional support to achieve those levels.

c. Fundraising - Methods, Level and Prospects

As indicated above, to date ACORDE's resources have been provided almost entirely by AID - either through the OPG with PACT or the transfer from CINDE and from the GOOCR of colon funds generated under the AID program. Although ACORDE has begun to raise funds from sources other than AID it is behind its original projections, and is unlikely to raise enough such funds fast enough to avoid a fall in the level of its program should AID or the GOOCR not provide additional program funds for its use.

In 1987 ACORDE's efforts were focused on setting up the procedures to utilize the funds from CINDE and on obtaining the agreement of the GOOCR to transfer funds to ACORDE. However, ACORDE also undertook to obtain funds from external sources through visits by the President of the Board and the Executive Director to the United States, Canada and selected European countries. Although no funds were obtained immediately from those trips, contacts were made with several potential sources and experience gained in organizing and carrying out such efforts. The principal lessons learned were that identifying

local representatives and supporting organizations is of prime importance to entry and follow-up activities; that trips should not be planned so close together as to prevent the extensive preparation and follow-up which are needed; and that it is easier to interest most organizations in supporting particular projects than in providing general program support.

In 1988 ACORDE undertook to raise funds from domestic, non-government sources. The effort was carried out principally by the President and one other member of the Board of Directors. During the first half of the year some \$43,000 was raised with all but \$1,333 of that amount being for specific project activities prepared by NGOs and most of the support being for one NGO whose activities are strongly supported by the member of the Board who is active in fundraising. It is not clear that this level of collection of funds will be sustained during the second half of 1988.

ACORDE also raised some \$61,000 from international sources in the first half of 1988. ACORDE is negotiating with the InterAmerican Development Bank for a loan for making sub-loans to small projects put forward by NGOs, and PACT has been exploring the possibility that US creditors of the GOCCR might cancel a portion of their claims against the GOCCR in return for the GOCCR's providing an equivalent amount of colones to ACORDE (or its designated NGOs) for development purposes. Further initiatives with non-government, external donors has been held up while ACORDE prepares more thorough descriptive materials.

There are issues or problems facing ACORDE's fundraising efforts. One is that the approach to be used with prospective sources of funds is not fully worked out, and it seems that the Board has not adopted a comprehensive strategy to be followed. The staff of ACORDE is convinced that the right approach is for ACORDE to present specific projects from Costa Rican NGOs to the prospective donors to get their support for those projects. This would make ACORDE basically a broker for NGOs and an implementation monitor for the donors. However, this approach raises the question of what standards ACORDE should be applying to the projects which it would use in fundraising and at what point the Board of ACORDE would decide whether or not to have ACORDE associated with the implementation of the project. The approach also could result in ACORDE's not developing its own priorities, but being perpetually responsive to that of others; and it would seem to make less likely that ACORDE would become involved in the provision of technical assistance. The President of the Board is skeptical of this approach especially as it applies to prospective, domestic donors.

Another issue facing ACORDE is that of what role the Board should have in the fundraising efforts. ACORDE has one staff member who is devoted full time to preparing materials for

fundraising and managing contacts by mail with potential donors. However, personal contact with such donors has been carried out by the Executive Director, by the President of the Board and, domestically, by one other member of the Board. The system does not work as well as it should. The staff member in charge of fundraising is concerned that any effort be technically well based and presented, but feels marginalized from decision making and actual contact with donors. Her initiative may well have been diminished by these circumstances. The Executive Director can not devote a great deal of time to fundraising and still manage the rest of the operations. The President of the Board places great importance on fundraising and appears willing to devote even more time to it, and she has good contacts within Costa Rica. Other members of the Board who also have extensive contacts within Costa Rica and experience in preparing proposals for financing and business strategies, but they are not being utilized in the fund raising effort. In part this may be due to the fact that there is considerable skepticism among Board members with regard to the feasibility of raising a significant amount of funds.

Recommendation - The Board of ACORDE should review the operation and prospects of ACORDE's fundraising activities in order to give them better guidance and support. In doing so the Board might consider what support its own members could provide to the strategy adopted and how PACT's assistance could be used more fully.

d. Reimbursable Services - Nature and Prospects

ACORDE has not attempted to implement a program of selling services to the NGO community. It has provided some funds for projects on a reimbursable basis, and it intends to increase the proportion of its project funds which are provided on that basis. However, all its technical assistance and training support have been provided on a grant basis so far, as has its assistance to NGOs in improving their project proposals for financing by ACORDE or other donors.

There is a current of opinion that ACORDE should not provide services to NGOs; but rather leave that function to member organizations such as the Federation of Voluntary Agencies (FOV) while it limits itself to providing financial support for particular projects presented to it by the NGOs. As discussed below, that would not seem to be the wise course for ACORDE to take. If ACORDE does take steps to revitalize its technical assistance and training programs and is successful in that effort, it might consider charging for some of those services in order to help finance the program and its expansion. There could, of course, be scales of charges to take into account the nature and utility of the services as well as the capacity of the particular NGO to pay them. Furthermore, if ACORDE does act as a

broker and implementation monitor of projects on behalf of NGOs, it also would seem to be appropriate for it to receive some compensation for those services.

e. Financial Analysis, Controls and Audits

ACORDE is responsible for handling the colon funds provided to it by the GOCR and by CINDE. The dollar funds provided by USAID/CR through the OPG with PACT are accounted for by PACT according to PACT's usual procedures.

ACORDE has a full time, experienced accountant on its staff; and it has prepared the usual type of instructions for accounting for its funds. An audit of ACORDE's handling of the colon funds through December 31, 1987 was performed by an independent auditing firm in Costa Rica, and a report was issued in March 1988. USAID/CR provided its comments on that draft in May 1988. Those comments called for a series of clarifications. However, neither the audit report nor USAID's comments indicate any serious problems with ACORDE's handling of the funds, and those observations which were made are being addressed.

Still, ACORDE does face a few important problems in the gathering and utilization of financial information. First, it has not yet addressed how it would handle any dollar funds which might be turned over to it from PACT or AID after PACT ceases to be a full time advisor to ACORDE or which might be made available to it in the future by external donors. The PACT representative in Costa Rica plans to remove himself from all but the most formalistic participation in ACORDE's review of proposals from US PVOs, but disbursements and accounting for any such projects approved for funding will still take place and be controlled by PACT in the US. Second, the workload facing the ACORDE financial professional is such that he does not have time to participate in the analysis of project proposals or to analyze the several financial alternatives for ACORDE's future operations. There are plans to hire another financial professional for the office, but that has not yet been done. Third, the system for keeping track of the project portfolio and funding availabilities and assigning and analyzing operating costs by function or program have not been completed. These problems are known to ACORDE and the PACT, and they intend to give more attention to them in the future.

Recommendation - ACORDE should obtain the services of an additional financial professional as soon as possible and seek additional assistance from PACT to put in place systems for handling dollar funds and for keeping track of the project portfolio and funding availabilities. Financial analysis should be part of the responsibilities of the financial staff.

#### 4. Institutional Planning, Programming and Evaluation

With the assistance of PACT's resident representative, ACORDE has approached its institutional planning at two levels - multi-year strategy statements and yearly workplans. The original institutional plan, which covers the period 1987-1991, was a general statement of purposes which emphasized strengthening NGOs through their institutional improvement. The four major programs to carry out that emphasis were to be financial assistance to NGOs, technical assistance to NGOs, the obtaining of resources for the NGO sector and the consolidation and promotion of the overall welfare of the sector. The plan did not contain descriptions of how the component programs would work.

A more detailed strategy was developed for 1987-1988. It focused on the work of the Department of Program Development. It identified the areas of focus of the socioeconomic development effort to be: (i) agriculture development through technical assistance, credit and practical research, (ii) micro-enterprise development principally through credit, and (iii) communal development. It placed limits on the amount of financial assistance which an NGO could receive for these purposes. The institutional development program was to consist of providing NGOs with: (i) training for their personnel, (ii) assistance in carrying out analyses of their problems and specific technical assistance to meet the problems identified, and (iii) small amounts of financial assistance for miscellaneous purposes. Again, limits were placed on the amount of assistance which an NGO could receive for these purposes.

The strategy statement did not deal with the overall promotion of the sector or with fundraising. Furthermore, it did not address the priorities among the various programs nor provide detailed descriptions of how the programs would be carried out. That was to be the task of the yearly workplans. The semi-annual workplans for 1987 are largely reports of what had been accomplished in getting ACORDE organized and functioning; but it does contain a very long list of implementation steps to be taken during the year. The workplan for 1988-1989 is much less detailed than the previous one (perhaps because many of the projected actions in that earlier plan were not accomplished as scheduled), and places more emphasis on identifying major problems to be worked on and projecting the magnitude of resources which are expected to be available.

Planning for ACORDE's institutional growth and the composition and size of its programs is still evolving. Major decisions have been made in the process. Examples would be: (i) providing technical assistance and training to NGOs through grants to qualified NGOs or consortia of NGOs rather than directly; (ii) leaving the consolidation and promotion of the overall NGO sector to other organizations, (iii) moving toward

greater use of loans in providing assistance to NGOs; and (iv) modifying the structure and operation of the General Assembly and the Board of Directors in order to improve their capacity to guide the organization. However, there are still very important issues to be addressed which are mentioned in various sections of this report. One of the more important issues is settling on a strategy for ACORDE's long term role in the NGO sector so that the institution can prepare itself to meet the responsibilities of that role.

There also continues to be a need to further improve the planning process itself. The relationship between the multi-year planning document and the yearly workplans is really not clear. The form of both has changed considerably over the past two years and decisions taken by ACORDE have not been reflected in reworkings of the basic strategy statements. In fact, it is not clear that the institutional plan is providing real guidance to the decisions being taken by ACORDE as it goes along. The members of the Board are consulted on particular program decisions, but they do not seem to be involved in the work required for forming and reforming the program strategy and institutional planning. Furthermore, there is no system for evaluating the performance of the various programs of ACORDE or of the impact which those programs are having on NGOs and their beneficiaries. Information is not being gathered on those topics, and no one is charged with analyzing them. In fact, to date the planning process has been heavily dependent on the support of the resident representative of PACT, and there is no staff member of ACORDE with specific preparation and the full time assignment to perform the evaluation and program analyses which would be required for a planning system to meet the demands of providing guidance and focus to the organization's actions.

Recommendation - The Board of Directors should review with the staff of ACORDE the process for planning and evaluating the overall institutional development of ACORDE and the conduct of its development programs. In doing so it should consider how best to obtain and analyze the information required to form judgments. It should pay particular attention to preparing the staff to carry out these functions after the completion of PACT's advisory role, and PACT should be prepared to give particular attention to assisting in that effort.

##### 5. Publicity and Dissemination of Information

ACORDE has concentrated its efforts on preparing materials and seeking publicity aimed at prospective donors and the general public. It has not sought to be a channel for organizing the NGO sector on particular issues or to be the source of technical or operational information of interest to NGO programs. Thus ACORDE

has been devoted to seeking news coverage of its activities and to preparing reports.

ACORDE has been quite successful in Costa Rica in making known its existence and the availability of its programs. Publicity for ACORDE's program has been mainly via word-of-mouth among the NGO community and coverage in the media. NGOs are also referred to ACORDE by the USAID Mission. Lack of outreach does not seem to be a problem - NGOs hear about the program and come to ACORDE. Some high-performing, effective NGOs are certainly being drawn by the program; most of the larger, well-established NGOs, both US and local, are being funded by ACORDE, as are a number of small, less-developed local NGOs. While it is impossible to establish exactly what proportion of eligible NGOs are aware of the availability of funds through ACORDE, it seems safe to say that the majority are. If anything, ACORDE may have had too much success in getting out word of its programs since during 1977 the shortage of colon funds prevented it from responding to the many requests it received.

There would seem to be an issue as to whether ACORDE should leave to others the provision of technical and other types of information useful to NGOs in their work. The issue is part of the larger one of the posture which it is appropriate for ACORDE to take vis a vis the role of membership organizations such as FOV. Since ACORDE is the best financed organization involved in fostering NGOs in Costa Rica it would seem to be a natural vehicle for providing such information. However, it is clear that to do a creditable job ACORDE would have to devote more resources and staff to the dissemination of information than is now the case; and it would consciously have to select the type of information to address to avoid a dissipation of its inevitably limited resources. Such a focus should come from the results of the NGO needs analysis which is to be conducted.

## 6. Preparation, Review and Selection of Sub-Projects

### a. Objectives and Priorities

ACORDE's general objective is to strengthen NGOs in order to contribute to the development of the low-income population and to the general welfare of the country. Specific objectives are to increase NGOs' implementation capacity, operating efficiency, program and project coverage and initiatives. Stated project and geographic priorities favor projects which generate employment, increase productivity and increase beneficiary income; projects which develop human resources through training, education or improved health and welfare; and projects in geographic areas with high rates of under- and unemployment, low income and other indicators of a low level of socioeconomic development. However, there are choices which need to be made in applying these objectives and priorities.

Institution Building vs. Short-term Impact. There is some question within the NGO community as to whether ACORDE's funding policies are meant to reach the maximum number of NGOs and therefore build up the weaker organizations within the sector or whether they are to be directed to increased funding for the most effective NGOs with the greatest demonstrated beneficiary impact. There is currently no clear consensus on this issue within either the Board or staff of ACORDE. The prevailing opinion is that so far the supply/demand ratio has permitted ACORDE to do both, so it has not arrived at any firm policy as to funding priorities. In fact, most of ACORDE's resources have been utilized by the stronger NGOs since the dollar funds have been reserved for US PVOs and the more effective Costa Rican NGOs have been better able to respond to the project requirements.

Recommendations - Since demand for ACORDE funding is very likely to exceed supply in the near future, ACORDE should carefully consider and further define its priorities for distributing its resources among NGOs at differing stages of development in view of its goals of strengthening the NGO sector and also achieving impact in benefiting the ultimate low-income beneficiaries of the NGOs.

The evaluators suggest that ACORDE consider the following approach.

- (1) The heterogeneity of the NGO community requires an explicit differentiation between projects presented by well-established, experienced NGOs and fledgling NGOs. While such differentiation already occurs to some degree, it should be made explicit and applied in a more systematic manner.
- (2) Fledgling or weak NGOs should be judged primarily for their institutional potential (novelty of approach, willingness and commitment of staff, etc.) rather than on a project proposal alone. Such NGOs may need institutional strengthening far more than they need project funds, although project funding can sometimes be used to strengthen an NGO. Based on an early assessment, ACORDE should determine whether institutional strengthening is needed prior to proceed with a project proposal.
- (3) Given its diversity, the NGO community can be expected to produce new and untried ideas from time to time. ACORDE should consider assigning a portion of its funds as venture capital for untried but promising ideas for projects and/or organizations.

Productive vs. Social Projects. While ACORDE's priorities state that human resource development projects as well as productive projects are eligible, the emphasis to date has been overwhelmingly on productive rather than social projects. Of the 13 new or continuing projects approved in January through June of 1988, nine were productive projects, one was an integrated community development/productive project, two were for NGO institutional development and one was a social/vocational training project (rehabilitation and training for alcoholic women). This emphasis probably is due to the strong entrepreneurial background of ACORDE's Board. It may also stem from a perception that, given the Costa Rican Government's involvement in social programs, there is a relatively lesser need for NGO social projects.

ACORDE may be reluctant to dilute its current and growing focus--and possibly its effectiveness--by incorporating other types of projects. USAID/CR has somewhat conflicting views. It appreciates the advantages of focus, but never anticipated that social programs would not be supported. Currently, USAID/CR channels most of its NGO funding through ACORDE--there are only a few NGO programs funded directly by the Mission, and it has no current plans to increase this number. Given the decline in Costa Rica's economic situation, the Government is less able to meet the need for social programs and projects. Therefore, NGOs are sure to encounter increasing pressure to meet these needs; and the question of where they can go for funding is likely to become more critical.

Recommendation - Consideration should be given by both ACORDE and USAID/CR as to how social projects can be funded. If it is determined that ACORDE cannot or should not assist such projects, its stated priorities should be revised accordingly, and provisions should be made for referral of such projects to other funding sources.

b. Criteria and Procedures

Criteria. Specific criteria are applied to determine the eligibility of the applicant organizations, the projects and the proposed beneficiaries. They are contained in written statements available to interested NGOs.

Eligible institutions are national or foreign private, non-profit NGOs operating in Costa Rica which meet the requirements of donors to ACORDE and benefit low-income persons without discrimination as to religion, sex or race. National NGOs must be duly registered and legally represented; foreign NGOs must have a permanent, duly accredited representative in Costa Rica. All must have qualified paid staff and adequate internal management systems. Evaluations of previous activities of the NGOs are taken into account.

Eligible projects must comply with ACORDE's stated objectives and principles, and must be oriented toward development rather than relief or welfare. They must not be religious, sectarian or political. Proposed projects must be supported by prior feasibility studies, indicating the existence of adequate services and infrastructure in the project area for implementation and evidence of real need for the project. Projects should primarily benefit persons with experience in or a vocation for the funded activities, must include beneficiary participation in planning and implementation, and must be directed toward ultimate self-sufficiency. Each project must include specific goals indicative of potential socioeconomic impact. Duplication of the efforts of other private or public institutions should be avoided.

The beneficiary criteria spell out the eligible net worth and sales levels of micro- or small enterprise in the areas of industry, agriculture, handicrafts, commerce or services. Beneficiaries should use simple technologies, lack access to formal credit, depend on their productive activities as their main means of support, and participate directly in the productive process.

There is no formal weighting system for these criteria, but a reasonably detailed guide for project analysis has recently been developed which focuses on important institutional, project and beneficiary characteristics based on these criteria and requires detailed examination of relevant factors. Still there are aspects of the criteria which need further clarification or elaboration.

- o The distinction between a microentrepreneur and a microenterprise is confusing, and appears to work against the stated goal of employment generation by stating that only the owner (or micro-entrepreneur) receives income, which would appear to discourage growth. It would be more logical to classify micro-enterprises by the number of employees rather than appearing to limit who can receive income. Also, the stipulation that the microenterprise be the main source of income should be clarified to apply to individuals, not families, so that other household members can develop their own businesses. This is particularly important in encouraging women to contribute a second income to their families, even though their husbands may earn the principal income.
- o There is no mention of gender in the criteria, other than the stipulation that there shall be no discrimination on the basis of sex, nor is there any stated

policy on reaching women. Probably not coincidentally, the proportion of women beneficiaries is rather low.

- o There is also some question as to the types of organizations eligible for ACORDE funding. To date, only associations or foundations at the secondary level have been funded. While ACORDE's selection criteria state that funding should go to private development organizations, they do not state that only secondary-level organizations are eligible. There is some movement toward funding beneficiary-level organizations such as Asociaciones de Desarrollo Comunal (Community Development Associations) or Centros Agrícolas Cantonales (district agricultural organizations). A proposal from one such organization is now in the profile stage and will serve as a test case. Expanding coverage to beneficiary-level organizations could benefit greater numbers of people, but it could also expand demand far beyond ACORDE's capacity to respond since there are approximately 6,000 Asociaciones de Desarrollo Comunal alone, and could also be seen as bypassing or undermining NGOs working at the secondary level. It may be more feasible to provide longer-term support via NGOs working with these groups until the beneficiary groups can be graduated to the formal credit system. The consequences of a change in current policy should be carefully considered before establishing a precedent of directly funding beneficiary organizations.

Recommendation - ACORDE's criteria and policies should be reviewed with the purpose of clarifying these aspects. They should be specific in encouraging full participation by women in NGO projects. Furthermore, as demand grows for ACORDE funding, it would be wise to develop a more formal system for weighting proposals.

Procedures. The process for proposal development, review and approval for local currency funding is as follows:

- o Upon initial inquiry by an NGO regarding ACORDE support, the NGO is given a format and guidelines for preparing a project profile. On receipt of the profile, a preliminary diagnosis is done by PRODE (ACORDE's Program Development Department). If the profile is acceptable, within seven working days of receipt of the profile the NGO is given a guide for preparing a proposal and a Project Officer is assigned to follow up on the application.
- o When the proposal is received it is reviewed within eight working days by the Project Officer to see if all the necessary information has been provided. If so,

the proposal is formally accepted and registered; if not, it is returned to the NGO with appropriate comments/requests for additional information.

- o Once formally accepted, 15 working days are allowed for staff analysis of the proposal by the Project Officer and PRODE Coordinator, including site visits if necessary, and the preparation of a project summary, analysis and recommendations.
- o 20 days before the next quarterly project selection meeting of the Board of Directors, the Project Officer presents his analysis and recommendations to the Internal Project Committee, consisting of the Executive Director, PRODE staff, Fundraising Coordinator and PACT Advisor. Ten working days are allowed for their comments and discussion, separately or collectively, with the Project Officer and his/her modifications to the proposal.
- o No later than 10 days preceding the Board's project selection meeting, a copy of the analysis is sent to USAID/CR. Any objections are communicated to the NGO. A maximum of 10 working days is allowed for this.
- o At least five days before the Board's project selection meeting, each Board member receives a copy of the analysis. (Projects are approved, denied or returned for further information or modifications by the Board of Directors of ACORDE at quarterly meetings in March, June, September and December.)
- o Approved projects are sent to USAID for ratification. The time taken for this step averages about a month.
- o Once ratified, a funding agreement is prepared and signed and disbursement made. The time for this varies from a few days to two months.

The process for dollar funding under the PACT OPG (limited to US NGOs) is the same as above except that the PACT resident advisor reviews it and forwards it to PACT/New York upon approval. An agreement is then signed by PACT/New York and the home office of the US NGO.

Theoretically, the selection process, once the proposal has been accepted by ACORDE and assuming that no changes are required, should take between 60 and 70 working days. In practice, very few proposals meet all the requirements and can be processed quickly. The majority need clarifications or modifications. Indeed, almost all the project proposals submitted between the end of 1986 and early 1988 suffered delays of up to a

year or more. However, it should be noted that most of these delays occurred as a result of problems with approval of the USAID-GOCR agreement on local currency funding; some were also due to the slow development of project selection criteria and procedures and staff and Board inexperience. ACORDE now appears to be meeting its deadlines better. According to respondents who have presented proposals in 1988, the process is working more smoothly.

Still there are problems with the system. The current procedure emphasizes individual review by the Project Officer, forcing him/her to be extremely careful and deliberate in applying the selection criteria, which are themselves open to interpretation. The unintended result is a slower process. More group review and consensus-building might speed things up as well as providing greater backup for new Project Officers. Furthermore, the project review cycle of ACORDE is determined by the Board's quarterly project selection meetings. Any unexpected delay, therefore, usually results in an automatic three-month delay until the next meeting. These factors mean that the project selection process usually takes six months or more.

NGO personnel interviewed split in their opinions of ACORDE's project review and approval processes. About 70% had a favorable opinion. Most agreed that the procedures and requirements are clearly explained, and that the requested help is provided. However, a minority complained that ACORDE has not communicated the "rules of the game" clearly enough or had arbitrarily changed them after the game had begun. Other complaints were that ACORDE is too rigid in applying selection criteria and procedures and that there is no effective mechanism for solving problems between the NGOs and ACORDE. Some also noted that too much paperwork and unnecessary details are required by ACORDE. By far the most common complaint, however, was that the approval process still takes too long.

### Recommendations

(1) The number of steps and time taken for the selection process should be reduced. In order to facilitate the decision on acceptance of a proposal, the Internal Project Committee could have a brief meeting and arrive at a consensus on feasibility at the time the project proposal is presented. After acceptance of a proposal the Internal Project Committee could meet formally to review and assess the proposal and the NGO; the Project Officer could then conduct a detailed analysis; the Committee could meet again for a review and make its recommendation to the Board, which would then vote on approval. AID's review and approval could proceed within the current 10-day time period as soon as the detailed analysis and recommendations are completed.

AID's ratification after approval by the Board does not appear to be necessary.

(2) ACORDE should keep a record on the back of each proposal folder with the dates and time it takes to complete each step of the selection process. Reasons for delays should be specified. Based on these records, NGOs should be advised of expected delays and ACORDE should periodically review the timetables set forth in its procedures and revise them as necessary to correspond with actual conditions so that NGOs can have a clearer idea of what to expect.

(3) ACORDE should explore the feasibility of holding extraordinary Board project approval meetings when projects are delayed solely because of the infrequency of the regular quarterly meetings.

c. Volume and Quality of Proposals

In 1987, ACORDE's first year of operation, 21 proposals were funded. 19 of these had been previously approved by CINDE/OPV and funding taken over by ACORDE. There is no information on proposal denials in that period. Up to August of 1988, 13 new proposals had been received. Nine of these had been funded and four had been denied. Four prior projects were renewed. The ratio of proposals received between Costa Rican and US NGOs is nearly 2 to 1 for 1988. However, all those denied were from Costa Rican NGOs.

The quality of the proposals has improved over the past year. According to ACORDE's project analysts this is mainly due to ACORDE's development of clearer guidelines and procedures for profiles and proposals and to ACORDE's assistance to the NGOs in preparing them. For instance, during the second trimester of 1988 no proposals or profiles were denied, while four were denied during the first trimester. However, defective profiles and proposals are still received. The most common problems are lack of adequate information--often because of inadequate NGO staff capacity--and failure to adhere to the 15% limitation on allowable overhead expenses in project proposals.

ACORDE's project officers continue to provide some direct technical assistance to applicant NGOs in preparing proposals and also in helping them improve accounting and administrative procedures in order to meet institutional criteria. There appears to be no problem with regard to actual or potential conflict of interest as a result of ACORDE's technical assistance in proposal preparation and its proposal review and approval process. None of the persons interviewed considered ACORDE to be biased or unfair in its provision of assistance. However, this assistance is quite ad hoc, and the demands on PRODE's staff time for project analysis and monitoring are heavy, thereby severely

restricting the amount of such assistance they can provide. In the opinion of ACORDE's staff the volume of proposals is adequate; they are not getting nor do they want more proposals than they can handle.

Recommendation - In cases of proposals from weak NGOs, the Internal Project Committee should make a determination as quickly as possible as to whether it will support the NGO through project development and funding or by some other means. Simply sending back unacceptable proposals is unlikely to help if the institution lacks the capability to develop a good proposal. Rather than putting the NGO and ACORDE through a time-consuming, expensive and frustrating process, other measures may be more effective, such as a mini-grant for technical assistance, training, or arranging for horizontal cooperation and assistance by another NGO.

#### 7. Monitoring of Sub-projects

Monitoring and follow-up of funded projects by ACORDE's staff was considered adequate or good by nearly all the NGO respondents interviewed by the evaluation team. Required quarterly reports were not seen as onerous, and scheduled visits by Project Officers to projects usually have been carried out. However, one organization commented that visits to field projects should be longer and more comprehensive, and ACORDE's staff would like to make more frequent visits rather than rely mainly on written reports from the NGOs. Except for the President, members of the Board have rarely visited projects being assisted by ACORDE.

The information being gathered by ACORDE on implementation is quite extensive; however, its organization for use is not yet fully worked out, and written reports to the Board and to USAID/CR do not highlight the status of implementation or the problems which may need resolution under the on-going sub-projects. To increase the frequency of field visits, improve the organization of information on implementation and to collect information needed for the evaluation of impact being achieved will require additional staff. The addition of another professional position in the financial office will permit that office to provide support to PRODE; however, that is not likely to be sufficient. This would certainly be the case should ACORDE enlarge the scope of its current technical assistance and training activities.

Recommendation - ACORDE should consider the possibility of adding at least one additional professional staff position to PRODE aimed at increasing its capacity to monitor and evaluate the operation and impact of its sub-projects and other activities handle by that department.

## 8. Use of External Advisors and Technical Assistance

The OPG to PACT had two basic purposes. One was to provide a reliable channel for USAID in making dollar funds available to NGOs, and the other was to provide technical and financial assistance in creating an independent organization from CINDE's NGO support activity which will be able to provide financial and technical assistance to NGOs as well as support to the general NGO community. The utilization of the dollar funds will be achieved although the number of sub-projects supported will be less than anticipated because of the decision to use dollar funds to finance both the dollar and local currency costs of US PVO's active in Costa Rica. The use of the OPG to enable ACORDE to provide support to the general NGO community largely has been abandoned. The aspect of the OPG which is likely to have the most lasting impact is that of the advice provided by PACT in organizing ACORDE and preparing it for operations after the conclusion of the OPG.

External Advisors. A Resident Representative from PACT serves as an advisor to the entire institution under the USAID/PACT OPG. The first advisor served six months beginning in mid-1986. The current advisor has been with ACORDE since March 1987. As currently programmed, the PACT OPG and services of the advisor will end in June 1989. In addition, the OPG has provided for short-term technicians for specific assistance. The role of these advisors is to assist ACORDE in developing its institutional capacity and technical and administrative ability to select, fund and monitor sub-projects in dollars as well as local currency.

With regard to the role of the PACT resident advisor, most of the Board recognized the value of the advisor's assistance. Based on interviews with the Board, the staff and the advisor himself, it is clear that the advisor has done an excellent job of helping ACORDE develop its institutional and program capacity. However, the advisor is also perceived by some on the Board as having become too involved in the personnel and oversight problems previously described and in the internal administrative details of the organization. Currently, the Board is trying to clarify the role of the advisor; and is developing a draft proposal with the hope that open discussion between the Board and the advisor of roles and expectations will overcome any current misperceptions and tensions. Carrying through on this initiative with regard to the advisor's role, provided it remains within the terms outlined in the OPG, will be important as a step toward increased organizational maturity. It should help strengthen ACORDE as an institution and maximize the effectiveness of PACT assistance.

The role of technical assistance from PACT in New York has been less important to ACORDE's development. The most important

support in the past has been that of the Resource Foundation of New York (an affiliated organization) in providing ACORDE some guidance and introductions to potential donors. For the future, likely topics for such assistance are carrying forward the idea of using debt-swaps to generate resources for ACORDE and improving ACORDE's ability to plan and evaluate its activities.

As mentioned above, the services of the PACT resident advisor are scheduled to be completed in June of 1989, but consideration is being given to extending the period of those services. There appears to be agreement in principle among USAID/CR, the Board and the staff of ACORDE that the services should be extended. The question appears to be under what guidelines and for what purposes. One possibility which has been mentioned is for the advisor to devote a significant portion of his time to working with FOV. That would seem to be a questionable approach since the needs of that organization are so great and its relationship with ACORDE far from clear. The major issues facing ACORDE as identified in this report would seem to be a more useful guide for identifying the focus of work to be undertaken during any extension.

Recommendation - USAID/CR and the Board of ACORDE should agree promptly on the terms of any extension of the services of the resident advisor of PACT.

C. PROGRAM: NATURE AND EFFECTIVENESS

1. Representation and Coordination of the NGO Sector

a. Relationships with NGOs

The majority of the representatives of ACORDE's client NGOs who were interviewed expressed a generally favorable view of ACORDE, although a number of criticisms were also expressed. As already noted, there is some feeling in the NGO community that the members of ACORDE's Board do not have sufficient experience with NGOs and that they should demonstrate more interest in the NGOs and their projects. Related to this is a sense by some NGO officials that ACORDE's management is not accessible to them. They expressed frustration that there is no effective mechanism for discussing and solving problems between the NGOs and ACORDE.

A major factor in some of the negative perceptions of ACORDE may be the ambiguity concerning its role vis-a-vis the NGOs. A membership organization is controlled by and responsive to its members. Such organizations have a clear role in representing their members' interests and usually try to coordinate their activities to some degree, as well as providing services such as funds, technical assistance and training. ACORDE, on the other hand, was created as a foundation to channel funds, technical assistance and training to NGOs; and during the first two years

of its life it has devoted most of its efforts to funding projects while leaving the conduct of training programs and the provision of technical assistance to others. It was not set up to represent NGOs or to coordinate their activities. It is an "umbrella" organization only in the sense that it is meant to work with all NGOs which meet its criteria. Still, ACORDE also has portrayed itself as the voice of the NGOs in its publicity and fundraising efforts, thus stimulating an expectation that NGOs should have a greater voice in ACORDE's management.

This issue is further complicated by the nature of ACORDE's relationships with two existing membership organizations in Costa Rica. The Federation of Voluntary Organizations (FOV) was created in 1969 by a group of women from volunteer organizations primarily engaged in social welfare activities. Eventually it grew into a consortium composed of private development organizations as well as social assistance groups, with 47 members at the end of 1987. FOV's major emphasis has been on human development training for low-income women. It has also provided credit for productive projects growing out of its training efforts. It has received funds from AID via OEF International and, more recently, from PACT for research on NGOs and from CINDE/OPV and ACORDE for institutional development and training.

There has been tension between FOV and ACORDE from ACORDE's inception since some in FOV felt that it should have gotten the funding which went to ACORDE. In order to mitigate the conflict between the two organizations, ACORDE left the major responsibility for training to FOV and provided a grant to help FOV meet that responsibility. However, due to an institutional crisis within FOV, the grant has been suspended pending reorganization of FOV. The prospects for a constructive relationship between ACORDE and FOV are unclear at this time. Furthermore, FOV's future is uncertain--its new board is trying to determine its direction, but no clear consensus was evident among the FOV board members and other NGO representatives interviewed. Its financial future is also uncertain.

ACORDE currently is supporting a new, small federation, ASOPRIDE (Association of Private Development Organizations) through a grant to provide training and technical assistance to NGOs. ACORDE's relationship with ASOPRIDE has contributed to the tensions with FOV, since FOV sees ASOPRIDE as a rival.

Thus ACORDE is faced with a difficult dilemma. On the one hand, it needs to be more responsive to the realities and concerns of the NGOs which it seeks to assist, and to do so it probably should involve NGOs more in the setting of its policies and the evaluation of its performance, and revitalize its technical assistance and training programs for them. It is encouraged to be itself a promoter and coordinator of the actions of the NGO sector by both its original purpose statement and the

absence of other viable representative organizations. On the other hand, it is not and has no plans to become a membership-controlled organization, so it will be subject to criticism by such organizations for competing with them.

Of course, there is no one right way to apportion the various types of activities which could be helpful to the NGO community. What is important is that there be agreement among the organizations working with that community as to how they will operate and complement each other. To date, ACORDE has not had much success in achieving such agreements, and the prospects for achieving them do not seem bright. This could be particularly troublesome for ACORDE should it encounter political difficulties in Costa Rica and need the support of the NGO community to resolve them.

### Recommendations

(1) ACORDE should clarify its relationships with NGO membership organizations such as FOV and ASOPRIDE. ACORDE probably should not try to take on representational and coordination functions which are better left to such organizations. ACORDE's role in strengthening such organizations must be worked out in close collaboration with them and, if possible, between them to mitigate the current sense of rivalry. In the case of FOV, this is contingent on its determination of its future direction. ACORDE could contribute to this process by funding an impartial study by an external consultant of NGOs' needs and expectations with regard to FOV, their willingness to provide effective support for it and its most appropriate structure and functions. However, this would only be useful if it were done with FOV's consent and collaboration, to avoid conflict over the results.

(2) Taking into account its basic function as a foundation, ACORDE should explore what it can do to promote more effective relationships with the NGOs, such as creating a channel for discussion and problem-solving via regular, periodic meetings between the NGOs and ACORDE Executive Directors.

#### b. Relationships with the Government

ACORDE has a very good relationship with the GOCR, and enjoys its support thanks to the excellent connections of its Board and Executive Director and support from USAID/CR. As noted above, ACORDE has local-currency funding for its program for five years through an AID/GOCR agreement. Currently, exploration of the possibility for further funding through a "debt swapping" arrangement with U.S. banks and the Central Bank of Costa Rica is underway. The apolitical character of the Assembly and Board

should ensure that good relations continue regardless of electoral outcomes. However, the generous funding of ACORDE by the GOCR with resource generated by the AID program could provide a tempting target for criticism by political factions, and thus ACORDE will not be able to neglect its public relations or the opinion of other members of the NGO community.

c. Relationships with Other Agencies

Relationships with ACORDE's principal donor, USAID/CR, are discussed in section D below. As noted in the section on fundraising, other program support is being sought from the IDB and from European sources. However, ACORDE's efforts to establish relationships with other donors, whether local or international, are just beginning. ACORDE has no especially noteworthy linkages with other agencies except for donors, the GOCR and national and international NGO organizations such as FOV and PACT, already discussed. ACORDE maintains some loose contact with counterpart "umbrella" organizations in other countries.

2. Financial Support for NGOs

a. Size and Nature of Program

ACORDE has funded about 32 projects as of June 1988, for a total of C96,864,544 in local currency funding or \$1.273 million at the current exchange rate of C76.10=US\$1.00 and \$2,735 million in PACT OPG dollar funds. In late 1987 it was decided to fund US NGOs exclusively out of the OPG dollar funds, while local NGOs are funded in local currency. ACORDE has also made 35 local currency mini-grants (up to the equivalent of US\$500 each), for a total of C834,9938 (equivalent to \$10,972).

Most of the funding to date has been through grants: in 1987 there were only three loans, and to date in 1988 there has been only one. The current funding ceilings are US\$150,000 per year (grants are usually for a three-year period) for PACT OPG funds and C5 million (currently \$66,000) per year for local currency funds (the colon has been gradually losing value during the last two years). An NGO is only eligible for funding for one project at a time.

The distribution of these funds follows. (Please note that numbers are open to interpretation because there was no single project list available. These figures were compiled from various lists and reports).

Funding for U.S. and Local NGOs, by Year \*

| Year                 | No. | U.S. NGOs<br>Amount<br>(US\$) | No. | Local NGOs<br>Amount<br>(Colones) | US\$<br>Equiv. |
|----------------------|-----|-------------------------------|-----|-----------------------------------|----------------|
| 1987<br>through June | 4   | 1,278,963                     | 15  | 51,691,693                        | (\$ 679,260)   |
| 1988<br>through June | 6   | 1,456,136                     | 7   | 45,172,851                        | (\$ 593,598)   |
| Totals               | 10  | 2,735,099                     | 22  | 96,864,544                        | (\$1,272,859)  |

\* Does not include grants for specific technical assistance or mini-grants.

As noted already, 20 of the 32 projects are productive projects, principally credit for microenterprises, although some of these also include training, technical assistance or institutional support. Nine projects have been principally for training and/or technical assistance to NGOs. (In addition to these projects, five specific technical assistance grants have been made in 1988 to date, as well as the local currency mini-grants, most of which were for training.) For 1988, the PACT OPG dollar funds have been used for three productive projects, two NGO training/technical assistance projects and one social/beneficiary vocational training project. It is evident from this distribution that purely social projects have received very little support from ACORDE. The overwhelming emphasis has been on productive projects (mostly credit funds) and training/institutional development of NGOs working with productive projects.

b. Impact on NGOs

ACORDE has developed effective funding mechanisms in both colones and dollars to support NGO projects. Based on interviews and field visits, it is clear that the NGOs which have received ACORDE funding have been able to carry out useful projects which have been beneficial in developing their capacity and expertise as well as in helping the direct beneficiaries.

Funding Limits. The major complaint from both US and local NGOs regarding ACORDE's funding is that the funding limits are so low that the NGOs are not able to develop their programs as fully as they would like. This is a particular problem for local NGOs since the value of the colon has been steadily declining.

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Another complaint was that the parameters of ACORDE's program are too narrow - i.e., denying funding for socially useful but "non-productive" components such as housing in integrated projects. ACORDE's response to these complaints has been that NGOs always will request as much as possible, and that it is preferable to spread the money around rather than to raise the ceiling. However, ACORDE is considering raising the ceiling on local currency activities.

Grants vs. Loans. While most funding to date has been through grants, there is a clear preference by the Board and the Executive Director for greater emphasis on loans. The current policy is to use loans for revolving credit projects, especially after an initial grant has been made to a particular NGO. Institutional support and training will continue to be funded through grants. ACORDE is now making loans to NGOs at an interest rate of 15%.

Many NGO representatives interviewed objected to loan funding, either on principle or because of the terms imposed by ACORDE. A major objection by NGOs to loan funding was that it affected their ability to reach the "break even" point, and hence their sustainability. ACORDE's position is that it has to be concerned with its own sustainability; and that NGOs need to put greater emphasis on recuperation of their revolving credit funds so that they can in turn repay loans to ACORDE. ACORDE also feels that requiring repayment encourages better discipline and use of resources by the NGOs.

With regard to terms, some NGO representatives felt that the interest rate charged by ACORDE gives it a disproportionate share of the spread. Most Costa Rican NGOs charge rates between 18% and 36%. If ACORDE is working with grant funds and lends at 15%, and the NGO in turn lends at 24%, ACORDE gets the benefit of a 15 point spread, while the NGO only gets 9. The break-even point for an equal spread benefit would occur at an NGO interest rate of 30%, though few charge that much. There was also some feeling that the term for ACORDE loans is too short.

Recommendation - ACORDE should further define its loan policy taking into account possible effects on an NGO's prospects for sustainability. Some flexibility in terms and rates may be necessary, eg., higher or lower rates for NGOs charging higher or lower rates themselves. Taking these provisions into account, use of loans at realistic interest rates should be encouraged for revolving credit projects.

c. Impact on Beneficiaries

ACORDE's figures for 1987 indicate that there were 7,759 direct beneficiaries of ACORDE-funded programs, and that 579 jobs were generated. There are no comparable figures available for

1988. The short timeframe for this evaluation did not permit any meaningful assessment of beneficiary impact, which is difficult under any circumstances. The information collected is largely impressionistic, based on interviews with personnel from eight NGOs and on field visits and conversations with beneficiaries of seven projects in different regions of Costa Rica. These included three microenterprise credit projects, two integrated community development/production credit projects, and two agriculture-related projects.

Most of the projects visited appeared to have provided real benefits to their beneficiaries. Several microenterprises visited had grown and enjoyed increased income as a result of the credit received. One had grown into a "mini-factory" supporting five women. It should be noted that the level of microenterprise in Costa Rica, particularly in San Jose, is considerably more sophisticated than in other Central American countries. Therefore, the socioeconomic level of beneficiaries was generally higher than in other countries in the region. Although most beneficiaries were relatively low-income, some were on the higher end of the scale.

The two integrated projects in rural or marginal urban areas in the Pacific and Atlantic regions appeared to be making some progress in community organization and in extending credit to very low-income people, usually for activities such as fishing, agriculture/livestock or microenterprises. One, involving community nurseries for new plant varieties, appeared to have had some impact in crop diversification and increased income; it is also in the process of setting up a center for providing agricultural supplies and marketing crops.

With regard to gender, the proportion of male to female beneficiaries, based on figures from 11 NGOs, averaged 62% male to 38% female. Only one of these programs was directed specifically toward women, and one was also exclusively male. It appears that more emphasis should be put on reaching women, given the relatively high number of women-headed households. Also, most (six out of eight) of the NGO Executive Directors interviewed were male. The presence of more women within the NGOs could help in reaching women more effectively. These deficiencies are not subject to direct ACORDE action, but ACORDE could put more emphasis on incorporating women in projects, and thus encourage NGOs to do likewise.

ACORDE will need a system for collecting impact data. It does not yet have one.

#### d. Sustainability

As noted early in this report, while ACORDE is in the enviable position of being able to cover most of its operating

costs through an endowment, program costs are another matter. While every effort should be made to increase ACORDE's ability to cover program costs through the greater use of loan funding and reimbursable services, it is highly unlikely that program funding levels can be maintained without continued donor support.

The NGOs are faced with a more difficult problem. Only one of the eight NGO directors interviewed claimed to have already reached the break-even point in a credit program at which loan interest and repayments are sufficient to cover operating costs. Furthermore, in order to expand its program coverage and provide more loans, even that program will need continued donor funding. For NGOs with non-credit programs, the prospects of covering costs from income are very unlikely.

Therefore the current emphasis on achieving NGOs' financial self-sufficiency by covering costs from income would seem to be unrealistic unless the nature of the NGOs and projects supported were restricted to those involving only revenue producing activities. It would seem to be more realistic to stress diversification of the funding base for the NGOs to avoid continued dependency on USAID, ACORDE or any other single donor, while encouraging the use of loan funding to the maximum compatible with the overall purposes of the organization.

Where it is more practical to stress greater self-sufficiency is in the NGO sub-projects. Expecting NGOs to cover all their costs from income can have the undesired effect of encouraging continued dependency of the beneficiaries as NGOs try to retain their best clients which contribute the most to their income. Rather, NGOs should be encouraged to "graduate" their clients to the formal credit system within a reasonable time period to avoid creating dependency on permanent NGO subsidies and assistance. The NGOs can then go on to serve new clients as long as both demand and funds exist.

Recommendation - Both USAID and ACORDE should assess the realism of their expectations regarding economic self-sufficiency of NGOs. While it should be encouraged to the degree possible, greater emphasis should be placed on assisting NGOs in developing their capacity to attract funds from diverse sources. The "graduation" of clients should be the principal aim of NGO sub-projects.

### 3. Technical Assistance and Training Support for NGOs

#### a. Size and Nature of Programs

During 1983-1986 the CINDE-NGO activity trained nearly 4,000 persons and provided technical assistance in one way or another to 141 groups with a total membership of 14,585 persons. In 1985, the program focused on the conduct of an inventory of

existing NGOs and the preparation of a directory of some 73 NGOs. In 1986, the program involved providing basic and advanced courses in planning, project preparation and models for the development of small enterprises.

When ACORDE was created, the provision of training and technical assistance to NGOs was one of its stated purposes. In 1987, ACORDE funded six technical assistance or training projects directed at NGOs. This was about 30% of its project portfolio, not including mini-grants. For the first five months of 1988, three such projects have been funded, about 23% of its projects for the period. In addition, five specific technical assistance grants were made. As already noted, most mini-grant funding is also for training courses or specific technical assistance. ACORDE also provides some specific technical assistance to client NGOs through the proposal development process.

Overall this represents a diminishing of ACORDE's attention to training and technical assistance. During its first year of existence ACORDE concluded that it was not well prepared to provide technical and training assistance; that it had its hands full in getting the sub-projects program operating and that it would be politic to let membership organizations provide technical assistance and training with some financial support from ACORDE. Consequently, ACORDE abolished the department which had been in charge of arranging training and technical assistance, and made a grant to FOV to carry out the program. As indicated above, FOV did not perform well and disbursements under the grant were suspended. Meanwhile ACORDE agreed to make a grant to a smaller membership organization (ASOPRIDE) to permit it to contract for the technical assistance needed by its members, and undertook discussions with INCAE re a proposal to make a training grant to that organization for its use in training NGO personnel. Neither of these activities has gotten underway yet.

b. Impact on NGOs

It is clear that ACORDE has had some impact in strengthening some of the NGOs contacted through training, technical assistance and institutional support for staff, equipment and computerization. Several NGOs reported that their ability to develop proposals and monitor projects had been strengthened. Most of the eight NGOs contacted directly had received some training or technical assistance from ACORDE, but five said either that it had not been adequate or that they wanted more or other types of training and technical assistance. One need expressed was for more technical assistance specifically tailored to individual NGO needs, rather than general courses. It may also be necessary for ACORDE to take the initiative in "selling" the desirability of such assistance, since some NGOs are not aware of their own problems or are not aware that others have taken similar approaches they could learn from.

Recommendation - ACORDE should consider ways in which it can meet NGOs' technical assistance and training needs more effectively, including active outreach to "sell" needed assistance and efforts to promote horizontal technical assistance among NGOs. ACORDE should be prepared to re-establish its own responsibility for arranging training and technical assistance services unless it is clear that NGO needs can be met otherwise.

D. Relations with AID

1. Performance in Meeting AID Objectives

USAID/CR had several objectives in providing financing and advisory support for the creation and operation of ACORDE. They were: (i) to create a system for providing financial and technical support for development activities of NGOs operating in Costa Rica which would be compatible with the program focus adopted by the Mission and sustainable after the completion of AID's support; (ii) to strengthen the performance and the role of the NGO sector in Costa Rica's economic and social development; and (iii) to create an organization capable of performing the analysis and implementation responsibilities which USAID otherwise would have to meet should it provide support directly to NGOs thereby helping USAID to reduce its administrative workload and to improve the outreach of the funding available for support of the NGO sector. ACORDE has made significant progress in meeting AID's first and third objectives although there are still important problems to be solved. ACORDE's performance in meeting the second objective has been weak, and the meaning of the objective itself is not entirely clear.

System for Providing Financial and Technical Assistance to NGOs. Parts B and C above contain a discussion of the performance and prospects of ACORDE as an institution and of its programs with NGOs. The problems facing ACORDE which were identified in those parts are, of course, the ones facing the achievement of this AID objective as well. ACORDE's increasing emphasis on using lines of credit rather than grants and on fostering small scale businesses would appear to be very compatible with USAID/CR's strategy which places emphasis on working through private sector organizations - and especially through organizations organized along profit-making principles. However, as mentioned above, there is a question of the degree to which ACORDE's program should be focused on that approach. AID has not indicated that it expects ACORDE not to address social and non-commercial activities of NGOs, but neither has it questioned the trend in ACORDE's thinking which is leading in that direction.

Strengthening the Overall NGO Sector. The original PACT proposal and USAID/CR's response appear to see ACORDE as a way of

increasing the importance of the NGO sector. Indeed, one of the reasons given for USAID/CR's seeking to have ACORDE's Board composed of leading business and professional persons and for USAID/DR's having so generously endowed ACORDE was that it intended that ACORDE be seen as a solid, prestigious entity around which the NGO sector could rally. Furthermore, "consolidation" of the sector was one of the expressed programs in the first year of ACORDE's life. However, what was meant by this objective has never been elaborated; and, in fact, ACORDE has done very little to make itself a guide of or responsible for the operation of the NGO sector.

As discussed above, since ACORDE is not a membership organization there is a serious question as to whether it can or should try to become a spokesman for the NGO sector or to coordinate the actions or public positions of NGOs. Indeed, its relationship with the largest NGO association in Costa Rica has been strained. Furthermore, ACORDE largely delegated the planning and conduct of technical assistance and training programs to other entities in part because of criticism from within the NGO sector that it should confine itself to the provision of financial assistance. This, in turn, has had a negative effect on ACORDE's performance in meeting the first USAID objective.

Reduced USAID Workload/Increased Impact of Funding for NGOs. USAID/CR does not have the staff resources necessary to administer by itself a program to provide financial and technical support to NGOs. As a consequence, it decided that all such support for NGOs should be provided by an intermediate organization operating under its general guidelines and program supervision. This objective largely has been accomplished. Despite some objections from NGOs -- and especially US PVOs -- who assert that they have important reasons for having direct relations with USAID, the Mission has been able to enforce its position that requests for assistance from NGOs should be made only to ACORDE. AS a result, the Mission has been able to reduce the amount of its staff time devoted to the NGO program, and today that program is being handled part-time by a personal services contractor in the Mission's General Development Office. The nature of the Mission's guidance and supervision of the program is not without problems, as discussed below; however, in the near term the Mission has achieved this objective through the use of ACORDE.

Whether the present situation will be viable over the longer term is not entirely clear. As indicated above, US PVOs are concerned with the prospect of having to get dollar funding from ACORDE after the completion of the current OPG with PACT, and the standards and procedures under which ACORDE might handle additional dollar funds should they be made available have not been worked out. Then too, if ACORDE becomes exclusively dedicated to sponsoring productive projects through the provision of credit,

the Mission will have no means to provide funding to NGOs for other types of projects or on a grant basis; and that would seem to be an undesirable situation from the Mission's point of view.

Publicity for AID. Although USAID/CR did not make public recognition of the role of the US Government an objective of the program with ACORDE, it is likely that AID's expectation is that it will be given credit for its support. That is occurring only in a limited way. Some mention of AID's support is contained in the written background material produced by ACORDE, and certainly the staff and Board of ACORDE are fully aware of the importance of AID to the program. However, the beneficiary groups do not seem to be aware of the program's dependence on AID support, and such awareness on the part of the NGOs seems to be spotty. In part, that may be a conscious downplaying on their part since there is evidence that some of them even resist giving recognition to ACORDE's role in supporting their activities.

Certainly a credible argument can be made that it would not be wise for AID to seek public recognition of its support on all occasions, at all levels, and in an overdemanding manner. Some even would argue that it is wiser for AID not to seek public identification of its role at all in order not to risk introducing political considerations into private sector activities or further hinder ACORDE's ability to obtain support from international sources not wanting to associate themselves with USG programs. It is not within the competence of the evaluation team to conclude what would be the appropriate level and nature of public recognition of AID's role, but it does seem that USAID/CR should make clearer to ACORDE and participating NGOs what are its expectations concerning such publicity.

Recommendation - USAID/CR should clarify for ACORDE what are its expectations concerning: (i) the degree to which ACORDE should focus its programs on productive projects through credit programs; (ii) the strategy to be followed in ACORDE's seeking to provide guidance and coordination to the operation of the NGO sector; and (iii) the nature of the public recognition to be given to AID's support of ACORDE's programs with the NGOs and their beneficiary groups.

2. Appropriateness and Effectiveness of AID's Guidance and Monitoring

As previously mentioned, the Mission provided extraordinary financial support to ACORDE's operating budget, and it was key to obtaining the GOCR's financial support for ACORDE's programs. Although the delay of nearly a year in obtaining the GOCR funding arose principally from the need for USAID and the GOCR to agree on the terms of responsibility for the utilization of the GOCR funds (which had been generated under other AID programs) and although the delay was an important negative factor in ACORDE's

performance during 1987, it is clear that AID's support has been crucial to what ACORDE has been able to accomplish to date.

USAID/CR's guidance and monitoring of the PACT-OPG and its program in support of ACORDE have been handled by the General Development Office -- by a direct hire US employee until May 1988 and by a US personal services contractor thereafter. Neither person was devoted full-time to the program. In addition, the former Director and Deputy Director of the Mission had close personal and working relationships with the President of the Board of ACORDE, and were identified publicly as strong supporters of both CINDE and of ACORDE. That contact and identification contributed to ACORDE's self-confidence, and was important to ACORDE's image in the community. However, it did lead to some difficulties since the staff of ACORDE and of the Mission were not always sure that their working-level decisions were consistent with the understandings reached between the President of the Board and the office of the Director. To overcome this difficulty the current Director has urged ACORDE and its Board to channel their relationships with the Mission through the Mission's office responsible for the Project. This step has been welcomed by the staffs of both entities, but it has caused some concern among members of ACORDE's Board that the Mission may be reducing its support for the organization.

The working relationships among the staffs of ACORDE, USAID/CR, and PACT seem to be very good. They hold many informal discussions concerning the operation of ACORDE, and appear not to have significant disagreements on the approach being followed in the implementation of the program. Nevertheless, it appears that there are important aspects of the program on which there is a lack of clarity between ACORDE and the Mission. These aspects have been mentioned in various parts of this report. The more important ones are: (i) the degree to which ACORDE should focus on productive projects using credit funding; (ii) the degree to which ACORDE should seek to be a coordinator or leader of the NGO sector; (iii) the degree to which ACORDE's Assembly and Board should include persons active full-time in NGO operations and have experience in development (as distinct from business) activities; (iv) the approach which ACORDE should take in providing training and technical assistance to NGOs; (v) the standards which will attach to ACORDE's use of repayments from NGOs for credits advanced with funds obtained from AID or the GOCR; and (vi) the prospects for USAID/CR's providing additional dollar support for ACORDE's program.

One of the reasons that these aspects of the program have not been addressed more clearly is that USAID/CR has seen itself basically as involved in the approval of particular sub-projects. Its representative is informed informally of the project proposals under consideration by the staff; attends meetings held by the Board to review the staff analyses of the proposals; and

formally approves the projects sent to USAID after they have been approved by the Board. This degree of participation in the process of project review probably is not necessary. Both the staff and the Board of ACORDE appear to take their responsibility for project review quite seriously. In fact, USAID/CR has only formally objected to one project, and that was on the grounds that the organization to be benefited also received support from a Communist country organization. Given the limited amount of staff time which USAID/CR can devote to the program, it would seem more important that it be spent on overall institutional and program issues.

Recommendation - USAID/CR should shift the emphasis of its involvement with ACORDE from one of reviewing sub-projects to that of discussing the institutional and program strategies and priorities to be followed and participating in the resolution of the issues identified in this evaluation and elsewhere. AS part of that refocusing of attention and to assure that full understanding is reached on major issues and that AID's continued interest in ACORDE is clear to all, USAID/CR should consider holding quarterly or semiannual meetings between the Board of ACORDE and the Director or Deputy Director of the Mission. The meetings would be based on an agenda and information compiled by the staffs of ACORDE and the Mission.

#### E. MAJOR CONCLUSIONS AND ISSUES

ACORDE and PACT have achieved major accomplishments since the program was undertaken in mid-1986. The more important of the accomplishments are:

- o ACORDE has been established as an independent, legal entity with the institutional structure in place which is necessary for it to operate.
- o The framework for carrying out the program to provide financial support to NGO development projects has been put in place, and is being implemented. ACORDE has demonstrated that it can utilize such funding.
- o The dollar funds under the PACT/OPG are being used within the time period planned.
- o The GOCR has agreed to provide funding for ACORDE's program of supporting NGO development projects at a level of approximately \$1.6 million (in colones) per year for the next five years.
- o Due to the support from USAID/CR, ACORDE has assured financing for most of its operating expenses.

- o ACORDE has achieved a generally favorable reputation in Costa Rica.
- o ACORDE has been able to relieve USAID/CR of much of the administrative burden of providing support for NGO projects.

Nevertheless, there have been shortfalls in the performance which had been expected of ACORDE. The more important of them are:

- o ACORDE has not created a system for producing mid and long-term strategies for its institutional development and the focus and conduct of its programs or a system to evaluate its effectiveness and the impact of its programs.
- o ACORDE has not been able to provide effective leadership for coordination of the NGO sector, and it has had serious conflicts with the largest membership NGO organization in Costa Rica. ACORDE has lacked clarity in its strategy concerning this aspect of its purposes.
- o The Board of Directors has not yet worked out a way of supervising the operation of the staff of ACORDE which is consistent with good staff morale and efficiency.
- o The fundraising efforts of ACORDE have not been as effective as anticipated, and a clearer and more vigorous fundraising strategy is needed.
- o The delay of nearly a year in obtaining financing from the GOCR undermined ACORDE's ability to provide the level of colon funding for NGO projects which had been expected in 1987, and caused a significant amount of criticism of ACORDE in the NGO community.
- o ACORDE's programs of providing training and technical assistance to NGOs have not had the impact expected of them; and they have, in fact, been reduced to merely funding some potential actions by others.

The main issues or problems which ACORDE faces are:

- 1) It needs to carry forward the reform of its organization to make its operations more open and responsive to the concerns of NGOs, to utilize the Board more for guidance and policy revision and less as a project proposal review committee, and to resolve the current tension which exists between the staff and the oversight mechanism of the Board.

- 2) It needs to clarify with USAID and with other associations of NGOs as well as with leading NGOs operating in Costa Rica what is to be the role which ACORDE should seek to play in strengthening the cohesiveness and strength of the NGO sector. As part of that review it should discuss the wisdom of providing support directly to beneficiary groups.
- 3) It needs to review and clarify with USAID/CR and the GOCR its intentions concerning the future focus of the program of financial support to NGOs to assure that that focus is responsive to the overall needs of the NGO sector.
- 4) It needs to take action to revitalize its programs in technical assistance and training so that its resources are more effectively used to improve the operation of NGOs.
- 5) It needs to review its fundraising efforts with the intention of adopting a comprehensive strategy which will include greater participation by members of the Board and priority for the raising of foreign exchange.

Attachment 1

LIST OF INTERVIEWS AND FIELD VISITS  
COSTA RICA

Interviews

USAID

Carl Leonard, USAID Mission Director  
Raymond Baum, General Development Office  
John Jones, General Development Office  
Flora Perez, General Development Office  
Betsy Murray, Project Officer

Board of ACORDE

Berta Carvalho, President of Board of Directors  
Silvestre Alonso, Fiscal  
Rodolfo Piza, Board of Directors  
Claudio Quiros, Board of Directors  
Harry Odio, Board of Directors  
Constantino Urcuyo, Board of Directors  
Carlos Lachner, Board of Directors

Staff of ACORDE

Kris Merschrod, Resident Representative, PACT  
Maria Aminta Quirce de Heilbron, Executive Director  
Patricia Matamoros, Administrative Officer  
Rafael Vargas Sanchez, Coordinator for Program Development  
Joaquin Aguilar Vargas, Project Officer, Program Development  
Nancy Moritz, Coordinator for Economic Diversification  
Wilma Torres Corea, Secretary for Program Development Dept.  
Carlos Chaveria, Accountant  
Juan Carlos Chinchilla Villalta, Driver  
Alexis Zuniga Lizano, Driver

Former Employees of ACORDE

Yanko Goic, former Deputy Executive Director  
Maria Barboza  
Isabel Chacon, former Head of Division of Technical Assistance  
and Training

Representatives of NGOs

Silvio Baltodano, Executive Director, Technoserve, Inc.; Board  
of Directors, Federacion de Organizaciones Voluntarias (FOV)  
Alfonso Ramirez, Agronomist, Technoserve, Inc.  
Silvio Fletcher, President of Board of Directors, CREDIMUJER  
Jean Chue de Gonzalez, Business Advisor, CREDIMUJER

Julio Gonzalez, Executive Director, Asociacion Costarricense de Desarrollo (FUCODES); President, Board of Directors, FOV  
Katherine Stearns, Director for Costa Rica, Accion/AITEC (AVANCE)  
William Chacon, Executive Director, AVANCE Microempresarial  
Amilcar Ordonez, Executive Director, Fundacion Juvenil Comunitaria (FUDEJUC)/Save the Children: Board of Directors, FOV  
Beleida Hamilton, Project Director for Limon, FUDEJUC  
Roberto Gonzalez, Executive Director, Fundacion para el Desarrollo del Pacifico (FUDEPAC)  
Maria Marta Padilla, Executive Director, Fundacion Integral Campesina (FINCA)  
Lilio Ortuno, ex-Executive Director, FOV  
Robert Mack, Co-Director, ANAI  
Bisai Fernandez, Agronomist, ANAI  
Walter Rodriguez, President of Board of Directors, Asociacion de Pequenos Productores de Talamanca (APPTA) (ANAI-assisted)  
Manuel Ballestoros, ASOPRIDE

#### Others

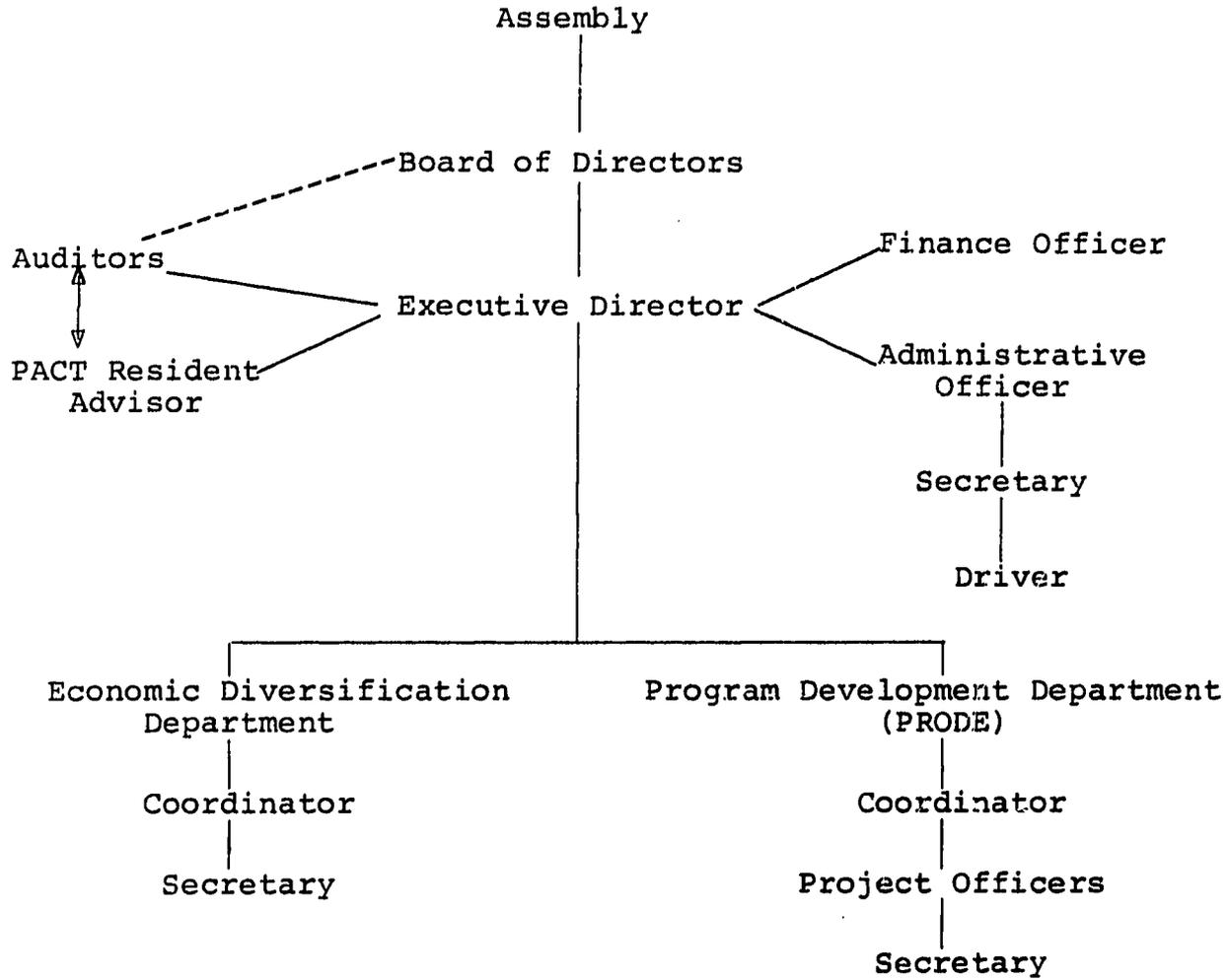
Luis Noel Alfaro, INCAE

#### Field Visits to Projects

AVANCE/AITEC microenterprise project, San Jose (visited 5 different credit beneficiaries)  
CREDIMUJER microenterprise project, San Jose (visited 2 credit beneficiaries)  
FUDEJUC integrated community development project, Puntarenas (visited 4 beneficiaries - fishing, housing & microenterprise credit)  
FUDEPAC microenterprise project, Puntarenas (visited 4 credit beneficiaries)  
Technoserve agricultural cooperative project, 28 Millas, Limon (visited experimental coffee plantation, interviewed director of cooperative)  
FUDEJUC integrated community development project, Limon (visited member of health committee, saw community center project, visited beneficiary of credit for pig raising)  
ANAI agroforestry project, Talamanca, Limon (visited communal nursery for new plant varieties, site of agricultural supplies and marketing center under construction, interviewed director of APPTA, visited 2 beneficiaries of nursery project)

Attachment 2

ACORDE ORGANIZATIONAL CHART



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Attachment 3

FOUNDING ASSOCIATES OF ACORDE

José Joaquín Trejos Fernández

Marita Camacho Quirós

Francisco Carrillo Castro

José María Crespo Perera

Flora Ma. Jiménez Borbón

Ma. Aminta Quirce Lacayo

Presidente Federación Organizaciones Voluntarias

Berta Carvalho Feuillebois \*

Constantino Urcuyo Fournier \*

Carlos Lachner Guier \*

Harry Odio Jiménez \*

Claudio Quirós Lara \*

Rodolfo Piza Rocafort \*

Silvestre Alonso Matanzo \*\*

Alvaro Cedeno Gómez

Luis Liberman Ginsburg

\* On Board of Directors

\*\* FISCAL

Attachment 4

PERSONNEL OF ACORDE

JOAQUIN BERNARDO AGUILAR VARGAS  
Entered Service: January 4, 1988  
Position: Project Officer

MARIA CECILIA CALERO JIMENEZ  
Entered Service: January 1, 1987  
Position: Project Officer

ROXANA CASTRO SUAZO  
Entered Service: January 1, 1987  
Position: Financial Secretary

NURIA CESPEDAZ ROJAS  
Entered Service: May 25, 1987  
Position: Administrative Secretary

CARLOS CHAVARRIA ALFARO  
Entered Service: January 1, 1987  
Position: Financial Assistant

JUAN CARLOS CHINCHILLA VILLALTA  
Entered Service: January 1, 1987  
Position: Driver

PATRICIA MATAMOROS PEREZ  
Entered Service: January 1, 1987  
Position: Administrative Assistant

NANCY MORITZ LEARNED  
Entered Service: November 1, 1987  
Position: Coordinator of International Cooperation

MARIA AMINTA QUIRCE LACAYO  
Entered Service: January 1, 1987  
Position: Executive Director

LORENA SANCHEZ RAMIREZ  
Entered Service: January 4, 1985  
Position: Secretary for International Cooperation

WILMA TORRES COREA  
Entered Service: January 1, 1987  
Position: Secretary for Development Program

LORENA VARGAS ROMERO  
Entered Service: January 1, 1987

Attachment 4 (continued)

Miscellaneous Support

RAFAEL ANGEL VARGAS SANCHEZ

Entered Service: January 1, 1987

Position: Coordinator of Development Program

ALEXIS ZUNIGA LIZANO

Entered Service: February 15, 1987

Position: Driver

DRAFT REPORT  
by  
Ivo J. Kraljevic  
San Jose, Costa Rica  
Columbia, Md  
September 12, 1988

**PACT OPERATIONAL PROGRAM GRANT**  
**No. 515-0232 PVO Support Program**

**Evaluation of ACORDE's relationships with the PVO community:**  
**Proposal Review and Approval, Evaluation and Monitoring,**  
**and ACORDE's Image in the PVO Community**

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## OUTLINE

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### Appendix A. List of Persons Interviewed

**I. INTRODUCTION**

**A. Purpose of the Activity Evaluated**

This report is part of an evaluation of the progress being made in the implementation of an OPG by Private Agencies Collaborating Together (PACT) in assisting the USAID (Costa Rica) Mission in the establishment of an independent PVO umbrella support entity in Costa Rica.

The PVO umbrella support entity established since the initiation of this project is known as the Costa Rican Association for Development (its Spanish acronym is ACORDE). ACORDE began operations as a separate entity in January of 1987, and has since assisted some 28 PVOs through grants and loans to strengthen PVO's capacity to implement projects that benefit the more disadvantaged population of Costa Rica.

**B. Purpose of the Report and Methodology Used**

The purpose of this report is to provide useful feedback for the management of the OPG by assessing the progress ACORDE has made in the establishment of:

1. a working relationship with the PVO community,
2. conflict resolution mechanism between itself as a grant maker and the PVOs seeking grants,
3. developing local PVOs with U.S. PVO support
4. an effective proposal review process
5. an evaluation and monitoring system

The overall evaluation of the PACT OPG was conducted by a two member team between August 5 and 14 as part of a comparative evaluation of PVO umbrella groups in five Central American and Caribbean countries. This section of the evaluation of the PACT OPG was conducted between August 12 -27 by a third consultant. The scope of work of this section of the evaluation was designed to take a more in-depth look at selected aspects of the PACT OPG, namely the relationships between ACORDE and the U.S. and local PVOs. The findings of this report will be incorporated into the over all evaluation.

35 Since the ultimate success of ACORDE hinges essentially on  
 the effectiveness and efficiency of ACORDE's client PVOs, the  
 focus of this evaluation is on the relationships between ACORDE  
 and the PVO community. The consultant spent most of his two-week-  
 time in Costa Rica interviewing 20 PVO executive directors. The  
 material gathered through these interviews was supplemented by: a  
 40 review of ACORDE's files, visits to 5 project sites for  
 interviews with PVO beneficiaries, discussions with ACORDE staff  
 ( Project development - PRODE - department, Executive Director,  
 and PACT resident Advisor), the President and members of the  
 Board of Directors. During the third and last week of the  
 45 assignment, the consultant visited the headquarters of U.S. PVOs  
 to discuss with Regional Directors and Project Officers their  
 experience and opinions of ACORDE and the PACT OPG.

### C. Project Background

50 Private Agencies Collaborating Together (PACT) began  
 implementing an OPG in June of 1986 " to assist the USAID (Costa  
 Rica) Mission to maintain its support to PVOs, and especially the  
 U.S. PVO community."

55 Since 1983, USAID support for the PVO community was being  
 channeled through the PVO Program of the Costa Rican Coalition  
 for Private Initiatives (CINDE). In June 1986, PACT began  
 implementing an OPG to assist " in the establishment of an  
 independent PVO umbrella support entity in Costa Rica, separate  
 from CINDE, while simultaneously channeling U.S. dollars to PVOs  
 registered with AID/WAB to finance OPG type activities".

60 The Project had four, highly related purposes:

1. To facilitate the establishment of CINDE/PVO  
 as an independent legal entity, separate from  
 the existing CINDE operation.
- 65 2. To establish a U.S. Dollar and Colon grant-  
 making program in Costa Rica that will  
 support socio-economic projects of PVOs  
 working in Costa Rica.
- 70 3. To increase CINDE/PVO's efficiency and  
 effectiveness as a grant making and support  
 organization.
4. To design, promote and implement a technical  
 assistance program for the local and

international PVO.

75 An additional 5th objective was to assist ACORDE to diversify its funding sources through a fund raising strategy at both the international and national levels.

To date (August 1988) the PACT OPG has achieved or is on its way to achieving all the goals of the project. More specifically the OPG has achieved the following:

- 80 1. an independent entity has been successfully established completing the transition from CINDE/PVO to ACORDE.
- 85 2. Grant-making mechanisms in U.S. dollars and Colones have been established to support socio-economic projects of PVOs working in Costa Rica.
3. ACORDE has assured funds for Operational expenses.
- 90 4. The GOCR has agreed to provide ACORDE with funds for a period of five years.
5. Fund raising strategies are still being developed. Important and innovative domestic fund raising strategies are being experimented with.

95 The PACT OPG has made substantial progress in the following areas, which fall under the scope of this part of the mid-term evaluation:

- 100 5. The efficiency and effectiveness of ACORDE as a grant-making support organization has been substantially improved.
- 105 6. Although some technical assistance to PVOs is being provided in the preparation of proposals and through small grants to help PVO's personnel acquire skills, ACORDE needs to define its technical assistance role and programs more precisely.
7. ACORDE has made progress in developing a cooperative relationship with PVOs gaining a

118

110 favorable image with a growing segment of the  
PVO community

## II. EVALUATION FINDINGS

The rest of the report will examine each one of this areas  
by focusing on the ACORDE - PVO relationships, and the perception  
115 of ACORDE by the PVOs. This examination is divided into three  
parts: ACORDE's image in the PVO Community; the Project Selection  
Process, and the need for an evaluation strategy that can be used  
to improve ACORDE's planning capacity, as well as, the impact of  
its projects on the PVOs and their beneficiaries. The final  
120 section of this report deals with issues related to the U.S. PVO-  
FACT-ACORDE relationship which were raised by regional directors  
and project officers in the home offices of the PVOs that have  
programs in Costa Rica and have received support from the dollar  
fund managed by PACT-ACORDE.

### 125 A. ACORDE's Image in the PVO Community

Among the 20 executive directors interviewed in Costa Rica  
for their opinions on ACORDE's performance as a funding agency,  
there is a 70 to 30 percent split between those that have a very  
130 favorable and a very negative image of ACORDE respectively.

Among those PVO executive directors that view ACORDE  
favorably, expressions such as "excellent", "very helpful", and  
"highly professional and supportive" are common in their  
descriptions of their relations with ACORDE.

135 Among those PVO executive directors that view ACORDE  
negatively, the following complaints are common:

- the project selection and approval process  
takes a long time and is very costly.
- ACORDE has not made an effort to communicate  
140 what the "rules of the game" are. ACORDE  
arbitrarily changes them after the game has  
started.
- ACORDE lacks a mechanism to solve problems in  
its relationships with PVOs. PVO express  
145 frustration in being able to discuss and

solve their problems with ACORDE.

- ACORDE is too rigid in applying the rules both to the selection process and to the monitoring of projects.
- 150 - ACORDE is uninterested and insensitive to the PVO problems.

PVO executive directors report that their relationship with ACORDE is poor and marked by a generalized impression that ACORDE's management is not accessible to them.

- 155 Considerable time was spent exploring the reasons for such opposite views of ACORDE by its clients, especially the reasons for the negative view of ACORDE. The result of this exploration are a number of issues that relate to the project selection process, the monitoring and evaluation of projects, and the policies of ACORDE.
- 160

- Many of the issues brought up by the PVO holding a negative view are related to their past experience with ACORDE's project selection process and they relate to the transitional period of ACORDE's establishment as separate entity between late 1986 and the end of 1987.
- 165

- However, ACORDE's negative image among some PVO's persists and may even be spreading in the PVO community. It is aggravated by the yet unsolved crisis of the Federation of Voluntary Organizations (FOV), and ACORDE's support of a new Association of Private Development Organizations (AEOPRIDE) perceived as a rival of FOV.
- 170

The following sections detail the issues that affect the ACORDE - PVO relationship.

#### 1. ACORDE is not a PVO "Umbrella" Organization

- 175 Confusion as to the role and functions of ACORDE contribute to the negative image of ACORDE among an important segment of the PVO community. The confusion surrounds the concept of "umbrella" PVO organization, often used to describe ACORDE by some of the

180 PVOs, ACORDE itself, and other interested parties.

The concept of "umbrella" organization is similar to that of a trade association or a membership organization. In such an organization, the members who make up the assembly, dictate the policies of the organization, and hire the executive staff to  
185 carry out their policies. An "umbrella" or trade association represents the collective and individual interests of its members, and it is "owned" by the members.

ACORDE is not an "umbrella" PVO organization or a membership organization of any type. It was set up as a foundation to assist  
190 with financial resources and technical assistance the development efforts of PVOs. It calls itself an association simply to take advantage of Costa Rican law favoring this type of organization. Although to outsiders, the term association does contribute to the confusion, this form of organization is one of the most  
195 common in Costa Rica and does not cause misunderstandings among Costa Ricans. In fact, a great number of the PVOs in Costa Rica are associations similar to ACORDE.

The policies of the ACORDE, as for all associations in the country, is determined by its Board and carried out by its  
200 executive director with the assistance of the staff. The COCE-AID-ACORDE agreement, as well as, its by-laws spell the role and functions ACORDE as a foundation clearly.

The image of ACORDE as a foundation, however, has not been clearly projected. In fact, part of the poor relationship with a  
205 segment of the PVO community seems to be based on unrealistic expectations of what ACORDE should be or is. Those, who in some way, see it as an "umbrella organization" are disappointed by the fact that ACORDE is not a membership organization. They are frustrated by not having a voice and a vote in the running of  
210 ACORDE.

ACORDE itself seem to have, at times, attempted to function as an "umbrella" organization of the PVOs. It did and tends to see itself as representing or speaking for the sector (PVOs). This  
215 is clearly evident in some of its fund raising strategies and in its publicity campaigns where ACORDE is presented as the voice of the PVOs.

The fact that ACORDE is a foundation set up to assist PVO needs to be clarified among all concerned. This clarification will help in the definition of ACORDE's, and the existing "umbrella" PVO organizations (FOV and ASOPRIDE) roles and functions, as well as promote appropriate expectations.

As a foundation, ACORDE has the purpose "of providing financial resources for project implementation and training to private voluntary organization (PVO) involved in the social and economic development of Costa Rica." (Agreement page 1)

Currently, and after some conflict with the Federation of Voluntary Agencies (FOV), ACORDE is limiting its actions to funding PVO projects and providing some technical assistance. A decision seems to have been made not to undertake a training program, but rather to finance training programs by FOV and lately ASOPRIDE. Coincidentally, this limited role was what was intended for ACORDE in the original agreement as can be seen in the above quote.

ACORDE's role and function seem, over the past year and half, to have been not clearly and consciously defined, but rather to have been defined through a series of sometimes conflictive relationships with segments of the PVO community. ACORDE should examine its role as a foundation set up to assist PVO with financial resources and limit its actions to achieving this goal efficiently. ACORDE's role as foundation that exist to assist PVO should be clearly communicated to the PVO community to promote not only appropriate expectations, but also to generate a cooperative relationship.

In helping ACORDE itself define its role and functions more clearly, it is recommended that members of the board and staff visit "umbrella" organization in the region, such as FOPRIDEH in Honduras and ASINDES in Guatemala, as well as, foundations in the U.S. like the Inter American Foundation, the Kellogg Foundation and others. These visits should assist ACORDE define its role and functions more clearly, which in turn can be communicated to the PVO community.

ACORDE also needs to define its relationship to the existing PVO umbrella groups (FOV and ASOPRIDE). This definition requires a dialogue with both organizations to help define common goals and a cooperative and complementary relationship.

## B. Project Selection Process

### 1. Project Selection Delays (causes and effects)

260 PVOs claim delays in the approval of their projects as one  
of the main reasons for the negative image of ACORDE. Almost all  
PVOs that presented project proposals between the end of 1986 and  
first semester of 1987 suffered delays of up to a year or more.  
265 These delays included changes in the eligibility criteria which  
required the reformulation of projects.

Specifically, this complain refers to the transitional  
period (1987) from CINDE/PVO to ACORDE during which a series of  
circumstantial causes did delay the processing of projects in  
ACORDE. These causes include the delay in the signing of the  
270 GOCR-USAID-ACORDE agreement for the funding of ACORDE, the lack  
of policies and project selection criteria, the newness of most  
members of the board and staff, and the inheritance of CINDE/PVO  
portfolio of projects and commitments.

During this transitional period, neither ACORDE nor the PVOs  
275 had a clear idea of what their relationship should be like.  
ACORDE did not have clear policies and project selection  
criteria, which were being developed during this period. The net  
result were delays between the initial presentation of a proposal  
and its final approval of up to a year or more.

280 The unintended effects of the delays for the PVO was a loss  
of credibility among beneficiaries of the PVOs, low staff morale  
in the PVOs, and for most PVO considerable expense in rewriting  
proposals. For ACORDE, the unintended effect was the harboring  
of a confrontational attitude and a negative image among the  
285 affected PVOs.

### 2. Progress to Date

Since the establishment of ACORDE in January 1987, the  
project selection process has been continuously improved. At  
present ACORDE has developed a set of documents which detail: 1)  
290 project eligibility criteria, 2) guidelines for the analysis of  
projects, and 3) the steps in the process of project selection  
and the time each step "should" take.

295 The selection process begins with the presentation of a project profile by an interested PVO. The profile is reviewed by the staff of PRODE (Development Projects Section) and a determination of its eligibility made. If the Project is eligible, The PVO is provided with project development guidelines and invited to present a project Proposal.

300 Upon presentation of the project proposal, ACORDE takes it through 7 steps to the signature of the agreement. The steps and the time allotted to each are as follow:

1. Review for completeness (Aceptacion de la Propuesta). This steps should take no longer than 8 days and is the responsibility of the PRODE staff.
- 305 2. Project Proposal Analysis. In the next 15 days, the project officer conducts an analysis of the proposal using the project analysis guidelines.
- 310 3. Review and analysis by the project officer and the internal Committee of Projects. This step is expected to take no longer than 10 days.
4. The analysis of the proposal is then sent to AID for its review. AID reviews it within 10 days.
- 315 5. Board of Directors Approval. The Board meets four times a year for this purpose requiring that all previous steps be completed at least five days before its meeting.
- 6 Upon Board Approval, AID is notified and requested to ratify the Boards decision. The time needed to accomplish this step averages one month.
- 320 7. Finally an agreement is drafted, which is reviewed with the PVO and signed. Preparing a signing the agreement can take from a few days to two months.
8. Implementation begins simultaneously or shortly thereafter with the first disbursement of funds.

325 On paper the selection process, once the proposal has been accepted by ACORDE and assuming that no changes are required on the original proposal, should take between 60 to 70 work days to review a proposal and turn it into a signed agreement.

330 In practice, very few proposals meet all requirements and can be processed quickly. The majority need clarifications and/or

modifications , which delay the approval process. Furthermore, the project review cycle of ACORDE is determined by the quarterly board meetings to approve meetings. Any unexpected delays during a cycle result in an automatic three month delay until the next board meeting. Both of these factors make for a project selection process that in most cases takes six months or more. While ideally, PVOs should adjust their project plans to coincide with ACORDE's project selection cycles, the rigid adherence to it is causing problems for some of the weaker PVOs. The problems are related to lengthy delays between the initial presentation of a proposal and its final approval.

Proposal preparation is one of the key indicators of a PVO strengths and weaknesses, and provide a unique opportunity to offer technical assistance that will ensure not only a good proposal, but more importantly the capacity of the PVO to implement the project. This fact needs to be taken into account in the selection process in a more deliberate manner. Project preparation is one of the phases during which ACORDE can and should play a bigger role in providing technical assistance.

In the first six months of 1988, ACORDE's project selection process has been functioning far more smoothly than in 1987, according to the PVOs that had presented proposals during this period. ACORDE has also been providing technical assistance, through small grants and bridge financing, to PVO with weak project proposals to facilitate their project reformulations. These developments have significantly improved ACORDE's performance and have contributed to the favorable image of ACORDE among growing segments of the PVO community.

As presently working, the analysis of projects by ACORDE's staff seems to be done individually and separately by the project officer and each one of the members of the project selection committee. Project selection committee meetings tend to be informal. This arrangement tends to leave most of the responsibility to the project officer forcing him/her to be extremely careful and deliberate in applying the selection criteria. The selection criteria itself is new and in the process of being tested and thus open to individual interpretation. The unintended result of these arrangement is a slow and deliberate review of the proposals. More group involvement in using and applying the selection criteria , as well as, group building consensus by the joint review of proposals is needed. This is especially true for new staff members that need reinforcement and back up in analyzing proposals.

375        **Recommendations**

1. The project selection process can and should be reduced in steps and time. After acceptance of a proposal: 1) the project selection committee should have a formal meeting to review and assess the proposal and the PVO 2) the project officer will then  
380 conduct a detailed analysis. 3) the Committee would meet again for a review and make its recommendation to the board. 4) the board would meet to approve the project. AID would be informed about the proposal after step 1 and given time to review the proposal.

385        2. ACORDE should keep a record on the back of each folder with a proposal giving the dates and time it took to process the proposal through each step of the selection process. This simple record keeping could be used to spot any delays and review the reasons for it. Whenever delays are expected, PVOs should be kept  
390 informed. If delays are caused by the PVO ( lack of documentation, reformulation of the proposal, etc), a record should make clear the reasons for the delay.

3. The longer a proposal is detained in ACORDE, the higher the PVOs expectation that it will eventually be funded. ACORDE  
395 should seek ways make a preliminary decision as early as possible on whether it will support a weak PVO through the process of project preparation and use the process as a PVO strengthening mechanism, or will deny the request for support.

3. The internal selection committee should be activated for a brief meeting to brain storm a project proposal upon its  
400 presentation to ACORDE and reach a preliminary consensus on feasibility. The project proposal processing will then follow its established course ending with a formal meeting of the committee and the presentation of the proposal to the Board.

405        4. The creation of a Project Selection Committee is not required. The Board involvement in the approval of projects has had positive effects on the formulation of policies, project selection criteria, and familiarization by Board members with the PVO community and their projects. It is highly desirable to  
410 maintain the Board's involvement in these areas, as ACORDE redefines its role with the benefit of the experience it is acquiring.

5. ACORDE should explore the feasibility of more frequent (extraordinary) board meetings to approve projects when projects  
415 are delayed solely because of the frequency of the board

meetings.

6. Project proposals should be reviewed by AID only once after their initial presentation to ACORDE. AID ratification of a project, after it has been approved by the board, is unnecessary and a potential source of conflict.

### 3. Issues Related to the Project Selection Process

Related to the project selection criteria are a number of issues that ACORDE may want to consider for future reviews of its policies and criteria for funding PVO's projects. These issues may be considered as topics for future evaluations and/or discussion papers. They include the following:

1. Proposals with problems that are judged serious by PRODE should be brought to the attention of the internal project selection committee for consideration as what actions ACORDE will take with respect to the proposal and the PVO. It is unlikely that returning the proposal for review to the PVO will alone be sufficient to solve the problems. Furthermore, PRODE staff can and should be encouraged to do a preliminary assessment of the potential of an institution and its proposal upon receiving the funding request. A PVO institutional profile should be emphasized with as much of the track record of the PVO as is available. This step may lead to an early decision on whether to proceed or not with the selection process, which is not only expensive for both ACORDE and the PVO, but is also fraught with pitfalls as expectations that can not be fulfilled are raised.

2. Since one of the goals of ACORDE is the strengthening of PVOs, the project selection criteria needs to be used by ACORDE with flexibility. The PVO community is not only highly heterogenous, but can be expected to produce new and untried ideas from time to time. ACORDE should consider assigning a portion of its funds as venture capital for new and untried, but promising new ideas of projects and/or PVO organization.

3. The heterogeneity of the PVO community requires an explicit differentiation between the feasibility of a project presented by well established and experienced PVO and one presented by a fledgling one. This differentiation, which already takes place to some degree, should be made explicit and applied in a more systematic manner by PRODE. However, the differentiation should be kept as a internal matter, while the outward projection of ACORDE's project presentation guidelines and criteria remains uniform for all PVOs. Maintaining the same

requirements for all PVOs allows ACORDE to judge PVOs strengths and weaknesses.

460 4. Fledgling PVOs or new PVOs should be judged more for  
 their potential as an institutions (novelty of approach,  
 willingness and commitment of staff, etc) than the project  
 proposal itself. Fledgling PVOs may need institutional  
 strengthening far more than funds to undertake a project,  
 although a project can sometimes be used to strengthen the PVO.  
 465 Upon an early assessment of a PVO proposal, ACORDE should decide  
 whether the PVO should be offered small technical assistance  
 grants prior to proceeding with the development of a project  
 proposal. This small grant (s) could consist of internships in  
 other more established PVO with similar projects, courses in  
 470 project preparation and management, or funds to hire consultants.  
 The goal of these assistance to fledgling PVOs would be not only  
 an acceptable proposal, but the capacity to implement the project  
 successfully. ACORDE has experimented with this approach with  
 good results. One of the results is that PVO can come back with a  
 475 different and far better proposal than the original one.

In an effort to increase the coordination of PVO' work,  
 ACORDE has recommended PVOs to "coordinate" and/or visit other  
 PVO to learn from their experience, however, this is unlikely to  
 happen once a project has been funded. Requiring some form of an  
 480 internship with a PVO prior to project funding may be a more  
 effective manner to induce a PVO to learn from other PVOs  
 experiences, and to coordinate with them.

### C. Monitoring and Evaluation (M&E)

485 Currently, ACORDE is using monitoring and evaluation (M&E)  
 simply to keep track of each of the projects in its portfolio.  
 Although this is an adequate and necessary use of a M&E system,  
 ACORDE's project portfolio has reached the point where an impact  
 evaluation system needs to be designed with the purpose of  
 obtaining systematic feedback to help ACORDE and the PVOs review  
 490 its policies, project selection criteria, and the effectiveness  
 and efficiency of the ACORDE-PVO development effort. This section  
 is divided in two parts: the first makes suggestions to improve  
 the current project M & E system; the second raises the need for  
 program wide evaluations.

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495

## 1. Current Monitoring and Evaluation ( M&E )

ACORDE has established an adequate system for the monitoring and evaluation of projects. Recommendations to improve the current system include the following:

500 1) Integrate all monitoring and evaluation reports into a single file per PVO. Currently reports are dispersed in a series of documents, such as monthly reports, visits report, etc. Use of a PVO file as a case history to document, in one place, ACORDE's assistance to the PVO, its institutional diagnosis and the record of the PVO's institutional performance through time.

505 2) Use of the PVO institutional file and the regular monitoring and evaluation reports to spot problems and take corrective action.

510 3) Institute a conflict resolution mechanism through a regular meeting (i.e. every six months) between the executive directors of the PVO and ACORDE to review project progress and discuss and solve any problems. These meetings, at the executive directors level, would also be useful in changing PVO's perception of lack of access to ACORDE. These meetings would constitute a formal communications channel between the PVO and  
515 ACORDE, that complement the regular and routine contact between the PRODE project officer and the PVO.

## 2. The Need for Program/Area Wide Evaluations

520 To increase ACORDE's effectiveness both as a grant maker and as a source of technical assistance and state of art information on PVO development efforts, ACORDE should consider initiating a series of program wide evaluations. These evaluation would not focus on any specific PVO, but rather on the impact and comparative advantage of different approaches to solving  
525 development problems, and on topics that help ACORDE's board to review and redefine its funding policies, and its project selection criteria.

Evaluation topics that relate to ACORDE's funding policies include the following:

- 530 - PVO activities that can be expected to reach  
self sufficiency versus activities that will  
need subsidy.

ACORDE's Board has taken some steps in this direction with  
respect to funds used for credit programs. funds for credit funds  
535 are loaned to PVOs rather than donated. Given the emphasis on  
economic activities, there is need to systematically review  
funding policy with regard to other productive support  
activities, such as agricultural extension, micro enterprise  
support with training and extension, etc. There is a need to  
540 directly relate training and extension to increases in income and  
productivity and the gradual charging for these services. The  
hypotheses are: that if those services do increase PVO clients  
incomes, they should be willing to pay for them as their incomes  
increase; the effectiveness of PVO support services would be  
545 tested by their ability to charge for them.

What types of PVO support services, how gradual should the  
transition from donated to selling the services for their cost  
should be; what economic activities can be expected to produce  
enough income; are PVO projects income generating or income  
550 maintenance programs, are questions that need to be explored by  
ACORDE to define more clearly its policies to development.

- Temporary PVOs versus permanent PVOs.

By their goals and objectives, a differentiation between  
555 PVOs that are temporary vehicles to assist beneficiaries and PVOs  
that are formed to become permanent service organizations, should  
be made in terms of funding policies.

PVO that see themselves as intermediaries or facilitators  
organizations have as their main objective to assist  
560 beneficiaries to form their own organizations and become self-  
sufficient. One of the definitions of beneficiary organization  
self-sufficiency is that at some point the beneficiary  
organization no longer needs the support and assistance of the  
sponsoring PVO. Implicit in this argument is that the  
565 beneficiaries would move from highly subsidized PVO services to a  
point where they can either provide themselves the services or  
purchase them.

This types of PVOs by definition can not become self-  
sufficient themselves. They need a constant infusion of funds to  
570 support their activities. The question is for how long should

their work should be subsidized with the same group of beneficiaries. If done indefinitely, the PVOs support becomes a permanent subsidy and/or an income maintenance program.

- 575 While the temporary PVOs may need constant subsidy, the beneficiaries organizations that they spun should, in theory, be able to operate without subsidies. These organizations should at least cover the full costs of their services, if not become profit making service organizations. Should ACORDE fund
- 580 beneficiary organizations? Under what conditions should these organizations be funded? As ACORDE begins to attract project proposals from beneficiary organizations, these questions need to be resolved and policies formulated to make the best use of what will become scarce resources.
- 585 PVOs that are in business to provide services to individual beneficiaries for an indefinite period of time should be expected to reach self-sufficiency within a period of time. For example a PVO that provides productive related support services should
- 590 after a period of time graduate beneficiaries from subsidies to cost recovery of the services it provides or even to profit making services to help pay back the subsidies. If the PVOs services (credit, training and technical assistance) have an impact on the income of the beneficiaries, it does not seem
- 595 "fair" or a good investment of funds, if the beneficiary goes on receiving the subsidized services. Again, the question arises of whether the PVO has a development or an income maintenance program.

Either the beneficiary "graduates" out of the PVO program. or he/she should be expected to pay the cost of the services.

- 600 This type of questions require studies (evaluation) of the current make up of the beneficiaries of the PVOs and the feasibility of their productive enterprises. A first impression of a typology of beneficiary productive enterprises suggest the following.
- 605 A majority of enterprises (business) of the beneficiaries have limited potential. What can be realistically expected is that these businesses achieve consolidation and provide a secure and steady source of income. This seems to be true in
- 610 agriculture, as much as in urban type small and micro enterprises. If this assumption is correct, beneficiaries should be supported only during the period that it takes to consolidate the business.

On the other hand, PVOs report cases of beneficiaries whose businesses have grown and expanded, with their support. This  
 615 seems to happen to a small but significant number of beneficiaries. These beneficiaries can easily begin paying the full cost of the services, which would support the PVO, or can "graduate" out of the PVOs program. While graduation is spoken about as a goal of many PVOs, the question is whether the PVO  
 620 and, ACORDE indirectly, can in the long term afford to lose their best clients. All the effort spent in turning a small entrepreneur into a growing one becomes not only a subsidy to the entrepreneur, which was intended, but also to the commercial institutions that eventually do business with the entrepreneur.  
 625 In the clearest case, a commercial bank that gets the business of a well trained and successful PVO beneficiary, benefits without any cost or risk, at the expense of the PVO and indirectly of ACORDE.

PVOs that are in the business for the long term and do not  
 630 seek to strengthen beneficiary organization that can eventually replace them, but to provide regular services to individuals, should be expected to become commercially successful service institutions in the measure that their services do in effect increase the incomes of their beneficiaries.

Related to this topic, is the issue of specialization and  
 635 "coordination" among the PVOs. An attempt was made to create a system of information exchange among all San Jose urban area PVO with small and micro-enterprise credit and technical assistance program. This effort has been relegated to the background while  
 640 the FOV crisis is resolved. This idea is an encouraging start for what should perhaps be a more comprehensive effort to rationalize the small and micro business effort by all PVOs. PVOs could specialize along size and business lines with a mechanism to graduate their clients along a ladder of PVO program that go from  
 645 heavily subsidize programs for incipient businesses to programs that charge the full costs of their services to established and growing businesses.

ACORDE could and should take the lead in sponsoring studies  
 650 on these and other topics to inform itself and the PVO community on viable and promising alternatives to their development efforts. ACORDE itself, should not undertake an evaluation effort of this nature, but simply act as a facilitator by funding the studies and disseminating the results. ACORDE's direct benefit  
 655 from such an effort, would be translated into policies, selection

criteria, and project guidelines that maximize its support of the PVO and ultimately the beneficiaries of the PVOs.

**Appendix A**

**List of Persons Interviewed**

**COSTA RICA**

August 12 to August 27, 1988

**ACORDE**

Berta Carvalho F  
President, Board of Directors  
Carlos Lachner, Director  
Claudio Quiroz, Director

Maria Aminta Quirce de Heilbron  
Directora Ejecutiva  
Rafael Vargas Sanchez, PRODE  
Joaquin Aguilar Vargas, Oficial de Proyectos  
Kris Merschord (PACT)

**ADAPTE**

Hernan Fernandez

**ARTES y TRADICIONES**

Edith Cossio  
Ana Isabel Barrientos  
Fernando Mollé

**CIUDAD DE LOS NIÑOS**

Pbro. Anastasio Hierro

**COF**

Marina de Solano

**ALLUDES**

Ursula de Peters

**ORDER**

Carlos Nunez  
Jaime Nunes  
Charles Rodriguez

**ADEPE**

Raul Acuna

**CATHOLIC RELIEF SERVICES**

Tania Amour

**APTAMAI**

Roger Madriz  
SWIAACONTACT  
Rolad Zbinden

**FUCODES**

Julio Gonzalez

**TWECHNOSERVE**

Silvio Baltodano  
Alfonso Ramirez

**OBRAS SOCIALES DE LA SOLEDAD**

Flory V Roldan

**FINCA**

Maria Marya de Padilla

**FUDEJOC, Limon (SAVE THE CHILDREN)**

Beleida Hamilton

**ANAI**

Robert Mack

**APPTA**

Walter Rodriguez

**CARE**

Michael J. Bowman  
Edith Rodriguez  
Carlos Morera  
Edmundo Mata

**PVO SUB-PROJECTS VISITED:**

CREDIMUJER in the San Jose Metropolitan area  
FUDEJUC in Limon  
ANAI and APPTA in Talamanca  
CARE in Puriscal  
FINCA - Bancomunal el Crisol

GUATEMALA - ASINDES

**Appendix C**  
**Guatemala - ASINDES**

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A. BACKGROUND

ASINDES

The Asociacion de Entidades de Desarrollo y de Servicio No Gubernamentales de Guatemala (ASINDES) is an association of NGOs operating in Guatemala. It was founded in 1979 beginning with 31 members. The primary motive for its creation was to strengthen the voice of the NGOs - especially in their demand for protection from the harassment and physical attack to which many of their staff and cooperating persons were subject in the country-side at the time. The purposes of ASINDES were and are: (i) to foster coordination among the members and with other interested organizations; (ii) to make better known the work of its members; (iii) to improve the capabilities of NGOs; and (iv) to prepare and negotiate development projects with Guatemalan and foreign financing agencies.

1. AID-PACT Specific Support

At the encouragement of USAID/Guatemala, Private Agencies Collaborating Together (PACT) conducted a review in June and July 1985 of the operations and needs of NGOs in Guatemala. One of the purposes of that review was to identify organizations through which the capability of those NGOs might be improved and through which USAID might provide funds for NGOs' project activities without incurring the personnel and administrative costs of dealing with separate NGOs on a project-by project basis. PACT was in a good position to perform the review since it already had had many years experience working with NGOs and their consortia. Furthermore, key personnel of PACT had lived in Guatemala, and were knowledgeable about Guatemalan conditions and many of the NGOs operating there. PACT reviewed the situation of the three existing organizations of NGOs (one of which was ASINDES), and consulted with some 20 Guatemalan NGOs. It found that none of the consortia was capable of conducting a grant program, and doubted that any could become capable enough to do so. However, it concluded that of the three, ASINDES offered some possibility of being an effective channel for assistance to Guatemalan NGOs, provided that a great deal of work and support was given to enable it to perform that function.

In March 1986 PACT presented a proposal for an Operations Program Grant to USAID/Guatemala. That proposal was the basis of the Specific Support Grant for \$1.05 million which was made to PACT in May of that year. The purpose of the Grant is to finance PACT's efforts to improve the capacity of ASINDES to support NGOs operating in Guatemala. The major components of the Grant program are technical and financial assistance from PACT to ASINDES to improve its management and technical capabilities; technical assistance for the Guatemalan NGOs from ASINDES, assisted by PACT; and grants to Guatemalan NGOs to carry out

their activities. The main outputs of the program were to be: the selection and funding of 30 NGO projects; the selection and funding of 20 "mini-grants" to the NGOs for diverse purposes; and the holding of five workshops or special events each year to provide training to 100 employees of approximately 30 NGOs. The 30 NGO projects were to meet the criteria of: (i) improving the conditions of life of their beneficiaries; (ii) addressing a locally-determined need; (iii) contributing to the capacity of the beneficiaries to plan and manage the use of resources; (iv) promoting collective action among the beneficiaries; (v) including contributions by the beneficiaries of ideas, time and materials; and (vi) addressing development problems in a way that produces results with demonstrable impact beyond the specific activity being financed.

The funds under the Grant were to be available until June 30, 1988. Up to \$500,000 would be used for the Guatemalan costs of activities of the NGOs to be assisted by ASINDES. Up to \$250,000 would be used for the Guatemalan costs of the operations of ASINDES and of PACT. The balance of the funds was available for the dollar costs of PACT's operations. The NGOs' beneficiaries were to provide at least 45 percent in cash or in-kind contributions of the costs of the projects on a paripassu basis.

The Grant Agreement did not set forth the organization of the program, the end-of-project status to be achieved, the details of assistance to be provided or the timing of the achievement of the major steps to be taken under the program. However, the PACT proposal did include some detail on those topics. It stated that technical assistance was to be provided to ASINDES to develop an organizational plan and to improve its capability to identify, review, select, monitor and evaluate projects from NGOs. In addition to the outputs mentioned in the Grant Agreement, the proposal included: 10 inter-agency exchanges of information and experience per year, a functioning Project Advisory Committee, an unspecified number of individual consultations with NGOs on non-project related problems, and written guidelines for ASINDES on funding policy, project selection and reporting. (It indicated that the average NGO project to be funded would use approximately \$14,000 of Grant funds and the mini-grants would average approximately \$1,000.) The End-of-Project Status was expressed in terms of ASINDES' carrying out the policies and type of activities identified as outputs, and specifically mentioned the capability of processing NGO grant applications within eight to ten weeks of their receipt. The major steps to be taken to carry out the program were to be: the hiring by ASINDES of three additional persons (a senior program director, an economist and a bilingual secretary) for its permanent staff and their on-the-job training by PACT; the selection and support of an Advisory Project Committee; the production in Spanish (during the first three months) of a funding policy statement, the project selection criteria, the

description of the project selection process, the suggested format for presenting project proposals and the process for conducting project monitoring and evaluations; and the conduct of workshops to introduce those documents to the NGO community and provide training in using them.

Although the Grant Agreement makes clear that the activities supported by the Grant are to be "coordinated and implemented through ASINDES," the Grant was from AID to PACT. PACT remained responsible to AID for the use of the Grant funds; and must provide AID with periodic reports--both financial and narrative--on the use of the funds and progress being made on the program. In order to exercise its responsibilities for the use of the Grant funds PACT itself handled the expenditures in dollars and approved any use of Grant funds by ASINDES for local currency costs--including the grants and mini grants provided to the NGOs. That approval was given by PACT's resident advisor to ASINDES. Before giving final approval to the making of a project grant to an NGO, ASINDES' Executive Director informed USAID/Guatemala of ASINDES' intent to make the grant to allow the Mission the opportunity to raise any objection or ask any questions about it.

## 2. Mid-term Evaluation

A mid-term evaluation of the Specific Support Grant was conducted in November and December 1987. The evaluation came to the following conclusions. (A list of the recommendations of that evaluation is given in Attachment 1.)

The first year and a half of the project period was devoted largely to overcoming problems associated with the preparation of the Grant's structure and ASINDES' internal disputes, clarifying and improving the working relationship between PACT and ASINDES, and preparing for and beginning the implementation of the sub-projects program. Statements of policy and procedures to govern that program were prepared and adopted; 61 proposals for financing were received; and 15 projects under that program were approved. The Grant funds available for that program are likely to be totally committed (but not fully disbursed) during the period of the Grant. Additional funds are likely to be made available for that program from GOG funds generated by AID's other programs in Guatemala.

The sub-project program successfully introduced the use of an independent Project Selection Committee, and it has the potential of being a significant source of income for ASINDES if ASINDES' capacity to review and monitor projects can be increased. Through its operation the program is contributing to improvements in the operations of NGOs receiving its support. However, the sub-project program takes more of the time of ASINDES' staff than was expected, and improvements need to be made in its conduct. More attention should be devoted to the

analysis of the economic benefits and cost-benefit relationships, the prospects for self-sustaining operations by the beneficiaries, institutional improvements to be achieved by the implementing NGOs and the probable economic and social impacts of the activities. Clarification is needed of the meaning of "productive" projects. Effective monitoring and evaluating systems need to be established. A plan for generating more usable project proposals is needed, and consideration should be given to raising the maximum amount which the program will provide to any one project.

Some 140 people related to NGOs have participated in five workshops organized under the Grant, which is a greater number than the projected output for the whole grant period. However, the quality and lasting value of the training has been questioned; and the survey of NGO training and technical assistance needs and, except in two instances, the short diagnostic studies of individual NGOs which were to be the basis of the technical assistance and training components have not been done because of opposition from the NGOs. PACT agrees that the training and technical assistance aspects of the Grant program have been deficient, and proposes to make them the focus of its efforts during the coming year.

Significant steps have been taken in consolidating ASINDES as an institution. Its legal status and governing statutes have been formalized. Nine new members have joined. Administrative personnel and accounting procedures have been prepared and adopted. Contacts with other Guatemalan institutions and the GOG have been increased. However, progress has been slight in introducing improvements into ASINDES' planning, programming, monitoring and evaluating activities and in the actual use of the new accounting and personnel systems. The delay in giving practical effect to these systems was due in large part to the difficulties caused by the loss of key personnel and the low morale of the staff members. Priority must be given to recruiting the staff planned for the conduct of the Grant, and steps taken to restore the morale of the staff. External audits of ASINDES and its grantees should be conducted.

Major issues must be resolved by the Board of Directors of ASINDES if the institution-building purposes of the Grant are to be accomplished. Clarification is needed of the relative priorities which ASINDES is to give to its various institutional purposes. A strategy of institutional development and fund raising needs to be adopted. The Board needs to invest the Executive Director with sufficient authority for him to meet his responsibilities without becoming completely dependent for its information on verbal reports from him. It must make clear its determination that standard procedures be respected without inserting itself into the details of operations through pre-approval actions. USAID/Guatemala and PACT should become more

engaged with the members of the Board and assist it in the difficult tasks which they face.

In order to achieve the purposes of the Grant it would be advisable to have the participation of PACT for at least an additional year. This would require an extension of the current Grant period of between one and two years.

### 3. Developments Since the Mid-Term Evaluation

Changes in ASINDES' organization and performance since the completion of the mid-term evaluation are described under the various topical discussions in this report. However, there are two major steps which were taken and should be mentioned here. One is that agreement was reached in June 1988 between the GOG and ASINDES for ASINDES to administer Q 2 million (equivalent to \$740,740) generated under Economic Support Programs of USAID/G. The initial disbursement of the funds is to take place within one year, and repayments are to be reused by ASINDES for the same purpose. Fifty percent of the funds are to be used for productive projects on a revolving fund basis. Forty percent of the funds are to be used to support economic and social activities complementary to the productive projects, and ten percent for the administrative costs and the training of beneficiary groups (not the intermediary NGOs) which conduct the productive projects. ASINDES is to get six percent of the total cost of the projects for its own administrative expenses.

The second major step was the extension of USAID/G's Grant to PACT for two years until June 1990. The main outputs of the extension are to be: (i) eight training opportunities for ASINDES' Board of Directors; (ii) 12 formal training events for ASINDES' staff; (iii) 20 formal training events for ASINDES' members and other NGOs; (iv) the design and implementation of computerized monitoring and evaluation systems for NGO activities; (v) at least 45 sub-projects with NGOs for development projects using GOG funds; (vi) the successful administration of a small projects fund associated with USAID/G's work with returned training participants. PACT's resident representative is to remain in Guatemala for the extended period.

### 4. Current Review

This review of ASINDES' operations was conducted as part of multi-country comparative analysis of USAID Missions' experience with various groupings of NGOs. That comparative analysis was conducted pursuant to a contract between AID in Washington and Checchi and Company Consulting, Inc. The field work for the review was conducted in Guatemala during seven workdays in August 1988 by John R. Oleson who had been in charge of performing the mid-term evaluation described above. During that field work Mr. Oleson spoke with persons in USAID/G, ASINDES and member NGOS,

and visited the site of an NGO activity being assisted by ASINDES. These discussions and visits together with the 35 interviews and site visits which were conducted as part of the previous evaluation form the basis of the judgments contained in this report. (See attachment 2 for the list of persons interviewed.) The previous evaluation contained many recommendations for actions by ASINDES, PACT and USAID. This report will not repeat those recommendations. It will include only new recommendations which are occasioned by events since the conduct of the previous evaluation.

B. INSTITUTIONAL ORGANIZATION AND EFFECTIVENESS

1. Organizational Structure

a. Components

To be a member of ASINDES an organization must be non-governmental; have its legal personality recognized by Guatemalan law; conduct activities involved in social development in Guatemala; and be non-profit, apolitical and nonsectarian. (It is estimated that there are approximately 400 NGOs operating in Guatemala of which about 40 would be considered development agencies.) Each active member pays a modest financial quota, and is entitled (and expected) to attend and vote at the meetings of the General Assembly, to elect the persons who hold management positions in ASINDES, to receive services from ASINDES and to present development projects to it. Membership in ASINDES can be suspended or cancelled by the Board of Directors acting with the approval of the General Assembly. There currently are 26 members of ASINDES, with applications for membership from other NGOs pending. (See attachment 3 for a list of current members.)

The General Assembly normally meets three times a year and extraordinarily at the request of the Board of Directors or 20% of the membership. During ordinary sessions the General Assembly elects the Board of Directors; approves the annual report and the annual budget submitted by the Board of Directors; and deals with any question of a non-extraordinary nature put before it. During extraordinary sessions the General Assembly approves changes in the bylaws and internal regulations governing ASINDES; and authorizes the sale, pledging or renting of any property or right of ASINDES.

The Board of Directors consists of five members chosen by the General Assembly from the membership of ASINDES for a period of two years. The next election will take place in February 1989. The five members decide which of them will occupy the following positions: President, Vice President, Secretary, Treasurer and Representative. The Board ordinarily meets once a month, but it can meet at any time it thinks necessary. The Board admits new members to ASINDES; names and removes the

Executive Director of ASINDES; calls sessions of the General Assembly; sees that the bylaws and internal regulations of ASINDES are followed; prepares the budget and work plans for ASINDES; obtains economic resources to carry out ASINDES' activities; and makes special assignments as may be necessary. The rights and responsibilities of the individuals making up the Board are those usually associated with the positions they occupy. However, it should be noted that both the President and the Treasurer have to authorize payments on behalf of ASINDES, and that the Representative is to carry out activities as assigned to him by the Board.

The Board names the Executive Director of ASINDES who is to carry out its decisions. The Executive Director attends the meetings of the Board and the General Assembly with the right to speak but not to vote. His principal responsibilities are to: agree with the President of the Board on the actions to take; carry out the technical and administrative actions agreed to by the Board; propose a plan of work; prepare documentation for actions to be considered by the General Assembly and the Board concerning the technical and administrative matters of ASINDES; and select, appoint and remove the technical and administrative personnel of ASINDES with the approval of the Board.

The Project Selection Committee is considered both key to the maintenance of program standards and the major conceptual contribution of PACT to the system created to administer the Grant. The Committee consists of seven professional people who do not hold government positions; are not involved in politics; and have no connection with any of the members of ASINDES. They are chosen by the Board of Directors of ASINDES to hold office for two years. Although they are paid a modest sum for attendance at the meeting of the committee, the members really serve because they are interested in the work of ASINDES and the NGOs. The Committee makes decisions by majority vote of those present (a quorum is four). It has final authority to approve proposed projects up to a value of the equivalent of \$100,000. Above that amount the Board of Directors of ASINDES must also approve. The Committee can request further information concerning projects brought before it, and can condition its approval of a project with requirements for changes or actions by the NGO soliciting the assistance.

The committee is to meet every three months. In fact, it has met as often as there has been work to do. The Executive Director of ASINDES is the liaison with the Committee, and he and the Project Analyst presenting a proposal attend the meetings of the Committee. A synopsis of the project proposals to be considered, together with a report of the review of the proposals by the staff of ASINDES, are circulated to the members of the Committee before the meeting. In addition, the Committee assigns one of its members to study each proposal so that he can better

ask questions of the staff representative on behalf of the Committee. There has been no role for the Committee in other aspects of ASINDES' work, and there is no provision for the Committee to be informed concerning the actual implementation and achievements of the projects which it has approved.

b. Relationships and Issues

There are some major issues facing the organization of ASINDES.

Diversity of Membership. From its beginning the membership of ASINDES has been quite diverse. Some members have connections with--and in some cases financing from--international organizations. Examples are the Christian Children's Fund, the Salvation Army, Foster Parents Plan International and Vision Mundial (or World Vision). However, the majority of the organization are not so connected. A few receive support from the GOG, but most do not. Many of ASINDES' members were founded by religious institutions or have been closely associated with religious institutions and especially evangelical institutions. However, the statutes of ASINDES require that the development activities of its members not be sectarian. The degree of social militancy of the members varies a great deal, and is reflected in different attitudes toward relationships with the GOG and participation in activities assisted by AID. Then too, some members have traditionally sought financial assistance in Europe from sources critical of the USG's foreign policy in Latin America in general and Central America in particular, and have been concerned that those sources would not continue such support if the members became associated with AID.

This diversity has made it difficult for ASINDES to reach a practical definition of its purpose, and has led to both tension and discursiveness at the meetings of the General Assembly and the Board of Directors, which in turn has contributed to the conclusion reached by some NGOs that ASINDES is too "talky" and not effective. It also contributed to ASINDES' taking some five years to develop its legal statutes, and was the main reason that six members resigned from ASINDES in August 1986. In November of that year an election for the new Board of Directors was held by the remaining membership, and the GOG approved the Legal Statutes of ASINDES. The new Board took office in February 1987 just one month after the official publication of the GOG's decision to approve the statutes and legal personality of ASINDES.

Although in recent months the level of controversy among the members concerning relationships with AID has declined and there appears to be majority in favor of the focus being followed by the current Board, there also appears to be concern on the part of the members of the Board that it would be risky for the Board to undertake long-term commitments or to raise controversial

matters with the Assembly before the next election of the Board, which is to take place in February 1989. Thus the diversity of interests and nature among the members appears to continue to inhibit ASINDES' institutional activity.

ASINDES' Conflicting Purposes. From its founding, ASINDES has had several purposes: to be a spokesman for NGOs with the GOG and the community-at-large; to inform the community-at-large of the programs and needs of the NGOs; to provide services and support to NGOs; and to assist NGOs in obtaining financial and other types of support for their programs. Although certainly not incompatible, these purposes are broad and diverse enough that their accomplishment would put a strain on even an established and experienced organization. Inevitably, ASINDES has had to find some mix of emphases on these purposes which meets the approval of its membership, and this has been even more difficult given the diversity in the nature and needs of the membership. Despite some progress towards achieving a consensus (which has been accompanied by negative events such as the resignation of some members), ASINDES still does not appear to have a strong sense of the priorities among its purposes or agreement on its long-term, institutional strategy. Rather it seems that most of ASINDES' attention and energy has become focused on the implementation of the sub-projects program.

Is ASINDES doing a good job of representing its members' interests with the GOG? There seems to be a wide variety of views on that question. Some members are so suspicious of the GOG that they fear to have ASINDES seek any relationship with it other than to present written position papers. Others fault ASINDES for not doing more to get both guidance from the GOG on the development policy which it supports; and support from the political level of the GOG for resolving practical administrative problems which are faced by the NGOs in carrying out their activities. Financial considerations seem to be drawing ASINDES closer to the GOG; but the process is far from smooth (for instance, the nature of the Executive Director's relationships with the GOG was one of the factors contributing to the tension which arose between him and the Board); and the outcome not at all certain.

Does ASINDES represent its members or the whole NGO community? In theory, ASINDES represents the interests of the whole NGO community and seeks to have as many members from that community as possible. However, ASINDES has only 26 members and no program actively seeking new members. ASINDES' financial assistance to NGO activities has been limited almost exclusively to its members. Its efforts to publicize and explain its work are limited to personal visits by the Executive Director to persons of influence and to the publishing of a periodic bulletin of news about ASINDES which is distributed by hand to 130 offices and organizations.

Some advise ASINDES to put its attention on improving its performance with the actual membership and to admit as new members only organizations who take the initiative to apply. They fear that more members mean more diversity and more problems in reaching agreements. Others urge ASINDES to promote itself actively among the NGOs to get more members to become a true "industry spokesman". They argue that a larger organization would be a more attractive one for a diversity of funding sources, and would be in less danger of domination by its funding sources. Some even think that an expansion of memberships and an increase in the now nominal dues paid by the members could make a significant contribution to ASINDES' financial stability.

Should ASINDES seek to be a source of technical and financial assistance for its members and the NGO community at large? Almost everyone answers that question affirmatively, and the Grant seeks to help ASINDES do just that. However, there are differences of opinion on the kind of assistance which ASINDES should offer and the degree of attention it should place on this aspect of its purpose, and even some expressions of fear that through such assistance ASINDES could seek to dominate and distort the purposes and programs of the NGOs in order to serve its own purposes and those of its main sources of funding - namely, AID and the GOG. The differing opinions undoubtedly reflect the differing needs of the various NGOs, with those having few if any connections with external funding sources placing greater emphasis on ASINDES as a channel for obtaining financial resources and with the larger NGOs (and especially those major ones who are not currently members of ASINDES) doubting that ASINDES would have much technical or administrative expertise to offer in any event.

On balance, there seems to be a majority view in favor of ASINDES seeking to provide technical advice and, perhaps, having on its staff or available to it persons with expertise in matters of interest to most NGOs (e.g., marketing of agriculture products, analysis of project ideas, use of appropriate technology); and a cautious receptivity to ASINDES being a source of advice on administrative matters. Views on ASINDES as a source of financial support are more mixed. Obviously, most would like to receive financial support, but it is hard to conclude that there is general agreement that financial support from ASINDES is important because it will offer the opportunity to improve the nature and operation of NGO programs or that an exclusive or predominant focus by ASINDES on supporting "productive" projects is appropriate.

Unless greater clarity is achieved by ASINDES on the expression of the priorities to be given to its several purposes and a long-term strategy developed to carry forward those priorities, it is unlikely that the current work in strengthening

ASINDES as an institution will be well-focused or have lasting effect. Thus, while recognizing that ambiguity of purpose may be preferable to dissolution of an organization, one would be hard-pressed not to conclude that ASINDES should seek to develop a long-term strategy of institutional purpose as part of its effort to improve itself as an institution.

Role of The Board or Directors. The Board of Directors of ASINDES has a more important and difficult role to perform than would be the case of a Board of an organization which was mature, highly focused in its purposes or working under the tutelage of a mother organization from abroad or the guidance of a dominant personality. In contrast, this Board has to reconcile the political conflicts of its membership while also encouraging the development and supervising the operation of an organization. Furthermore, each member of the Board is the chief operating officer of his NGO in Guatemala, and thus busy with his own organization's problems and subject to the pressures of his own organization's expectation of ASINDES.

The performance by the Boards of ASINDES has been mixed. They have preserved the existence of the organization in the face of serious disputes among the membership and of a series of administrative crises, and they have guided the evolution of ASINDES toward the utilization of assistance from AID and the GOG despite the emotional adjustment among the members that was necessary to do so. However, the Boards have vacillated a good deal in their approach to the supervision of ASINDES' operations--from micro-managing to near complete reliance on the Executive Director. Furthermore, they have not provided as much definition of purpose and strategic guidance for ASINDES as is required.

If the purposes of the Grant are to be achieved there will need to be both more focused and better involvement of the Board to assure that decisions concerning the program are taken in a timely way and that the resources available through PACT are being utilized as well as possible. The Board also will have to take the lead in addressing the issues of the level of salaries to be paid to ASINDES' staff and to assure that the number and type of personnel needed by ASINDES are obtained and that there is a system for supplying the Board with timely information concerning the operation of the staff and the program so that it does not rely only on verbal reports to it from the Executive Director or have to insert itself into actual operations through pre-action approvals to maintain its control.

That the Board has no members from segments of society other than NGOs may be an impediment to its performing its tasks well. However, it probably would be unrealistic to attempt to modify the statutes of ASINDES to change that situation. Instead, the Board might consider creating an Advisory Council or an informal

roster of "friends" who have administrative and other relevant experience in organizations other than NGOs so that it could take advantage of their perspectives and, perhaps, enlist their time and advice in improving ASINDES' operations and proposals. The Board might at first turn for such assistance to those members of the Project Selection Committee who have expressed an interest in being of further assistance. Whether or not the Board seeks to supplement its own expertise in this manner, it should take advantage of the training and technical assistance which PACT is able to offer to it under the extension of the Grant.

## 2. Personnel Arrangements

### a. Staffing

The current staff of ASINDES consists of nine positions: the Executive Director, a Director for Training and Technical Assistance, the Director of the Small Projects Fund, two Project Analysts, an accountant, and two secretaries and driver. All personnel but one secretary report directly to the Executive Director.

The performance by ASINDES in meeting the staffing requirements of the project has been only fair. All the current personnel except the Executive Director were recruited after the signing of the Grant Agreement, and some are quite well prepared. On the other hand, ASINDES has not yet identified and hired persons to fill two of the three new positions called for in the proposal--namely, the Project Coordinator to work under the Executive Director and a Fund Manager with training in economics. Furthermore, the person hired to be the Coordinator of the Technical Assistance program resigned after a short time because he thought his skills were not being well used, and that he had been given insufficient authority to perform his duties. A replacement has been hired only in the last three months. One of the persons earlier hired to be a Project Analyst turned out not to be adequate for the position and was replaced; and the most experienced of the Project Analysts recently left ASINDES leaving that position vacant.

After two years in the position, the Executive Director resigned in November 1987 as the Board of Directors became dissatisfied with what they saw as his failure to keep them well informed and to follow their directions and what he saw as a failure of the Board to give him appropriate support. A new Executive Director was appointed in early 1988. He has had considerable experience in private sector administration but not with NGOs. He is a closer supervisor of staff than his predecessor, but has not yet been able to make the visits to member organizations and field sites that many would like and is still in the process of gaining the confidence of the Board.

b. Support

ASINDES' support of its staff has not yet met expectations. In part, this is the result of the turmoil resulting from the departures of the Coordinator of Technical Assistance and of the previous Executive Director. In part, it is the result of the conflicts which arose between the former Executive Director and at least two key staff members, of the degree to which other activities of the Executive Director limited his availability to the staff on a day-to-day basis and of his approach to the utilization of staff which emphasized direct, vertical relationships of all staff members to the Executive Director and deemphasized any horizontal, team relationships among the staff members. In part, it is the result of limits on the support of the staff's activities arising from ASINDES' having only one vehicle for official travel and not having a reliable policy on compensation for travel expenses. This last aspect has gotten worse since ASINDES' official vehicle was stolen and has not yet been replaced. A major problem is that ASINDES' salary structure is relatively low for the professional and technical skills which are called for in several of the positions, and the basis of its internal relationships is not clear. The previous Executive Director's annual salary was the equivalent of \$7,800; the current Project Analysts' annual salaries are the equivalent of \$6,240 and \$5,200; the bilingual, administrative secretary's annual salary is the equivalent of \$2,340 (the same as that of the other secretary); and the accountant's annual salary is the equivalent of \$1,560 (the same as that of the driver). These levels are somewhat below those which the GOG pays for professional services and very much below those paid by the commercial, private sector. However, they probably are higher than the salaries paid by most of the NGOs who are members of ASINDES and this has made it difficult for the Board to agree to substantially higher levels even when the costs of such increased salaries could be met by the Grant which includes \$74,140 for ASINDES' personnel costs for the two-year period. In recruiting a replacement for the former Executive Director, the Board recognized that an increase in the salary level to be paid was necessary to obtain a person with the desired qualifications. However, although it has been discussed and some efforts undertaken, it is not clear whether or when a systematic revision of the salaries of ASINDES' staff will be conducted by the Board. This indecision may reflect ambivalence as to how technically prepared ASINDES' staff members need to be, and on what level of program activity it is reasonable to expect ASINDES to achieve and maintain.

More attention needs to be paid to ASINDES' performance in recruiting and managing the staff necessary to achieve the purposes of the project. Another analyst is needed, as is someone to assist the Executive Director in raising funds and providing supervision to the conduct of the program. It would be

wise to review the requirements for all existing positions to be sure that they are well matched. Adjustments of the salary schedule will be necessary to attract persons with professional and technical preparation to those positions. Projections of operating expense needs over the long term should take this need into account. The Executive Director should place priority on developing with the staff his approach to personnel supervision and motivation, and should present the Board with his proposal for carrying forward that approach. PACT should give priority to assisting the Executive Director in that effort. Fortunately the budget for the extension of the Grant provides more support for the training of ASINDES' staff--an aspect of the original proposal which was not adequately supported in the original Grant budget.

### 3. Financial Soundness

ASINDES' revenues for 1986 were the equivalent of \$44,018, of which \$3,580 came from the dues of ASINDES' members and the rest from abroad--\$11,822 from the PACT/AID Grant and \$28,616 from a grant from IAF. \$22,620 (51%) of the budget was for salaries and personnel services, \$7,962 (18%) for technical assistance and the balance of \$13,647 (31%) for operating expenses. The sub-projects program had not utilized any funds. The budget was balanced.

At the time of the mid-term evaluation ASINDES had no comprehensive documentation for its 1987 operations and program budgets nor an approved budget for 1988. The evaluators prepared an estimate of the 1987 budget. It is given in Attachment 4. It shows that the income level had grown to the equivalent of \$357,115 (over eight times larger than in 1986) and that the main source of funds for ASINDES had shifted to the PACT Grant (93%) and the commissions on approved grants generated with funds from the PACT Grant (6%). The sub-projects program utilized \$243,598 (73%), the technical assistance program \$20,304 (6%), salaries \$32,177 (10%) with the balance for operating expenses and minor purchases amounting to \$39,914 (11%).

ASINDES' budget for the current year (July 1988 through June 1989) is given in Attachment 5. The total budget is Q3,368,071 (the equivalent of \$1,247,434). Of that amount Q228,351 (\$84,574) is for salaries and social payments; Q116,700 (\$43,222) is for furniture, equipment and vehicles; Q54,000 (\$20,000) is for mini-donations; Q286,200 (\$106,000) is for technical assistance and training; and Q541,620 (\$200,600) is for small projects associated with the USAID/G participant training program. The sources of funding for these activities are: Q2,000,000 (\$740,740) in transfers from the GOG; \$468,430 from the USAID/G--PACT Grant; Q120,000 (\$44,444) in earnings on the administration of the GOG funds, and a small amount from members's dues. This presents a balanced budget, and one that is some 28 times larger

than the budget for 1986 and 3.5 times larger than the budget for 1987.

a. Operating Expenses--Level and Prospects

ASINDES operating expenses for the current budget year are Q486,251 (\$180,093). Of that amount 47% is for salaries and social payments, 24% for administrative support and 29% for the purchase of furniture, equipment and vehicles. Thus operating expenses represent 14% of the total budget (10% if purchases of furniture, equipment and vehicles are not included). The source of funds for these expenses are: \$44,444 from earnings on the administration of the GOG funds, \$130,600 from the USAID/G-PACT Grant, and a small amount from members' dues.

Although the operating budget is covered by resources it continues to be heavily dependent on AID funding either directly through the PACT Grant or indirectly through the earnings on GOG funds generated under the AID program. This is unlikely to change in the future. A lesser problem is that the operating budget does not contain funding for the recommended additions of a staff member dedicated to fundraising and to planning/evaluation.

b. Program funds--Levels and Prospects

The program budget for the current year consists of the equivalent of \$740,700 for sub-projects, \$200,600 for small projects, \$20,000 for mini-donations and \$106,000 for technical assistance and training. The funds for the sub-projects come from the GOG; the last three programs are largely covered by transfers from the PACT grant. Thus the total program level of \$1,067,300 has its source in programs of AID--69% from GOG funds generated by AID programs and 31% directly from the AID dollar grant to PACT.

The prospects for the year 1989-1990 are for a continuation of the present level and makeup of the program. PACT will have another year's funding from AID under the current, extended grant; and negotiations with the GOG should produce further transfers to ASINDES, assuming that ASINDES is able to utilize the current GOG funds as planned. However, the funding of the program over the longer term is far from clear. USAID/G has no current plans to make additional dollar funding available to ASINDES for its general program either directly or through a further grant to PACT. That could leave ASINDES completely dependent on the GOG for funds with which to finance its sub-projects program, which would be both undesirable in itself and probably unacceptable to the membership of ASINDES, which remains suspicious of the reliability of the GOG. Thus, in the absence of successful fund raising, the prospects for ASINDES' program are uncertain. A subsidiary problem is that even with continued GOG financial support after the completion of the current PACT

Grant, ASINDES will not have a source of dollars to meet the external costs of activities which it may wish to support and for which the NGOs are unable to provide foreign exchange of their own.

c. Fundraising--Methods, Level and Prospects

The current grant program is supposed to assist ASINDES in obtaining non-AID sources of support for its operations and programs. Unfortunately, next to no progress has been made on this aspect of the program.

Two members of the Board did make a trip to Canada, but that trip did not produce any new sources of support. It probably was not as well prepared for as it should have been. Currently, there are tentative plans for members of the Board to make a trip to Europe (using non-AID funds) in order to look for new sources of financing and to counteract the negative comments which were made by some Guatemalan NGOs to European donors concerning ASINDES' association with the USG. However, there are not yet materials prepared to be used for that trip. There are no plans for local fundraising by ASINDES.

There would appear to be several major problems with ASINDES' fundraising efforts. First, in the absence of a mid-to-long term strategy for ASINDES as an institution, it is unlikely to be able to make an appealing case to prospective donors. Second, there is not yet a strategy on how to approach international and domestic fundraising. For instance, ASINDES would like to seek support for both its overall programs and for specific projects (from its members and others); but it has not considered how the emphasis between these approaches would be decided on or adjusted to the type of donor campaigns to be undertaken. Third, in the absence of any effort to raise funds from Guatemalan sources other than the GOG, it is unlikely that external sources of assistance will be impressed with ASINDES' efforts. Fourth, preparations and followup for fundraising are being handled personally by the Executive Director, and it is unlikely that he will be able to devote sufficient time to fundraising while meeting all the other responsibilities of his position. He will need help.

PACT has provided ASINDES with references to some 250 funding sources, and ASINDES did make formal contacts with several such international sources during the 1987 Forum on Networking. However, the task of fundraising is not likely to be completed, or even substantially started, by one visit to several extra-national funding sources. It is an on-going effort which will require continuous attention -- certainly more attention than can be supplied by a member or members of the Board of Directors. In the case of ASINDES it may not be possible to have a position devoted exclusively to this task; and, of course, some

of the work can be done by contractors and advisors; but in deciding on the management structure of ASINDES, this function must be included as a substantial, continuing task.

d. Reimbursable Services - Nature and Prospects

ASINDES does not sell services to its members as such, and it does not charge fees for members to attend its training courses or for any technical or other assistance which it provides to them during the preparation of the project proposals. Some discussion has taken place concerning the possibility of making such charges, but there are no concrete plans to do so. It appears that ASINDES' reluctance to do so arises from concern that the members do not yet value the services enough to be willing to pay for them.

ASINDES does receive a commission for the handling of sub-projects. This currently consists of 6% of the amounts provided from the GOG funds utilized for the productive and support sub-projects to meet the costs of administration of that program.

e. Financial Analysis, Controls and Audits

The strengthening of ASINDES was to include improvements in its administrative and fiscal procedures. To carry forward this aspect of the program, during the last quarter of 1986 PACT prepared manuals for an accounting system and for administrative procedures. The accounting manual was adapted and completed by local consultants during the first quarter of 1987, and control and report formats were developed and an internal communications and tracking system was proposed during the second quarter. These manuals are of assistance to ASINDES, but much remains to be done.

The previous Executive Director did not seem to place importance on the establishment and observance of standardized procedures, and did not set an example for the staff in using them; and the personnel problems discussed above did more harm than the manuals did good. The new Executive Director has taken steps to remedy this. However, there are still no formal delegations of responsibility or descriptions of position duties. There has been no organized training of staff in the use of the manuals or gathering of suggestions from them on introducing further improvements. The files are kept on a decentralized basis, and obtaining information from them is difficult.

The various shortcomings of the current accounting system of ASINDES appear to be correctable without extraordinary effort, but will require that the new Executive Director place importance on doing so and is able to convince the Board to give up such controls as the signing of all checks before they are issued. More important failings are the unavailability of timely informa-

tion on the utilization of resources, and ASINDES' lack of a capacity to perform financial analyses of its own operations and those of the NGOs which it is assisting. The lack of this capability impedes ASINDES' financial planning and the preparation of its budget; contributes to the difficulty faced by the Project Analysts in evaluating the capacity of NGOs seeking financial assistance; and will limit the efforts which ASINDES may mount to evaluate the impact of the sub-projects program on the participating NGOs and the beneficiary groups. To perform those functions ASINDES will need to add a more experienced financial person to its staff--one capable of performing financial analysis as well as guiding the current bookkeeping operation. There are plans to add such a person in the current budget year. They need to be implemented.

No audit has been conducted of ASINDES' financial management. Given the amount of funds which ASINDES has handled and the time that has elapsed since the Grant was made, an external audit is called for. ASINDES could contract for audit services both of itself and of its grantees.

#### 4. Institutional Planning, Programming and Evaluation

ASINDES has not developed a medium or long term strategy nor has it developed systems for programming its resources or for evaluating its activities. There are general statements on evaluation; but they were produced largely by PACT, and have not been given practical effect. No person in ASINDES aside from the Executive Director is charged with responsibility for preparing and carrying out these functions. The Project Analysts are charged with following the implementation of the sub-projects program through the review of reports received from and visits made to the NGO activities being assisted. However, they are not fulfilling that responsibility for the reasons discussed elsewhere in this report.

##### a. Planning and Programming

The attention of ASINDES during the first year and a half of the project was focused on getting the sub-projects program underway. Indeed, that program has been treated almost as a good in itself rather than as part of an overall institutional strategy. The Resident Representative of PACT did encourage the Executive Director of ASINDES to prepare at least a six month workplan. However, the style of the then Executive Director was to centralize information and decision-making in himself, and the Board did not push him strongly to produce a detailed workplan. Finally in mid-1987 the Executive Director produced a workplan when a representative of PACT in New York, during a visit to ASINDES, undertook to do one himself. The two workplans were presented to the Board, which adopted neither. The workplan prepared by PACT had the purpose of highlighting for the Board

that the actions which were required to meet the demands of implementing the program were so many that there was not time to accomplish them all, and that priorities needed to be established. That was not done.

In March 1988 ASINDES used funding from IAF to finance a seminar on planning by INCAE. Partly as a result, an institutional plan was approved by the Board. Its projected budget is given in Attachment 6. The plan is quite general, and does not indicate priorities. Thus ASINDES and the project operated without a workplan. PACT's representative did prepare an implementation plan for the current budget year (See Attachment 7). However, if the institutional strengthening purposes of the Grant are to be achieved a major effort must be made on these aspects of ASINDES' operations by ASINDES' staff, and that implies a change in attitude on the part of ASINDES' Board toward their importance.

#### b. Evaluation

ASINDES has not undertaken preparation for the conduct of evaluations either of its own institutional progress or of the impact of its activities. The evaluation provisions of the agreements with NGOs under the sub-projects program seem to be pro forma rather than thorough and planned. In part this reflects the lack of an institutional strategy for ASINDES and a plan to carry it out; and in part it reflects a lack of agreement that evaluation is, in fact, of great importance given the other demands on ASINDES' time and the relatively small-scale, straightforward nature of the activities which the program supports. Of course, there also is the factor that ASINDES lacks experience in the data collection and interpretive techniques which are the heart of an evaluation program.

The magnitude of the effort required to develop and implement systems for planning, programming, and evaluation is beyond the capacity of the current staff of ASINDES, and the amount of technical assistance which is called for probably will require more time than can be made available by the current Resident Representative of PACT given his other duties. Thus, ASINDES should consider creating a position on its staff whose duties are limited to performing or overseeing the performance of these functions, and PACT should consider providing the services of an additional experienced advisor over the next year to assist that new position. The person providing the assistance need not be resident in Guatemala full-time; but he should be able to come to Guatemala frequently, and spend the time necessary to react to the local developments and to adjust his advice to them. He should not be just a short-term technical advisor without involvement in implementation.

## 5. Publicity and Dissemination of Information

ASINDES has placed the focus of its publicity and the dissemination of information on the sub-projects program. That focus is the result of the importance which ASINDES and USAID placed on getting that program underway. The dissemination of information was achieved both through written instructions concerning the program and through orientation seminars and personal discussions with NGOs principally by the previous Executive Director.

ASINDES has received enough project proposals to enable it to utilize the funds available for sub-projects during the first two years of the project. Thus it would seem that the basic, minimum purpose of its efforts at publicity have been achieved. However, it appears that ASINDES is not very well known among the general public, and that even among NGOs there is not a full understanding of the scope of its activities and purposes. This reflects the fact that the technical assistance and training programs of ASINDES have not gone forward as originally planned, and that ASINDES has not yet adopted a strategy on the extent to which it will try to become a voice or representative of the NGO sector.

It must be concluded that to date ASINDES has not shown itself to be a useful channel for providing technical or other advisory information, or a major figure in the public discussion of development efforts and approaches. To change that situation would require a change in ASINDES' approach and a substantial increase in the resources devoted to public relations and information. Such changes can only come after decisions are taken by the Board to give increased importance to this aspect of ASINDES' work. It also would require a modification of the current approach of PACT which does not include that aspect among the major topics of its advisory services.

## 6. Preparation, Review and Selection of Sub-Projects

### a. Standards and Procedures Governing the Program

One of the first tasks of ASINDES and PACT under the sub-projects program was to decide on the structure and procedures which would be followed to carry out the program and to describe that structure and procedures in written documents to guide both ASINDES and the NGOs. By the time of the mid-term evaluation that task largely had been completed. The work was done principally by the personnel of PACT--both the Resident Advisor and the technical advisors visiting from PACT's New York office. The documents which express the system are: the Code of Ethics, the Policies of Financing, the Guide for the Presentation of Project Proposals, the Guide for the Internal Processing of Project Proposals, the Description of the Role of the Project Selection

Committee, the Guide for the Preparation of Agreements between ASINDES and the NGOs, and the Guide for Monitoring, Evaluation and Reporting.

The Code of Ethics is a general statement covering all persons associated with ASINDES (from members through employees) and the relationships among them and outside persons and institutions having dealings with ASINDES. It is not limited to the conduct of the sub-projects program. The content is expressed in general admonitions which are familiar to US organizations. They are directed at protecting both the purposes and the financial integrity of ASINDES. Perhaps the most important aspect of the code is its prohibition on any affiliate or member of ASINDES having a representative on the Project Selection Committee and on any employee of ASINDES having a connection to a member or supplier of ASINDES. The standards of the code have not been invoked or any sanctions imposed for failure to meet them.

The Policies for Financing covers both the technical assistance and financial assistance programs of ASINDES. It presents the general standards that govern those programs. It includes the standards in the Grant Agreement and the Project Proposal as described above, and includes some additional detail. Re the technical assistance program, the document indicates that ASINDES will provide such assistance both for the preparation, development and monitoring of projects and for technical-administrative improvements in general. It appears to require an inventory of needs to be conducted prior to the providing of technical assistance to an organization. In fact, that requirement has not been followed.

Most of the document deals with the standards to be applied to the financial assistance program. It does not limit eligible participants to the membership of ASINDES, but does require that a participant have the same characteristics as do ASINDES' members. It includes the possibility of providing financing to associations, unions and cooperatives of second or third degree; but does not provide standards for deciding what circumstances would justify such financing. (In fact, to date none has been made.) The maximum limits for any particular financing are to be: three years, 75 percent of the total cost of the project and the equivalent of \$24,000 per year for a total of \$72,000. This was a substantial increase over the amount given in the Project Proposal. Under the 1988 agreement with the GOG, ASINDES is entitled to 6% of the amount provided (4% on reissue of repayments) and nothing is provided to the NGOs for their administrative costs. Five percent of the approved amount of each grant will be used by ASINDES for its administrative expenses, and 15 percent of the amount may be used by the NGO for its administrative expenses. The maximum amount of support for a sub-project has been revised to \$120,000.

ASINDES will finance only specific projects. It will not finance urban infrastructure, projects for foreign refugees, contributions to capital or furniture, office equipment and machinery unless they are justified as directly necessary for the conduct of the project. Projects are to improve the education, health or welfare of the benefitting groups; and, preferably, will achieve increases in their productivity, employment, and income. However, the document does not provide either quantified standards or ways to determine whether a proposal meets the standards of "productivity" or will generate sufficient increases in employment, income and well-being. Nor does it indicate what will determine the size of the financing that will be granted. If financing is provided on a loan basis the terms will be negotiated individually in each case. (In fact, to date all financing has been on a grant basis to member NGOs).

The Guide for the Presentation of Project Proposals covers the preparation of both Project Profiles and full Project Proposals. The Project Profile is a relatively short document (no more than five pages) to be presented by an organization which is not yet well known to ASINDES or which proposes a particularly new or complicated activity. It describes both the organization and the proposed activity and its objectives. If the staff of ASINDES finds that the proposed project is likely to meet the standards for financing by ASINDES, the NGO is requested to submit a formal Project Proposal. This is a document of between 20 and 30 double-spaced pages with annexes presenting background information concerning the NGO and the proposed project. The information concerning the NGO is to cover both its legal and financial situation and a description of the NGO's other programs and the results which they have had. The information concerning the proposed project is to cover its conceptualization and preparation; a description of its elements, purposes, and target beneficiaries; projections of the outputs to be achieved; its implementation methodology; and the systems proposed for control and evaluation. The Proposal is to include a time-phased workplan and detailed budget for the first year of the project and at least summary figures for the amounts which will be necessary in the second and third years, should the proposal be for a multi-year activity.

The Guide states that the Proposal should describe how the project will achieve "self-sufficiency" by the end of the support from ASINDES (in one part of the document this requirement is limited to projects which are to be "Permanent", while in another part no such limit is included); and it states that evaluations of the projects should compare costs of the resources invested with the results achieved. However, the document does not provide standards or methodology for determining what cost/benefit relationship would be acceptable. It does not call for the collection of baseline data at the beginning of the project. It does not request an explanation of how the proposed project

would strengthen the NGO itself or how the target beneficiaries had been involved in deciding on the need for the project and preparing its justification.

The Guide for the Internal Processing of a Project Proposal lists the main steps to be taken (and the persons responsible for those steps) from the initial contact of ASINDES with the NGO expressing interest in receiving project financing to the signing of the agreement. The document indicates that ASINDES is to place emphasis on an early weeding-out of proposals which are not likely to be financeable; that the staff of ASINDES will work with the NGOs in the preparation of the formal proposals; and that the final decision on whether or not to finance a proposal usually resides with the Project Selection Committee. It indicates that in the review process representatives of ASINDES normally will visit the NGO and the proposal beneficiaries. However, the document does not attempt to place time limits on complying with each step, and does not indicate the nature and amount of assistance which ASINDES will provide to NGOs in the preparation of the proposals. The document lists only the major steps, and does not have the detail necessary to serve as an action flow chart or statement of the responsibilities of positions within ASINDES. It does not indicate that the PACT's Resident Representative and the USAID/Guatemala Mission are involved in the final approval.

The Guide for Agreements between ASINDES and Recipients of Financing indicates that the Agreements will be signed by the Executive Director and President of the Board of ASINDES, by the Resident Representative of PACT and the representative of the NGO receiving the funds. The text of the Agreement is short, calling for a statement of purpose, objectives, the amount of disbursements to be made and of the reports to be submitted. However, more detail is contained in annexes to the Agreements. These annexes consist of the project's budget, a resume of the project description and the terms and conditions governing the Agreement. The last of these annexes includes clauses common in AID-related agreements re books and records, access for ASINDES' monitoring personnel, and external audit of its use of the funds. (To date, none of these audits has been conducted.)

The Guide for Monitoring, Reporting and Evaluation covers the obligations of both the NGOs and ASINDES. An NGO receiving financing is to provide descriptive and financial reports to ASINDES each quarter and at the end of the project. The reports will cover activities carried out, problems encountered, changes and adjustments made in the action plan and implementation methodology in response to the problems, a quantified presentation of progress toward the objectives and outputs, and an analysis of results achieved and any lessons learned. A format for the financial report is provided. The guide gives some general guidance concerning the questions to be asked in

evaluating the projects. It does not provide standards or a methodology for analyzing impact or such expectations as financial sustainability and cost effectiveness. However, the Guide does assert that ASINDES will sponsor workshops and seminars for NGOs which will include assistance on reporting and evaluating. Furthermore, the Guide asserts that ASINDES will participate in the supervision of the projects both by reviewing and responding to the reports from NGOs and through visits by its representatives to the sites of the activities.

#### b. Role and Utilization

The documents described above are a useful description of the basic structure, the standards and the operation of the sub-projects program. The major shortcomings in the documents (e.g., lack of emphasis on improving the performance and sustainability of the NGOs themselves and the lack of specificity and guidance on the meaning of productive projects, project self-sufficiency and cost effectiveness, evaluation standards; and the degree of quantification expected) reflect the difficulty of the topics and the need for ASINDES and PACT to achieve greater clarity concerning them.

However, it does not seem that these documents have been of particular utility in the conduct of the program so far. For one thing, they were not completed as early in the program as had been expected. They were still under revision during the second quarter of 1987, and not brought to conclusion until the next quarter, while the grant program began to operate in the second half of 1986. For another, they have not been reproduced and distributed widely among the NGOs, many of whom do not seem to be aware of their existence or content. ASINDES' modality of operation has relied much more heavily on verbal information provided to interested NGOs by the Executive Director and the relevant Project Analysts and, on occasion, by the Resident Representative of PACT. Lastly, their lack of detail and specificity on many of the topics means that they are not particularly useful to the staff of ASINDES in the conduct of their duties. It appears that the Project Analysts are left to devise their own standards to be applied to project proposals. Should ASINDES decide to seek to interest a broader universe of potential NGOs in the program, it will be even more important to have written guidelines available with sufficient specificity so that efficiency and standardization of operations and judgments can be achieved.

#### c. Volume and Quality of Proposals

Magnitude of Effort. By the end of the third quarter of 1987 (nearly a year and a half into the project period) 61 Project Profiles requesting \$3,086,459 had been presented to ASINDES (See Attachment 8). Nine of those requests had been

rejected by the staff of ASINDES; 29 were pending the presentation of a Project Proposal; 24 Project Proposals had been presented to ASINDES, of which 19 had been presented to the Project Selection Committee. Of those presented to the Committee, ASINDES had approved 15 projects for the equivalent of \$415,645, of which \$361,229 was to come from the Grant and \$48,000 from the agreement to be signed with the GOG for the use of counterpart funds. A list of approved projects is given in Attachment 9. Subsequently the GOG funds were made available. By the time of this review, six projects had received second year funding so that the total funds actually allocated by ASINDES had reached the equivalent of \$435,903 (See Attachment 10).

Thirteen of the 15 approved projects had been presented by members of ASINDES, and one of the other two organizations joined ASINDES after getting the funding. Both large and small NGOs received support. The maximum period for a grant was two years, and the maximum amount financed was the equivalent of \$48,000. No NGO got more than one grant, although two of the recipient NGOs were so closely related that they could be considered to be one. Three of the NGOs receiving grants had representatives on the Board of Directors of ASINDES; another NGO with a representative on the Board has its proposal under revision. The time which elapsed between the presentation of a Project Profile and the final approval varied from one to eight months.

Of the 61 Project Profiles presented to ASINDES, 22 were presented in the last quarter of FY 1986, 18 during the first quarter of FY 1987, one during the second quarter of FY 1987, and the rest during the third quarter. Of the 15 approved projects, two were approved in the last quarter of FY 1986, six in the first quarter of FY 1987, three in the second quarter and four in the third quarter.

Given the large number of project proposals still under consideration and the fact that the level of funding provided for some of the approved projects was cut back from the level that could have been justified, there should be no difficulty in ASINDES' using the small remaining Grant funds and the GOG funds of \$740,000. In fact, seven projects utilizing half that amount have been analyzed, with five having been approved and two being reworked, and five additional projects to utilize the remaining half are under revision. However, an additional \$2 million has been approved in principle by USAID and the GOG from the sales proceeds of the 1987 Title I Agreement to be available beginning this year. Utilization of all those funds would imply a rate of review and approval during the current budget year over six times the rate achieved in 1987, and the utilization of funding levels well beyond the number of projects currently under review in ASINDES.

Obviously, meeting this challenge would call for both an expansion of ASINDES' staff of Project Analysts and a significantly more efficient use of their time, as well as the use of supplementary consultants. It also would imply that ASINDES' sub-projects program must overcome a tendency to focus on the members of ASINDES. To assist in this effort the maximum amount of financing of any single sub-project has been raised from \$72,000 to \$120,000.

Role of the Project Analysts. Under the ASINDES system the Project Analysts are key to the quality of the grants program and to its productivity. It is they who are in charge of reviewing the Profiles and Proposals presented to ASINDES, assisting applicant NGOs to take the steps that may be necessary to improve the quality of the proposals so that they may be approved, and advising the Executive Director and the Project Selection Committee concerning the merits and problems of the proposals presented to the Committee. They are the persons principally responsible for concluding that a profile or proposal does not merit further work or attention by ASINDES. The Project Analysts are also the persons in ASINDES who are to follow the implementation of the activities being supported under the program, and probably will be the persons representing ASINDES in evaluations of those activities.

Fulfilling the responsibilities of the Project Analysts has proven to be difficult. Their productivity has been hindered by the factors discussed above and by the need to provide much more assistance than anticipated to NGOs to get the proposals in condition for review by the Project Selection Committee. The lack of specific, written standards for project analysis has aggravated the inevitable tension between maintaining professional standards of analysis and ASINDES' need to approve grants in order to be seen as useful to its members and to generate the commissions which help meet its operating expenses. Furthermore, only very modest amounts of on-the-job training have been provided to the Project Analysts, in part because the former Executive Director did not think it useful to hold joint meetings of the staff for that purpose. The Project Analysts express the need for additional guidance both in written form and from ASINDES' management. Furthermore, although the Project Analysts have visited the operations of all the NGOs and beneficiary groups involved in the projects which they have presented to the Project Selection Committee, they have not had the time or the logistic support necessary for them to monitor the implementation of the projects which have been approved.

Role of the Project Selection Committee. The Project Selection Committee is performing its function well. Its membership is well prepared, of distinction and more dedicated than is usual for advisory-type boards. At present the membership consists of seven persons--two economists, one civil

engineer, one agriculture engineer, two administrators, and one lawyer/professor. They bring expertise to the system which otherwise is not available to ASINDES.

The Committee's members express satisfaction with their efforts, and state that no one within or without ASINDES has tried to influence their judgement outside the procedures set forth for the program. The members do not appear to object to the often late distribution of information about the projects, which gives them less time for review than is called for by ASINDES' procedures--probably because they are placing great reliance on the system of having each project proposal be the responsibility of one member of the Committee for the purpose of analyzing the information. They complain about ASINDES' changing the dates of Committee meetings or calling for "emergency" meetings to consider individual project proposals or even some element of a project proposal, since this often means that some of the members cannot attend or that they have to disrupt their own schedules. They agree that the quality of the work of the Project Analysts and of the Project Proposals has been improving, although they still often send back proposals for further information or analysis. Indeed, a couple of the members were worried that they might be too demanding, considering the nature of the NGOs and the projects with which they were dealing, and several expressed concern that the Project Analysts may be too focused on "productive" projects.

The Committee has tried without success to obtain information about the nature of the projects under consideration by the staff so as to form some standards for judging the relative quality of the projects brought before it. The members agree that the Committee could increase the pace at which they review projects, and estimate that, if the staff of ASINDES were able to provide the analytical background, they could review and decide about four or five projects per month. That would be a significant increase over the experience of the past. Some thought that the Committee members--either as a group or as individuals--might be used by ASINDES for other purposes, although others were concerned that any such expansion of responsibilities might prove to be too time-consuming for them to sustain or might even undermine the objectivity which is the essence of their approach to project review. In any event, all members of the Committee appear to want to get information concerning the implementation of the projects which they have approved.

The acceptance by the Board of ASINDES of the role of the Committee, the selection of persons of high caliber to serve on that Committee and the way in which the Committee has exercised its responsibilities are highlights of the project to date. At present the Committee and its members are under-utilized. They are a resource which deserves greater support and use. Their

possible participation in prioritizing the project proposals under review by the staff, in evaluating ASINDES' operations and in providing technical assistance to NGOs might be considered.

d. The Mini-Grants Program

The purpose of the mini-grant fund is to enable ASINDES easily to support any activity which would further the operation of the program, including work leading to the preparation of projects for other funding sources. Mini-grants are made on the approval of the Executive Director, the President of the Board of Directors and the Resident Representative of PACT. They are not subject to analysis by the staff of ASINDES. There are no written standards or procedures governing them.

As of the date of the mid-term evaluation, \$3,800 of Grant funds had been committed to 16 mini-grants, and all but \$932 had been disbursed. (In the Grant Agreement's Illustrative Budget, \$20,000 is shown in support of this aspect of the program.) ASINDES used \$377 to support its own activities. The rest was provided to NGOs, one of which got three totaling \$1,215. Some were used for staff training. ASINDES should be able to reach the Project's output goal of 20 mini-grants. However, the extension of the PACT Grant has added an additional \$10,000 per year to this amount.

The fund has received some adverse comment. Several recipients commented that they had been encouraged by ASINDES to apply for these mini-grants so that the fund would be utilized. There was considerable criticism of the largest mini-grant because it was made to a US NGO with substantial resources of its own. The staff of ASINDES appears to be skeptical of the fund's utility and of the way in which it has been handled. It would be better to have some written standards to govern the use of the fund.

7. Sub-Project Monitoring

ASINDES does have requirements for the monitoring of the sub-projects which it finances. The sponsoring NGOs submit periodic reports on progress and problems, and the project staff is charged with reviewing those reports and alerting management to any problems which need attention. Furthermore, the system calls for the project staff to make periodic visits to activities being supported by ASINDES. The problem has been that the staff has not been able to carry out those visits with the frequency required. This has been due to several factors: the project staff has usually not been at full strength; transportation for field visits often has not been available; the dispute concerning the level of travel expenses to be reimbursed led to staff resistance to making trips; the overriding emphasis has been on reviewing and approving projects and the staff has devoted large

amounts of time to improving proposals so that they could be financed. Furthermore, neither members of the Board nor the Executive Director have made field visits to review the activities.

ASINDES recognizes that the monitoring system needs to be improved. It will be difficult to do so until the project staff is all on board, a new vehicle is obtained and the travel expense issue is resolved. Monitoring also would be helped by ASINDES further clarifying its expectations concerning the standards which are to be met by productive projects and the responsibilities of NGOs to assure repayments under the revolving funds.

#### 8. Use of External Assistance

Prior to the existence of the USAID/G Grant to PACT, ASINDES received assistance from the Inter-American Foundation (IAF). Since the making of the Grant in 1986, PACT has become the principal source of external assistance to ASINDES.

##### a. PACT

Private Agencies Collaborating Together (PACT) is an international consortium of non-governmental, voluntary associations working in developing countries. Founded in 1971, PACT now has 26 members of which seven are non-US organizations indigenous to the third world. Of those seven, three are consortia of local development organizations. PACT's main purposes are to: (a) strengthen the management capabilities of its membership; (b) encourage collaboration among non-governmental agencies involved in development projects worldwide; and (c) fund programs of non-governmental organizations indigenous to developing countries which serve human needs and develop the capability of those NGOs to solve local problems. PACT gives particular emphasis to sponsoring and strengthening consortia of NGOs, to improving the management of NGOs and to encouraging activities which are financially and economically self-sustaining. PACT provides both financial and technical assistance. Most of its resources have been provided by AID.

Assistance from PACT. PACT has a dual role under this project. One is the traditional one of providing advice and assistance to ASINDES and its programs. The other is to supervise the use of the funds provided to PACT under the Grant and to be responsible to AID for the conduct of the programs being supported by those funds. The latter role arose from the particular circumstances of this project--the relative weakness of ASINDES as an institution, the desire of USAID/Guatemala to minimize its own supervisory burden and the acknowledged expertise of PACT in working with consortia of NGOs. As a result of these factors, ASINDES was not offered a choice of institutions

to assist it; but rather it was presented with a package of support which included PACT and PACT's approach. This was particularly annoying to ASINDES because it was not convinced that it needed the assistance and had pointed out that previous financial assistance from IAF had been handled without such help. As a result, the situation gave ammunition to those within the NGO membership of ASINDES who were against association with AID to argue that AID was imposing PACT on ASINDES; and it gave those within ASINDES who might resist PACT's advice the opportunity more easily to stir up suspicion and resentment of PACT. (For instance, the fact that PACT's original survey of the capability of NGOs and NGO consortia in Guatemala was so critical of ASINDES and that PACT was seeking to obtain its own legal personality in Guatemala were cited as proof that PACT wanted to destroy ASINDES and take over the AID funds for its own direct use.) Furthermore, the May 1986 agreement between ASINDES and PACT did not make clear who was to control the use of the funds, and there was no written agreement between ASINDES and AID to clarify that and other aspects of PACT's role.

Thus PACT undertook its responsibilities under adverse circumstances. When the Resident Advisor arrived in Guatemala in July of 1986 he found, in addition to ASINDES' being in a state of internal crisis because of tension between the Board and the Executive Director and among the membership over the Board's decision to accept the AID assistance, that the members of the Board had not studied the Grant Agreement; and that they did not really understand the nature and purpose of the project. The Board expected to be able to provide grant funds to the membership in an expeditious and un-programmed way, and resented the large amount of Grant resources used to finance the activities of PACT. Furthermore, it did not expect to have to carry out serious institutional changes in ASINDES. Thus the first task of PACT's Resident Advisor was to inform the Board and the staff of ASINDES of what the project consisted and to convince them of the utility to ASINDES of the full program while at the same time trying to introduce the institutional changes (e.g., additional personnel, new procedures) necessary to carry that program forward. This task was further complicated by the failure of the Resident Representative and the then Executive Director of ASINDES to maintain a smooth working relationship and by the tensions that existed between the Executive Director and some members of ASINDES' staff. This tension contributed to the low productivity of the staff, which in turn placed pressure on the Resident Representative to become more deeply involved in actual operations to reinforce the work of the staff, which in turn troubled the Executive Director.

PACT's efforts proceeded through fairly constant rough water and challenges. The withdrawal from ASINDES of the members most critical of its association with AID and the election and installation of the new Board (only two of whose members were

holdovers from the previous Board) offered the opportunity for a "new beginning" while it required that a new set of persons be educated concerning the scope and purpose of the project. This was followed in a few months by the need to deal with AID's decision not to plan for the use of additional dollar funds for the sub-projects program after the completion of the current Grant but rather to encourage ASINDES to seek funds for that program from the GOG, and with the GOG's resistance to providing such funds to ASINDES.

By May 1987 the situation had reached an unusually high level of tension, with the Executive Director and some members of the Board seeking to have PACT removed from the Project or at least to establish direct relations between ASINDES and USAID/G. The Mission's decision not to accept such a direct relationship and PACT's decision to be somewhat less assertive in seeking to achieve modifications to ASINDES' operations led to some relaxation of the tension. However, it was not until a couple of key staff members had left ASINDES and until the Board and the Executive Director had come to the fundamental disagreement causing the latter to resign that the Board came to see the utility of PACT's assistance and, in particular, of the Resident Advisor.

By the time of the mid-term evaluation, most members of the Board had come to recognize the value of PACT's assistance, and wanted it to be continued beyond the current termination date of the Grant; but several stated that they would want to reconsider what should be the terms of the relationship between PACT and ASINDES. There is still some fear by ASINDES' members that PACT will try to dominate ASINDES.

Looking back at what happened during the first year and a half of the project, it is easy to conclude that more progress would have been made had there been a better understanding between PACT and ASINDES and better working relationships between their respective personnel. One could say that USAID/G should have made greater efforts from the very beginning to be sure that ASINDES, and especially its Board, knew what the components of the project were and what was expected of ASINDES; and that PACT should have spent more time on cultivating its relationship with the members of the Board and been more relaxed in its demands for change and progress under the project. However, that would be hindsight; and it would ignore that both AID's and ASINDES' desire to utilize the funds promptly was considerable. Certainly, a substantial majority of the persons with which the evaluators spoke were positive in their comments on the actions of PACT and especially of the Resident Representative. Indeed, many were quite effusive in their praise of him. Even those who commented that perhaps he had pushed too hard recognized that the circumstances were difficult. Still, during the process of extending the PACT Grant for two years, the Board spoke with the

management of USAID/C to express its concern with the overhead costs of PACT. That direct contact between the two managements was crucial to getting ASINDES' acceptance of those costs. For his part, the Resident Representative of PACT has stepped back from any active role in operations and tried to remain an advisor.

While there appears now to be a universal acceptance of the worth of PACT's Resident Advisor to the project, there were still some doubts expressed concerning the utility of the visits from PACT's personnel in New York. These visits occurred monthly from July of 1986 through February of 1987 and then again in May, June, August and October 1987. One visit was made by the Executive Director of PACT and another by the member of PACT's management who had been in charge of preparing the original proposal. The rest of the visits were by two PACT staff persons (one an employee and the other a consultant) concerned with technical aspects of the program. There was recognition that PACT had both the right and the duty to provide home office supervision to its activities, but there was comment that the other visits might have been too short to be useful and too frequent to be cost effective. PACT is now taking into account the need for ASINDES to understand the purpose of each visit proposed, and to perceive results of each such visit. However, the Board as a body has not organized itself to meet with these visitors; rather it has let that contact be managed by the Executive Director.

C. PROGRAM--NATURE AND EFFECTIVENESS OF PROGRAM

1. Representation and Coordination of NGO Sector

a. Relationship with Member and Non-Member NGOs

As indicated in B.1. above, ASINDES' relationship with its members was fairly agitated during the early stages of the USAID project. With the departure of the NGOs which were most critical of the evolution of ASINDES and its association with AID the relationship among the members has been smoother. However, as a member organization of NGOs with fairly strong opinions, ASINDES and its Board continue to be concerned with how the members will view the program decisions which they take. This probably restricts the organization's capacity for taking major actions in a prompt manner, and contributes to the Board's tendency to keep a close rein on the administrative decisions of the staff.

The member NGOs generally appear to have a favorable opinion of ASINDES, although there are serious critics of it as well. The presence and functioning of the Project Selection Committee has contributed to the favorable opinion held by most members, since it appears to support the impartial treatment of their requests for financial support. The criticisms which are most

often heard from member NGOs are that the staff of ASINDES does not respond as rapidly on routine matters (e.g. answering mail) as it should, and that the organization has not provided the amount of financing which is needed.

ASINDES has not had significant contacts with non-member NGOs. Almost all its financial assistance has been to member NGOs, and it has not undertaken a campaign to attract new members. Furthermore, as indicated above, ASINDES has not undertaken publicity aimed at making its programs widely known, nor has it tried to become a spokesman for NGOs or even a forum for a discussion of the problems of the NGO sector in general.

b. Relationship with the Government of Guatemala

As mentioned previously, for some time there had been tension between the GOG and many of the NGOs operating in the country. Indeed, the very formation of ASINDES was largely aimed at strengthening the voice of NGOs in their demands to the GOG for better treatment and protection from violence. However, the circumstances facing ASINDES and its members have changed quite substantially since its founding. First, the unsettled and often violent conditions in the rural areas became less unsettled and violent as the GOG was able to prevail against the armed opposition in most areas. Second, the attitude of the GOG toward NGOs became less suspicious as it gained confidence from its successes against the armed opposition; and it became particularly positive after the election of a civilian administration in late 1985 when, at least in theory, the political level of the GOG undertook to support the work of NGOs. Third, AID became more active in Guatemala as the conditions of violence subsided and a civilian government came to power. These developments presented opportunities for expanded activities, and they presented ASINDES and its membership with the challenge of organizing themselves and making decisions re their purposes and plans which would be necessary to seize the opportunities. Unfortunately, there was no unity of criteria among the members as to how closely to seek guidance from the GOG or concerning the wisdom of seeking financial support from the GOG (and AID); and the tensions created by this issue led to the resignation of some members from ASINDES.

Members of the Board still urge caution in seeking closer relationships with the GOG. In any event, today ASINDES is seeking a closer relationship with the GOG. In part this is due to the improved situation under the current civilian government. More importantly, it is a recognition of the financial "facts of life" made particularly stark by the likelihood that USAID/Guatemala would not be willing to provide additional dollar funding for sub-projects with NGOs after the utilization of the Grant funds. With AID encouragement, ASINDES and the GOG entered negotiations over the possible use by ASINDES of counterpart

funds, generated under a FY 1986 Economic Support Fund agreement for balance of payments support from AID, which are owned by the GOG but subject to joint programming with USAID/G. ASINDES and the Ministry of Finance (MOF) agreed in June 1988 that the GOG will make a grant of two million quetzales (approximately \$741,000) to ASINDES. The funds are to be used 50% for grants to NGOs for productive projects, 40% for grants to NGOs for economic and social investment in rural areas and 10% for administrative activities and training of the beneficiary groups. The benefiting NGOs would have to contribute at least 25% of the cost of any project. The funds from the GOG would be subject to the same approval and implementation process as that followed with the AID Grant funds, except that the MOF rather than USAID/G would have the right to object or to question proposed grants, and reports would be made to the MOF rather than to AID.

During the course of the negotiation of the agreement several issues arose. One was whether ASINDES could assume approval of the GOG for any proposed project with an NGO if the MOF failed to make objection within 15 days of having received notice from ASINDES of the intended project. Another was the length of time during which ASINDES would be responsible to the GOG for its use of the funds. Although this aspect was not be clarified in the formal agreement, a later Letter of Understanding between ASINDES and the GOG limited that responsibility to four years. It is not clear to what extent the activities of the MOF were the result of second thoughts on the part of MOF officials higher than those who had negotiated the agreement in principle, of the caution which might be expected on the part of the MOF in entering the first of such grants to an association of NGOs whose work and capability had not been widely known to the MOF or of some behind-the-scenes resistance on the part of other parts of the GOG, such as the Committee of National Reconstruction (CNR), which would prefer to use the counterpart budget resources for their own programs or at least for NGOs on its own terms. That ASINDES and the GOG reached agreement at all reflects both the efforts of ASINDES and the willingness of USAID/G to encourage the GOG to reach such an agreement. Perhaps the potentially most troublesome aspect of the operations of the GOG is the attitude of the CNR which appears to see ASINDES as a competitor to its programs. USAID/G may have to assist ASINDES in dealing with this problem in the future.

## 2. Financial Support for NGOs

### a. Perceptions of Participating NGOs

The great majority of the comments received from the personnel of NGOs participating in the sub-projects program were quite positive. This is somewhat unusual for a program, and especially for one with the background situation described in part A above. The idea that all member NGOs were entitled to

some support seemed to be rather generally held, with the idea of prioritization of proposals by quality accepted in principle, but not given much emotional weight. Still, there did not appear to be any particular resentment on the part of the NGOs whose proposals had been turned down, although there were expressions of doubt that it was advisable for ASINDES to force the NGOs to structure their proposals to be "productive" when in fact the NGOs' activities had been, and largely would continue to be, more social in purpose. There were, of course, complaints about the time it took for the review process to be completed and a few objections to the fact that ASINDES did not provide the total amount of resources requested. However, there was almost no assertion that the information which ASINDES sought in order to conduct its review was not necessary or appropriate, and there appeared to be a recognition that the staff of ASINDES usually was helpful. (There were a few--surprisingly few--comments that ASINDES' personnel should be more sensitive to the differences among the capabilities and approaches of the NGOs.) Perhaps the strongest complaint was that ASINDES was slow in responding to ordinary matters--answering letters, returning phone calls, providing information about its own intentions.

b. Nature and Quality of Projects Under the Sub-Projects Program

Since ASINDES began receiving proposals only during the last quarter of 1986 and grants were not made until 1987, there has been little time for there to be any evidence of impact of the projects being supported. Even then, an analysis of the actual operation of the activities underway would have taken more time than was made available to the evaluator. However, some tentative observations may be made based on the review of the project files and conversations with the personnel of ASINDES and the grantee institutions. They are:

(1) There has not been a problem of having to select among more project proposals than there were funds to assist. As stated above, 61 proposals have been received; but many of them were either not consistent with the criteria of the program or did not seem to offer much potential. The problems faced, rather, were the relative scarcity of usable proposals and the great amount of effort needed on the part of ASINDES' personnel to assist the NGOs in preparing those proposals for review and in analyzing the NGOs' needs for assistance in improving their own operations.

(2) The degree of assistance and the amount of analysis conducted during the reviews of the proposals varied widely. The differences are accounted for in part by the differing nature of the proposals, but in part are due to pressures brought to bear on the staff by the management of ASINDES. (In at least one instance a project was sent forward

without any accompanying analysis by the staff because management wanted to expedite it).

(3) The projects which were approved covered a variety of geographic areas and types of activities. The beneficiaries were of the type the Grant seeks to help.

(4) Usually the projects continued the types of activities the NGOs were engaged in already, and they often provided funds for projects already undertaken. Most projects had been presented as being "productive." However, only six incorporated the use of a revolving loan fund administered for the benefitting community, and none involved loans from ASINDES to the NGO or from the NGO to the benefitting groups. Perhaps as a consequence, the flavor of social work remains high and financial discipline secondary. The program will not become self-sustaining.

(5) The proposals did not place much stress on the effect the projects would have on the NGOs themselves. Despite the time spent by ASINDES' staff on analyzing the institutional needs of the NGOs, apart from providing funds to the NGOs to hire people and to pay on-going expenses during the periods of the projects, it usually is not clear how the projects are to lead to strengthened NGOs. In some cases, NGOs did seem to modify their attitudes towards the utility of "productive" projects; and in some cases, the Project Selection Committee (usually following the suggestions of the Project Analysts) did require the NGO to make some changes in its administrative arrangements in order to carry out the proposed activities; but these changes did not seem to be aimed at a permanent change in the capability of the NGOs. Certainly, more remains to be done on this aspect of the program.

(6) Both the staff of ASINDES and members of the Project Selection Committee would like to see more attention paid to the aspect of marketing.

(7) The proposals and ASINDES' analyses of them seldom presented concrete projections of economic and social impact, analyses of the cost-benefit ratios of the proposed activities or evidence that the activities would be financially and administratively self-sustaining by the conclusion of the grant period.

In view of these observations, it would seem important for ASINDES to achieve greater clarity on what are its expectations of "productive" projects and for institutional improvements with NGOs and to provide the Project Analysts with additional guidance on the standards to be applied and the way in which analyses are to be conducted concerning the topics of probable impact, cost-benefits and potential for self-sustaining operations by the

beneficiaries. The program should be coordinated with a revitalized technical assistance program.

### 3. Technical Assistance and Training Support for NGOs

Under PACT's proposal and the Grant Agreement the provision of training and technical assistance to NGOs was to be an important part of the program. The Grant Agreement included projected outputs of "five workshops and/or special events per year, as part of a regular technical assistance program to strengthen at least 100 employees of approximately 30 PVCs."

Up to the time when the mid-term evaluation was conducted, four events (three seminars and a forum totaling 18 days) had been held which were attended by 146 persons associated with different NGOs. (A list of the events, their dates and the number of NGO attendees is given in Attachment 11). The major topics covered by the events were networking, fund raising, project formulation and project supervision. However, there has been no follow-up by ASINDES with the attendees of the events to determine what impact they may have had. It is doubtful that these events are having much impact in "strengthening" the attendees. Among the persons interviewed in the conduct of the evaluation, there seemed to be a general conclusion that the events were either too general or simplified in their approach, and did not take into account sufficiently the conditions faced by the NGOs operating in Guatemala. The best received event was the forum on networking. The opportunity to exchange experiences and ideas among themselves and to meet representatives of potential funding organizations from outside Guatemala appears to have been appreciated by most of the NGO attendees, although there were some who were disappointed that the representatives of those funding organizations did not come prepared to agree to funding arrangements, while others objected to what they saw as the domination of the forum by persons from outside Guatemala. There also was criticism from the GOG that its representatives had not been included.

More important than the number of technical assistance events which have been held is the question of the appropriateness of the approach to providing technical assistance which those events express. The approach in PACT's proposal and in the discussions which it had with ASINDES was that an inventory of NGO training and technical assistance needs would be conducted to determine what subjects should be addressed by the technical assistance program, and that that inventory would be supplemented by short, diagnostic studies of the needs of individual NGOs (to be funded under the mini-grants program) to determine what particular technical assistance would be appropriate for them. The technical assistance and training plan was to reflect the results of that preparatory work, and was to consist of both: (i) events open to the general NGO community or groupings of NGOs by type,

size, location or nature of program, and (ii) support tailored to the needs of individual NGOs. However, the Grant budget included as an appropriated line item only \$20,000 for 10 workshops. Other types of technical assistance would have to be provided by the budget categories supporting ASINDES' sub-project operations.

In fact, the approach suggested by PACT has not been followed. The inventory was not conducted, and the two attempts to conduct the diagnostic reviews of individual NGOs (one by using a consultant and one by using the then Coordinator for Technical Assistance) were met by resistance on the part of the NGOs themselves, who apparently feared that the results could be used against them either in response to their requests for financial assistance or through the tarnishing of their reputations with the general public. In addition, there appears to be considerable disagreement among persons associated with the program as to the value of each of the major approaches. Advocates of technical assistance targeted on individual NGOs assert that the use of general events leads nowhere because there is no follow-up assistance to NGOs, in carrying out the approaches discussed at the events. Advocates of the use of general events assert that technical assistance geared to individual NGOs is too costly and engenders such resistance by the NGOs as to be impractical. Some members want ASINDES to place more emphasis on providing scholarships for personnel of the NGOs while others would have ASINDES place emphasis on having experts (whether employees or consultants) available to assist NGOs at their request. The difficulties of the technical assistance program were further aggravated by the fact that the position of Coordinator of Technical Assistance was filled for less than six months, and that during even that time the lack of rapport between the Executive Director and the person in the position prevented his effective use and led to the already burdened Project Analysts being used to conduct the technical assistance activities.

Steps have been taken in the recent past to address this situation. A person was hired by ASINDES to be the Technical Assistance and Training Coordinator. The extension of the PACT Grant included funds for an additional 20 formal training events for the personnel of NGOs with an average of 20 attendees per event. A general framework for future training events has been prepared. A decision in principle has been taken to organize the program sectorally, beginning with the health sector in which many of ASINDES' members are active, and ASINDES is planning to hire sector coordinators for its staff. ASINDES has under review three proposals from organizations to assist in conducting surveys of the needs of NGOs for technical assistance and in preparing a program to meet them. However, these efforts have not yet borne fruit, and the burden of providing technical assistance to the NGOs remains on the Project Analysts. Furthermore, the idea of conducting diagnostic reviews of the needs of

individual NGOs has been abandoned for the foreseeable future, with the implication that the technical assistance program will be run entirely through general courses and through the actions of ASINDES' project staff in assisting NGOs to prepare their project proposals. Thus, devising a strategy for the provision of technical assistance and an implementation plan for that strategy continues to be of high priority for ASINDES and PACT. Unfortunately, the amount of funds included in the PACT grant for this purpose is quite modest, and no other source of funds for technical assistance and training for the NGOs is available under ASINDES' current budget.

D. RELATIONSHIP WITH AID

1. Performance in Meeting AID Objectives

The main purpose of USAID/G in making its Grant to PACT in support of ASINDES was to strengthen ASINDES so that it could be a channel for AID and others to provide financial and technical support for NGOs operating in Guatemala. USAID/G was interested in the existence of such a channel because it did not believe that it could support the administrative burden involved in expanding its support for NGOs on the basis of direct grants to them. However, it did not want the organization to be dependent indefinitely on AID for its funding and its operations, and thus it encouraged ASINDES to seek financial support elsewhere and to move toward more self-financing of its programs. USAID/G did not have as a major purpose the creation of an organization which would seek to coordinate the activities of the NGOs active in Guatemala or to be their spokesman to the GOG and the public in general. However, in choosing to work with a membership organization, USAID was aware that ASINDES had purposes beyond that of providing a channel for the funding of sub-projects.

ASINDES has made substantial progress in meeting the basic AID objective of becoming an organization which can administer a program of sub-projects for activities of NGOs in Guatemala. The sub-project funds in the original grant to PACT have been utilized fully, and ASINDES has begun to utilize the counterpart funds from the GOG. The weaknesses and problems facing ASINDES' work with the NGOs and the prospects for its become self-sustaining are described in various parts of this report. While action is needed on those problems, it is clear that the USAID/G now has a channel for assisting NGOs which relieves it of a sizeable administrative burden.

a. USAID Relations with NGOs Apart from ASINDES

USAID/G maintains direct funding relationships with NGOs apart from the program with ASINDES. These relationships are with both the traditional US PVOs (e.g., CARE and CRS) and with

some Guatemalan NGOs (e.g., MGRR). Other NGOs would like to have direct funding relationships with the Mission as well.

USAID/G has not adopted a policy of referring all requests for funding from NGOs to ASINDES nor standards for deciding which requests it will accept for direct funding and which it will not. This situation may be detrimental to ASINDES, since as long as the Mission will accept requests for assistance directly from NGOs there will be less reason for those NGOs, to join ASINDES. This will be particularly true of the larger NGOs which may see little advantage to themselves in belonging to ASINDES in any event, and think that their very size and importance give them a better chance of forging or maintaining a direct relationship with the Mission. However, there are several arguments against forcing all funding by the Mission for NGOs to be processed and managed through ASINDES. First, important NGOs would resist it. Second, strictly applied, the policy could limit the flexibility of the Mission in supporting activities which might be inappropriate for ASINDES. Third, in the near term, ASINDES probably would not be able to handle the analytical and supervisory requirements of large NGO activities. Lastly, it may be more costly and difficult for the Mission to finance a further expansion and improvement in the institutional capability of ASINDES than to contract itself for the services of persons able to process and supervise the NGO activities. However, in assessing the validity of this last argument it should be pointed out that ASINDES could contract personnel in the short run with AID funds to meet the demands, and probably could do so at less cost than could the Mission. Furthermore, over the longer run, a successful effort would result in an institution able to finance its own analytical and supervisory efforts. Whatever the proper balance is, offices of the USAID/G, apart from the Program Office which had been administering this Project, were not aware of any Mission policy to seek to channel all support of NGOs through ASINDES; and, indeed, most of the projects in the Mission's portfolio which involve NGOs do not involve ASINDES.

The concerns which need to be considered by the Mission in deciding what policy to follow on this question are broader than those involved in the Project, and are beyond the scope of this review. However, in reaching a decision the Mission must be careful to take into account the level of capability which ASINDES may have reached, and the extent to which ASINDES' program focus will accommodate all the types of NGO activities which the Mission wishes to support.

b. Utilization of ASINDES for Project Implementation

During the last six months USAID/G has considered using ASINDES as an implementing agent under several of its projects. In the case of the implementation of a health services project, the Mission decided to use an NGO which is not a member of

ASINDES, since it doubted that ASINDES had achieved the capacity to administer the funds involved. The Mission came to the same conclusion concerning a small enterprise development program under preparation. Only in one case has USAID/G turned to ASINDES to administer a project for it. This was the fund created to provide small grants to community-level projects designed by returning participants under the Mission's training program, and that was undertaken because of the presence and involvement of the PACT resident representative. The Mission's original intention was to restrict eligibility to the members of the Association of Returned Participants, but ASINDES refused to participate unless its own members also were eligible to participate. Although the implementation of this program is in its very early stages, and thus it is too soon to judge its impact, it would seem that this use of ASINDES is not clearly beneficial to its institutional growth or compatible with the focus which ASINDES' main program was taking. Thus, the program may prove to be a distraction to ASINDES' work. The Mission will need to keep watch over that possibility.

## 2. Appropriateness and Effectiveness of AID's Guidance and Monitoring

Responsibility within USAID/G for the conduct of the Grant was with the Program Office until very recently, when that responsibility (and the professional Guatemalan employee who is in charge of the activity) was transferred to the Private Sector Division. The Mission provided guidance and monitoring through the review of the sub-projects which had been approved by ASINDES for funding with Grant funds and by the review of the reports submitted to the Mission by ASINDES and PACT. Mission personnel did not attend meetings of the Board of ASINDES, and only occasionally visited ASINDES' offices and the NGO projects which ASINDES was assisting. On the other hand, the Mission had frequent and informal contact with the resident PACT representative, and had contacts throughout the NGO community which enabled it to obtain feedback on views held about ASINDES.

The PACT proposal had stated that there would be semi-annual financial reports and annual reports summarizing major activities and progress on projects already funded, as well as on the impact of the technical assistance program. However, during the first year and a half of the project those reports had not been prepared. The basic reporting mechanism being used is the quarterly report. These reports were largely descriptive of events rather than problem oriented. Reactions or feedback to them by the Mission seems to have been low key and informal. There were no regularly scheduled review sessions with ASINDES; and the Mission's review of the sub-projects which were approved was used to double check ASINDES' conformity with the eligibility criteria and not used to influence the nature or quality of the activities being supported. Under the Agreement between the GOG

and ASINDES, the GOG, not AID, will review the sub-projects approved and will receive the status reports.

This relatively passive approach to monitoring the Grant is consistent with the underlying purpose of the Mission -- i.e., to reduce the staff time which needs to be devoted to the support of NGO activities. However, it probably contributed to the build-up of tension among the Board, the PACT representative and the former Executive Director and to the lack of clarity as to what are the Mission's expectations concerning the degree of focus which ASINDES is to have on productive projects and the use of revolving loan funds, the importance of training and technical assistance to NGOs in comparison to the provision of financing for sub-projects, and the likelihood of additional dollar financing for ASINDES.

Many of these topics, in fact, involve important issues of Mission policy. Thus, their resolution or their explanation might best be accomplished by Mission management rather than at the Project Manager level. So that the system not be too demanding of the time of Mission management, consideration might be given to the scheduling of periodic review sessions by the Board and representatives of the Mission's management as a way to deal with such important aspects before they become crises or the source of friction or misunderstanding. The recent handling of the problems that arose in the negotiation of the extension of the Grant to PACT would seem to illustrate the advantage of the involvement of management in the resolution of major questions.

#### Publicity for AID

The USG in general, and AID in particular, are not receiving the recognition that normally is given to them from the use of AID funds. The beneficiaries with whom the evaluators spoke had no idea of the source of the funds provided to them, and many of the personnel of the NGOs themselves did not know that AID was the source of the funds which came from PACT. There were no signs or any evidence of publicity acknowledging the role of AID.

This situation may be desirable. As discussed previously, some members of ASINDES have been suspicious of the motives of AID or, even if not suspicious themselves, concerned that others, including funding sources would be troubled by ASINDES and its members receiving so much assistance from the USG. The issue probably has become somewhat less acute as ASINDES and its members have become accustomed to the use of AID dollar and AID/GOG counterpart resources. However, the issue is not dead. On the other hand, since those most likely to object to the involvement with the USG have left ASINDES and since much of the fear of USG programs probably arises from inaccurate perceptions held by persons who have not had connection with them, increasing the general awareness of AID's role would not necessarily

exacerbate the issue. This Grant program would appear to offer a good opportunity to demonstrate to skeptics that the USG is interested in development and willing to support private efforts not related to the commercial interest of its own citizens. The opportunity is not being tested, much less realized.

Attachment 1

SUMMARY OF MAJOR RECOMMENDATIONS

The following are the major recommendations of the mid-term evaluation of November-December, 1987.

A. For ASINDES

1. The Board of Director should formulate a statement of mid-term (five-year period) goals for ASINDES which indicates the relative priorities to be attached to the various purposes of the Organization. That statement might be submitted to the General Assembly for approval.

2. Once the statement of prioritized goals has been established, the Board should prepare a plan for reaching those goals which includes the major steps to be taken and which takes into account the revenues expected, and staffing and support requirements for carrying out the plan. The Board should consider using both the staff of ASINDES and contracted persons (such as members of the Project Selection Committee) to assist in this effort. PACT's experience with consortia and its contacts with external experts should be utilized.

3. The Board should take immediate steps to recruit a qualified person to fill the positions of Executive Director and of the Coordinator for Technical Assistance. It also promptly should consider establishing a position to assist the Executive Director in meeting his responsibilities which are now too broad and demanding to be met effectively by one person. Since particular attention needs to be paid to improving ASINDES' planning, programming, monitoring and evaluation capabilities, such a new position might be focused on those functions.

4. The Executive Director should give priority attention to determining the staff needs for meeting an expanded grants and technical assistance program. The determination should take into account the possibility of using contract services for specialized skills necessary and for meeting peak workloads in the review of proposals.

5. ASINDES should commission an outside study of the requirements of all its positions, of the salaries which are necessary to compensate persons having the requisite qualifications, and of the qualifications of the current occupants of those positions. The Executive Director and the Board should take prompt action to carry out the recommendations of the study. PACT could be used as an advisor.

6. The Executive Director should give priority attention to steps to improve the morale of the staff. He should consider fostering a team approach to reviews and the discussions of problems, the preparation and issuance of statements of responsibility and authority for each position and the adoption of reliable guidance on reimbursement for travel and other business expenses incurred by employees.

7. The Board should adopt a plan for the supervision of the work of the staff of ASINDES which does not involve its own members in operations or require their pre-approval of ordinary administrative actions. It should request PACT to assist it in devising the reporting formats and data collection techniques to carry out such a system.

8. The Executive Director, utilizing assistance from PACT, should prepare further guidance for the Project Analysts for their work in analyzing the project proposals. That guidance should include standards for determining whether a proposal is to be considered as one for a "productive" project, for concluding that a proposal is economically desirable, and that the activity is likely to be self-sustaining. The guidance should clarify the extent to which the Project Analysts are to give preference to "productive" projects and the meaning of the requirement that projects should strengthen the operations of the sponsoring NGOs.

9. The Executive Director should emphasize to the staff, and demonstrate through his own actions, the importance of following standard procedures.

10. The Executive Director should give priority to improving the accounting and financial analysis capability of the staff. He should assure that budget proposals are presented to the Board in a timely way, and that both he and the Board receive periodic and current statements of the status of ASINDES' financial affairs. He should consider recruiting a qualified financial analyst to work on the review of proposals under the grants program and on the needs and trends of ASINDES' own financial situation.

11. An external audit should be conducted of ASINDES' operations from the beginning of the Grant and at least

annually thereafter. ASINDES should contract for the services of an external auditor to review the utilization of funds under the grants program.

12. The Executive Director should supply the members of the Project Selection Committee with copies of the periodic reports on the implementation of projects which it approved and seek to include the members in field visits to those activities.

13. The Board should consider ways in which ASINDES might use further the expertise and good will of the members of the Project Selection Committee. Possibilities include serving on special commissions to analyze problems, participation in planning for fund raising and conducting evaluations.

14. ASINDES should not undertake a major fund raising effort with new potential donors before it completes the analytical steps mentioned in 1. and 2. above or before it prepares a strategy for such fund raising both within and outside Guatemala. However, preparation for the effort should begin as soon as possible. Responsibility for fund raising should be vested in a senior staff member of ASINDES. PACT's experience should be utilized in preparing the strategy.

15. ASINDES should conduct an internal review of the accomplishments of the mini-grants program. If ASINDES decides to retain the mini-grants program it should issue standards to govern its use which will be known both to the staff and to interested NGOs.

16. ASINDES should give greater importance to the use of revolving funds in the grants program in order to reinforce the financial discipline of those projects. It should move toward having beneficiary groups receive assistance on a loan rather than a grant basis in most "productive" projects, and should seriously consider requiring the NGOs themselves to repay to ASINDES at least a portion of the funds channeled through them for productive projects.

17. ASINDES should consider the creation of a training fund to support NGO activities which are not "productive" within the standards developed to guide the grants program so that it can supplement that latter program as it evolves into one largely provided on a loan rather than a grant basis.

18. In order to be able to use available GOG funds more rapidly in the grants program, ASINDES should raise the maximum amount which it may contribute to any one NGO-sponsored activity.

**B. For PACT**

1. The Resident Representative should place increased attention on keeping the members of the Board of Directors informed of his activities and his views of the status of the project. If the Board will agree, he should attend at least a portion of each regular meeting of the Board to give it a report.
2. PACT should provide the new Executive Director with the benefit of its experience in other programs as soon as possible after his appointment and provide him with as much support as feasible during the difficult transition period. If necessary, other expenses of PACT should be curtailed to make that possible.
3. The purpose of each visit by a PACT-related person to Guatemala should be explained to the Executive Director (and, if appropriate, to the Board) before it takes place, and a report of the outcome of the visit should be sent to the Executive Director after the completion of the visit.
4. PACT should sponsor a discussion with ASINDES' staff and Board of the pros and cons of various approaches to providing technical assistance and training for NGOs. The discussion should include persons from other countries who have had experience with similar programs. The purpose would be to re-think the approach of the current Grant and to prepare a plan for giving greater emphasis to this aspect of the program.
5. PACT should prepare a plan for the systematic training of ASINDES' staff once ASINDES has completed the actions suggested in A. 3., and 4. above. The plan should include both on-the-job instruction and short observations trips. (It is assumed that the persons will already have the basic qualifications required by the positions.)

**C. For USAID/Guatemala**

1. The Mission should increase the frequency of its contacts with the Board of ASINDES in order to avoid misunderstandings as to its point of view and to be better aware of the concerns of the members of the Board.
2. The Mission should consult with ASINDES (as well as with PACT) concerning the Mission's plans for providing additional resources to the project either directly or through joint programming with the GOG.

3. The Mission should give an extension of the time for the accomplishment of the purposes of the Grant; and provide additional resources to continue PACT's assistance for at least an additional year. If ASINDES shows determination to meet the problems and challenges discussed in this report, the Mission should provide additional dollar resources to assist ASINDES in carrying out the re-planned program. Such additional assistance might well be focused on the plans suggested in B. 4. and 5. above.

4. The Mission should clarify for ASINDES what are its expectations concerning the degree and nature of the focus to be sought under the Grant on "productive" projects and on the strengthening of the sponsoring NGOs.

5. The Mission should clarify for ASINDES what are its standards for deciding whether it will refer funding requests from NGOs to ASINDES or attend them itself.

6. The agreement between PACT and USAID/Guatemala should be modified to include a description of the end of project status to be sought and the major steps to be taken to carry out the program proposed for the remaining period of the Grant and any extension which may be agreed. The description should include actions to be taken in response to the recommendations of this evaluation. The Mission should consider having ASINDES cosign that agreement.

Attachment 2

PERSONS INTERVIEWED BY JOHN R. OLESON

USAID/Guatemala

Mr. Richard J. Burke, Program Officer  
Mr. Thomas Kellerman, Deputy Program Officer  
Mr. Roberto Perdomo, Assistant Program Officer  
Mr. Trujillo, Division of Agriculture  
Mr. John Massey, Division of Human Resources

Ministry of Public Finance

Ms. Liliana de Garcia, Division of External Relations

Private Agencies Collaborating Together (PACT) -- New York

Mr. Thomas R. Byrne, Executive Director  
Mr. James O'Brien, Development Fund Director  
Mr. Daniel Santo Pietro, Regional Representative for  
Latin American  
Mr. Loren Finnel, Consultant  
Mr. Arthur Sist, Resident Representative

Employees of the Asociacion de Instituciones de Desarrollo  
y Servicio de Guatemala (ASINDES)

Sr. Oscar Osorio, Executive Director  
Sr. Hugo Figueroa, former Executive Director  
Sra. Rebecca Chavez, Director of Technical Assistance and  
Training  
Sra. Christian Lorena Muderate Garcia, Director of Small  
Projects Fund  
Lic. Homero Mendez, former Director of Technical Assistance  
Ing. Jose Luis Castillo, Project Analyst  
Sra. Alma Irene Gonzales, Project Analyst

Members of the Board of Directors of ASINDES

Dr. Rolando Torres, President  
Represents the Christian Children's Fund (CCF)  
Lic. Alvaro Muniz, Vice President  
Represents Fundacion para la Educacion y el Desarrollo  
Integral (FUNDACEDI)  
Lic. Eric Daniel Chicol, Treasurer  
Represents the Fundacion Carroll Behrhorst  
Sr. Carlos Carrazco, Secretary  
Represents Asesoria Centroamericana de Desarrollo (ACAD)  
Mr. Juan Pedro Perdomo, Vocal  
Represents the Asociacion Cristiana de Jovenes (ACJ)

Other Members of ASINDES

Lic. Gamaliel Zambrano  
Asociacion de Beneficencia Cristiana (ABC)  
Sr. Juan Cordova  
Movimiento Guatemalteco de Reconstruccion Rural (MCRR)  
Sra. Barbara Allerdig  
Instituto de Asuntos Culturales (ICA)  
Sr. Javier Mayorga  
Vision Mundial Internacional (VMI)  
Sr. Adolfo Acosta  
Fundacion de Reconstruccion y Desarrollo Humano  
Integral (REDH INTEGRAL)  
Lic. Oscar Reyes  
Fundacion para el Desarrollo de la Mujer (FPDM)  
Dr. Edgardo Caceres  
Centro de Estudios Mesoamericanos sobre Tecnologia  
Apropiada (CEMAT)  
Lic. Hildebrando Cumes  
Asociacion Hogar y Desarrollo (HODE)  
Mr. Carlos Winckler  
Foster Parents Plan International (PLAN)  
Cpt. Harry Tolhurst  
Salvation Army  
Sr. Luis Meza  
Avanzando Ministerio Evangelico (AMG)

Members of ASINDES' Project Selection Committee

Lic. Francisca Asturias  
Employee of the Peace Corps  
Lic. Cesar Guillen  
Economist, Employee of the Embassy of Canada  
Lic. Alfredo Hernandez  
Director of FEDECOCAGUA  
Lic. Richard Aitkenhead  
Directo General of the magazine Cronica  
Ing. Julio Obiols  
former Mayor of Guatemala City

Non-Government Organizations Not Members of ASINDES

Sta. Mirta Olivares  
AITEC/FUNTEC  
Mr. Edward Brand  
CARE

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**ASOCIACION DE ENTIDADES DE DESARROLLO Y DE  
SERVICIO NO GUBERNAMENTALES DE GUATEMALA**

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PRESUPUESTO DE INGRESOS Y GASTOS DE ASINDES EN 1,987  
PREPARADO POR OSCAR F. TURCKHEIM, AUDITOR DE MIRON &  
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INGRESOS:

|                                 |           |                   |
|---------------------------------|-----------|-------------------|
| Donaciones de PACT              | Q.        | 833,443.14        |
| Cuotas de socios de ASINDES-ONG | "         | 6,018.20          |
| Donaciones locales              | "         | 54.20             |
| Intereses ganados               | "         | 50.07             |
| Otros ingresos (5% s/proyectos) | "         | 53,222.75         |
| <b>Total ingresos</b>           | <b>Q.</b> | <b>892,788.96</b> |

| GASTOS:                              | Sueldos       | Prestaciones     |                  |
|--------------------------------------|---------------|------------------|------------------|
| Director ejecutivo                   | 19,800        | 11,247.66        | 31,047.66        |
| Analistas                            | 26,800        | 3,391.00         | 30,191.00        |
| Secretarias                          | 10,600        | 900.00           | 11,500.00        |
| Contador                             | 3,559         | 300.00           | 3,859.00         |
| Conserje                             | 3,545         | 300.00           | 3,845.00         |
| <b>Total, sueldos y prestaciones</b> | <b>64,304</b> | <b>16,138.66</b> | <b>80,442.66</b> |

GASTOS DE OPERACIONES

|  |                  |
|--|------------------|
| Alquileres   | 10,080.54        |
| Telefono, correos y telex                              | 12,417.36        |
| Electricidad   | 829.31           |
| Suministros (fotocopias, y utiles oficina y papelería) | 13,904.77        |
| Viáticos   | 1,200.00         |
| Combustibles y lubricantes                             | 3,190.01         |
| <b>Total, gastos de operación</b>                      | <b>41,621.99</b> |

OTROS GASTOS

|   |                  |
|---|------------------|
| Varios (gastos menudos)                             | 2,286.07         |
| Mantenimiento de vehículo                           | 390.44           |
| Junta Directiva                                     | 1,416.61         |
| Honorarios profesionales                            | 10,624.43        |
| Gastos de oficina                                   | 4,288.12         |
| Asambleas de ASINDES                                | 275.17           |
| Suscripciones                                       | 811.00           |
| Libros y revistas                                   | 90.00            |
| Asistencia técnica                                  | 50,762.10        |
| Relaciones Públicas                                 | 8,349.10         |
| Comité Selección de proyectos (ditas y refrigerios) | 3,256.69         |
| Mantenimiento de equipo                             | 10,000.00        |
| <b>Total, otros gastos</b>                          | <b>92,549.73</b> |

DONACIONES

|                                 |                  |            |
|---------------------------------|------------------|------------|
| Donaciones hasta diciembre 1987 | 585,221.00       |            |
| Mini-donaciones " " "           | <u>23,775.00</u> | 608,996.00 |

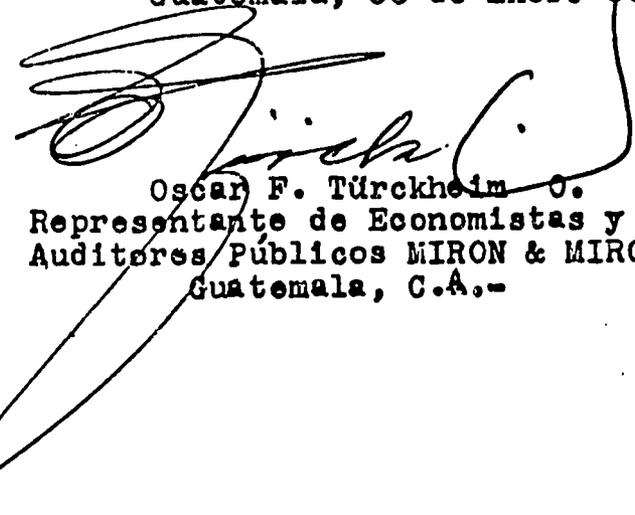
INVERSIONES

|                                |  |           |
|--------------------------------|--|-----------|
| Mobiliario y equipo de oficina |  | 16,373.61 |
|--------------------------------|--|-----------|

R E S U M E N

|                                     |                  |                |
|-------------------------------------|------------------|----------------|
| Total ingresos                      |                  | 892,788.96     |
| Total gastos e inversiones          |                  | ( 839,983.99 ) |
| Sueldos y prestaciones              | 80,442.66        |                |
| Gastos de operaciones               | 41,621.99        |                |
| Otros gastos                        | 92,549.73        |                |
| Donaciones hasta 31 diciembre 1987  | 585,221.00       |                |
| Mini-donaciones " " "               | 23,775.00        |                |
| Mobiliario y equipo de oficina      | <u>16,373.61</u> |                |
| Fondos disponibles para el año 1988 |                  | 52,804.97      |

Guatemala, 30 de Enero de 1,988



Oscar F. Türkheim O.  
Representante de Economistas y  
Auditores Públicos MIRON & MIRON  
Guatemala, C.A.-

## Attachment 5

ASOCIACION DE INSTITUCIONES DE DESARROLLO Y SERVICIO DE GUATEMALA  
 A. I. N. D. S. O. N. G.  
 PRESUPUESTO FINANCIERO DEPARTAMENTALIZADO  
 1RO DE JULIO 1988 AL 30 DE JUNIO 89

|                                   | DIRECC       | COOR          | PRO           | COOR          | A.T.          | ADMON/CON     | TOTAL |
|-----------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|-------|
| <b>GASTOS PERSONALES</b>          |              |               |               |               |               |               |       |
| DIRECTOR                          | 28800        |               |               |               |               |               | 28800 |
| COORDINADOR ASISTENCIA TEC        |              |               |               |               | 19200         |               | 19200 |
| COORDINADOR DE PROYECTOS          |              | 19200         |               |               |               |               | 19200 |
| ASISTENTE FINANCIERO              |              |               |               |               |               | 9600          | 9600  |
| ANALISTA PROYECTOS II             |              | 14400         |               |               |               |               | 14400 |
| ANALISTA PROYECTOS I              |              | 12000         |               |               |               |               | 12000 |
| ASISTENTE ADMINISTRATIVO          |              |               |               |               |               | 7200          | 7200  |
| SECRETARIA EJECUTIVA              | 6600         |               |               |               |               |               | 6600  |
| CONTADOR                          |              |               |               |               |               | 4800          | 4800  |
| SECRETARIA RECEPCIONISTA          |              |               |               |               |               | 4200          | 4200  |
| MENSAJERO                         |              |               |               |               |               | 4320          | 4320  |
| CONSERJE                          |              |               |               |               |               | 3600          | 3600  |
| AUXILIAR                          |              |               |               |               |               | 4200          | 4200  |
| <b>SUB TOTAL</b>                  | <b>35400</b> | <b>45600</b>  | <b>19200</b>  | <b>19200</b>  | <b>37920</b>  | <b>138120</b> |       |
| <b>CUOTA PATRONAL IGSS</b>        |              |               |               |               |               |               |       |
| INDEMNIZACION                     | 4000         | 5153          | 2170          |               | 4285          |               | 15608 |
| AGUINALDO                         | 2950         | 3800          | 1600          |               | 3160          |               | 11510 |
| ESPICIADO                         | 2950         | 3800          | 1600          |               | 3160          |               | 11510 |
| PROVISIONES                       | 1062         | 1368          | 576           |               | 1138          |               | 4144  |
|                                   | 12164        | 15669         | 6597          |               | 13030         |               | 47460 |
| <b>SUB TOTAL</b>                  | <b>23126</b> | <b>29790</b>  | <b>12543</b>  | <b>12543</b>  | <b>24772</b>  | <b>90231</b>  |       |
| <b>GASTOS DE ADMINISTRACION</b>   |              |               |               |               |               |               |       |
| GASTOS DE VIAJE AL INTERIOR       | 1200         | 2400          | 840           |               | 360           |               | 4800  |
| GASTOS DE VIAJE AL EXTERIOR       | 3600         | 1200          | 1200          |               | 0             |               | 6000  |
| GASTOS DE REPRESENTACION          | 2400         |               |               |               |               |               | 2400  |
| RENTA INMUEBLE                    |              |               |               |               | 9000          |               | 9000  |
| MANTENIMIENTOS                    |              |               |               |               | 3600          |               | 3600  |
| SERVICIOS VARIOS                  |              |               |               |               | 7200          |               | 7200  |
| PAPELERIA Y UTILES                |              |               |               |               | 4800          |               | 4800  |
| COMBUSTIBLES Y LUBRICANTES        | 1800         | 840           | 360           |               | 600           |               | 3600  |
| <b>SUB TOTAL</b>                  | <b>9000</b>  | <b>4440</b>   | <b>2400</b>   | <b>2400</b>   | <b>25560</b>  | <b>41400</b>  |       |
| <b>GASTOS DE OPERACIONES</b>      |              |               |               |               |               |               |       |
| ASISTENCIA TECNICA                |              | 6400          | 41600         |               |               |               | 48000 |
| FOLLETOS Y PUBLICACIONES          |              |               | 4000          |               | 2000          |               | 6000  |
| SUSCRIPCIONES Y MEMBRESIAS        | 500          | 300           | 600           |               | 1300          |               | 2700  |
| ASESORIAS Y CONSULTORIAS          |              | 2000          | 4600          |               |               |               | 6600  |
| AUDITORIAS EXTERNAS               |              | 1000          | 3000          |               | 8000          |               | 12000 |
| <b>SUB TOTAL</b>                  | <b>500</b>   | <b>9700</b>   | <b>53800</b>  | <b>11300</b>  | <b>11300</b>  | <b>75300</b>  |       |
| <b>MOBILIARIO Y EQUIPO</b>        |              |               |               |               |               |               |       |
| EQUIPO DE COMPUTACION             | 3000         | 2000          | 5000          |               | 2000          |               | 12000 |
| EQUIPO REPRODUCCION               |              |               |               |               | 10000         |               | 10000 |
| VEHICULO                          |              | 22000         | 23000         |               | 7200          |               | 7200  |
| OTROS EQUIPOS                     |              |               |               |               | 5000          |               | 5000  |
|                                   |              |               |               |               | 62000         |               | 62000 |
| <b>SUB TOTAL</b>                  | <b>3000</b>  | <b>24000</b>  | <b>28000</b>  | <b>28000</b>  | <b>86200</b>  | <b>141200</b> |       |
| <b>PRESUPUESTO FUNCIONAMIENTO</b> | <b>71026</b> | <b>113530</b> | <b>115943</b> | <b>185752</b> | <b>185752</b> | <b>486251</b> |       |

|                                      |    |         |         |            |
|--------------------------------------|----|---------|---------|------------|
| PROGRAMAS PRODUCTIVOS                | 10 | 100000  | 1000000 | 1486251    |
| DONACIONES PARA DESARROLLO           | 12 | 66667   | 800000  | 2286251    |
| PROGRAMAS ASISTENCIALES              | 12 | 16667   | 200000  | 2540251    |
| MINIDONACIONES                       | 20 | 2700    | 54000   | 2340251    |
| ASISTENCIA TECNICA                   | 30 | 9540    | 286200  | 2826451    |
| OTROS PROGRAMAS                      | 40 | 13541   | 541620  | 3368071    |
| SUB TOTAL PRESUPUESTO DE OPERACIONES |    |         |         | 2881820    |
| TOTAL DEL PRESUPUESTO 1988           |    |         |         | 3368071    |
| RELACION                             |    | 11:437% |         | Q: 1247434 |
| OSORIO/LOT1/PREASI88                 |    |         |         |            |
| GUAT. 28 JUNIO 1988.                 |    |         |         |            |

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RESUMEN POR PARTIDA PRESUPUESTARIA

| RENGLON |  | MES          | ANUAL       |
|---------|--|--------------|-------------|
| 1       | GASTOS PERSONALES  | Q. 11,510.00 | Q. 138,120. |
|         | Incluye los salarios netos del ejercicio con base a la estructura de puestos y sueldo base.                      |              |             |
| 2       | PRESTACIONES   | Q. 7,519.00  | Q. 90,231.  |
|         | Contiene las prestaciones legales y la provisión de salario para diferido y ajustes de sueldo por costo de vida. |              |             |
| 3       | GASTOS DE ADMINISTRACION   | Q. 3,450.00  | Q. 41,400.  |
|         | Contiene los gastos fijos y variables para la administración anual de la Institución.                            |              |             |
| 4       | GASTOS DE OPERACION  | Q. 6,275.00  | Q. 75,300.  |
|         | Presupuesta los gastos de Asistencia Técnica y Supervisión de Proyectos para el año en operación.                |              |             |

JUST-RES.BET  
 OMO-RLC. JUNLIO 13-88

PRESUPUESTO DE OPERACIONES Y FUNCIONAMIENTO DE DIRECCION EJECUTIVA

|                                 |                 |             |
|---------------------------------|-----------------|-------------|
|                                 |                 | Q 68.026.00 |
| <u>Gastos Personales</u>        |                 | 58.526.00   |
| Sueldos                         | Q 35400.00      |             |
| Prestaciones Laborales          | <u>23126.00</u> |             |
| <u>Gastos de Administración</u> |                 | 9.000.00    |
| Viajes al interior              | 1200.00         |             |
| Viajes al exterior              | 3600.00         |             |
| Gastos de representación        | 2400.00         |             |
| Combustibles y lubricantes      | <u>1800.00</u>  |             |
| <u>Gastos de Operaciones</u>    |                 | Q 500.00    |
| Suscripciones y membresía       | Q 500.00        |             |

Resumen por Partidas Presupuestarias, ver Anexo 1.

PRESUPUESTO DE OPERACION Y FUNCIONAMIENTO DEL DEPTO. DE PROYECTOS

Q 89,530.00

Gastos Personales

Q 75,390.00

|                        |                 |
|------------------------|-----------------|
| Sueldos                | Q45600 00       |
| Prestaciones Laborales | <u>29790 00</u> |

Gastos de Administración

Q 4,440.00

|                            |               |
|----------------------------|---------------|
| Viajes al interior         | Q 2400.00     |
| Viajes al exterior         | 1200.00       |
| Combustibles y lubricantes | <u>840.00</u> |

Gastos de Operación

Q 9,700.00

|                            |                |
|----------------------------|----------------|
| Asistencia técnica         | Q 6400 00      |
| Suscripciones y membresías | 300.00         |
| Asesorías y consultorías   | 2000.00        |
| Auditorías externas        | <u>1000 00</u> |

Resumen por Partidas Presupuestarias, ver Anexo 1

PRESUPUESTO DE INVERSION DE ADQUISISION DE EQUIPO PARA EL DEPARTAMENTO DE PROYECTOS.

Q 44,000.00

Mobiliario y Equipo

Q 2,000.00

|                                     |               |
|-------------------------------------|---------------|
| 1 escritorio                        | Q 500.00      |
| 1 silla giratoria                   | 250.00        |
| 2 ventiladores                      | 150.00        |
| 2 librerías de metal                | 150.00        |
| 1 puerta de metal                   | 150.00        |
| 3 cortinas                          | 200.00        |
| 1 intercomunicador                  | 200.00        |
| 4 papeleras                         | 100.00        |
| 2 calculadoras medianas científicas | <u>300.00</u> |

Vehículos

Q 22,000.00

|            |            |
|------------|------------|
| 1 vehículo | Q 22000 00 |
|------------|------------|

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**PRESUPUESTO DE OPERACION Y FUNCIONAMIENTO DEL DEPTO. DE ASISTENCIA TECNICA.**

|  |                 |                  |
|--|-----------------|------------------|
|  |                 | Q 87,943.00      |
| <b><u>Gastos personales</u></b>        |                 | <b>31,743.00</b> |
| Sueldos                                | Q 19200.00      |                  |
| Prestaciones laborales                 | <u>12543.00</u> |                  |
| <b><u>Gastos de Administración</u></b> |                 | <b>2,400.00</b>  |
| Viajes al interior                     | Q 840.00        |                  |
| Viajes al exterior                     | 1200.00         |                  |
| Combustibles y lubricantes             | <u>360.00</u>   |                  |
| <b><u>Gastos de Operación</u></b>      |                 | <b>53,800.00</b> |
| Asistencia Técnica                     | 41600.00        |                  |
| Folletos y publicaciones               | 4000.00         |                  |
| Suscripciones y membresías             | 600.00          |                  |
| Asesorías y consultorías               | 4600.00         |                  |
| Auditorías externas                    | <u>3000.00</u>  |                  |

Resumen por Partidas Presupuestarias, ver Anexo 1.

**PRESUPUESTO DE INVERSIONES Y ACTIVOS FIJOS DEPTO. DE ASISTENCIA TECNICA.**

|                                   |            |             |
|-----------------------------------|------------|-------------|
| <b><u>Mobiliario y Equipo</u></b> |            | Q 5,000.00  |
| 1 silla con rodos                 | Q 150.00   |             |
| 1 archivo                         | 300.00     |             |
| 1 Extensión telefónica            | 200.00     |             |
| 1 librera                         | 250.00     |             |
| Habilitación biblioteca           | 4100.00    |             |
| <b><u>Vehiculos</u></b>           |            | Q 23,000.00 |
| 1 vehiculo                        | Q 23000.00 |             |

**PRESUPUESTO DE FUNCIONAMIENTO Y OPERACION DE LOS DEPARTAMENTOS DE ASISTENCIA ADMINISTRATIVA Y CONTABILIDAD Y FINANZAS.**

|                                 |                 |             |
|---------------------------------|-----------------|-------------|
|                                 |                 | Q 99,552.00 |
| <u>Gastos Personales</u>        |                 | Q 62,692.00 |
| Sueldos                         | Q 37920.00      |             |
| Prestaciones laborales          | <u>24772.00</u> |             |
| <u>Gastos de Administración</u> |                 | Q 25,560.00 |
| Viajes al interior              | 360.00          |             |
| Renta de inmueble               | 9000.00         |             |
| Mantenimientos                  | 3600.00         |             |
| Servicios varios                | 7200.00         |             |
| Papelería y útiles              | 4800.00         |             |
| Combustibles y lubricantes      | <u>600.00</u>   |             |
| <u>Gastos de Operación</u>      |                 | Q 11,300.00 |
| Folletos y publicaciones        | Q 2000.00       |             |
| Suscripciones y membresías      | 1300.00         |             |
| Auditorías externas             | <u>8000.00</u>  |             |

Resumen por Partidas Presupuestarias, ver Anexo 1.

**PRESUPUESTO DE INVERSIONES Y ACTIVOS FIJOS DE LOS DEPTOS DE ASISTENCIA ADMINISTRATIVA Y CONTABILIDAD Y FINANZAS.**

|                                |                |             |
|--------------------------------|----------------|-------------|
| <u>Mobiliario y Equipo</u>     |                | Q 2,000.00  |
| 1 reloj de pared               | Q 100.00       |             |
| Cuadros decorativos            | 250.00         |             |
| 1 Refrigerador                 | 900.00         |             |
| 1 mesa para fotocopidora       | 150.00         |             |
| 1 silla con rodos              | 300.00         |             |
| 1 guillotina                   | 225.00         |             |
| 1 ventilador                   | <u>75.00</u>   |             |
| <u>Equipo de Computación</u>   |                | Q 10,000.00 |
| 1 Computador                   | Q 4500.00      |             |
| 1 Impresora                    | 3500.00        |             |
| 1 Terminal                     | <u>2000.00</u> |             |
| <u>Equipo de Reproducción</u>  |                | Q 7,200.00  |
| 1 Fotocopidora                 | Q 6000.00      |             |
| 1 Cámara fotográfica           | <u>1200.00</u> |             |
| <u>Otros Equipos</u>           |                | Q 62,000.00 |
| 1 UPS 2KVA                     | Q 2500.00      |             |
| 1 Paquete de programas         | 5000.00        |             |
| Equipo Audiovisual             | 21550.00       |             |
| Equipamiento obras comunales   | 31750.00       |             |
| 2 escritorios para computadora | 1200.00        |             |
| <u>Vehículos</u>               |                | Q 5,000.00  |

PRESUPUESTO DE INVERSIÓN Y ACTIVOS FIJOS 1988

Q141,200.00

|                        |                 |
|------------------------|-----------------|
| Mobiliario y Equipo    | Q 12000.00      |
| Equipo de Computación  | 10000.00        |
| Equipo de Reproducción | 7200.00         |
| Vehículos              | 50000.00        |
| Otros Equipos          | <u>62000.00</u> |

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Mobiliario y Equipo

Q 12,000.00

|                                     |          |
|-------------------------------------|----------|
| 3 sillas giratorias                 | Q 700.00 |
| 1 mesa para fotocopiadora           | 150.00   |
| 1 archivo de metal                  | 300.00   |
| 4 librerías                         | 850.00   |
| 4 ventiladores                      | 325.00   |
| 2 líneas telefónicas                | 2450.00  |
| 1 escritorio secretarial            | 500.00   |
| 3 cortinas                          | 200.00   |
| 1 intercomunicador                  | 200.00   |
| 1 puerta de metal                   | 150.00   |
| 4 papeleras de metal                | 100.00   |
| 2 calculadoras medianas científicas | 300.00   |
| 1 refrigerador                      | 900.00   |
| 1 reloj de pared                    | 100.00   |
| cuadros decorativos                 | 250.00   |
| 1 extensión telefónica              | 200.00   |
| 1 Guillotina                        | 225.00   |
| Habilitación biblioteca             | 4100.00  |

Equipo de computación

Q 10,000.00

|              |                |
|--------------|----------------|
| 1 computador | Q 4500.00      |
| 1 impresora  | 3500.00        |
| 1 terminal   | <u>2000.00</u> |

Equipo de Reproducción

Q 7,200.00

|                      |                |
|----------------------|----------------|
| 1 fotocopiadora      | Q 6000.00      |
| 1 cámara fotográfica | <u>1200.00</u> |

Vehículo

Q 50,000.00

|               |                 |
|---------------|-----------------|
| 1 motocicleta | Q 5500.00       |
| 1 vehículo    | <u>44500.00</u> |

Otros Equipos

Q 62,000.00

|                               |            |
|-------------------------------|------------|
| Equipo Audiovisual            | Q 21700.00 |
| UPS 2 KVA                     | 2500.00    |
| 1 paquete de programas        | 5000.00    |
| Equipamiento obras comunales  | 31600.00   |
| 2 escritorios para computador | 1200.00    |

PRESUPUESTO DE INVERSIONES Y ACTIVOS FIJOS DE LA SECRETARIA DE LA  
DIRECCION EJECUTIVA.

|                      |                |            |
|----------------------|----------------|------------|
| Mobiliario y Equipo  |                | Q 3,000.00 |
| 1 ventilador         | Q 100 00       |            |
| 1 librera de metal   | 450.00         |            |
| 2 lineas telefónicas | <u>2450 00</u> |            |

**DETALLE DE JUSTIFICACIONES**  
**"PRESUPUESTO FINANCIERO 88/89"**

**"GASTOS PERSONALES"**

El renglón de Salarios del Personal de ASINDES está programado con base a los salarios 87/88 e incluye 3 Puestos que a continuación se explican:

- Fortalecimiento para el área de Finanzas.  
1 Asistente Financiero y 1 Auxiliar contable, ambos con conocimientos y práctica en procedimientos computarizados.

Este fortalecimiento es de suma importancia para la Administración de los recursos de los nuevos fondos del Ministerio de Finanzas, que exigirán mayor eficiencia en los sistemas de información y que pueden ser utilizados como recursos de apoyo en la supervisión documental de estos fondos.

- Fortalecimiento en el Departamento de Proyectos, con 1 Analista para la atención de la demanda y supervisión de los Proyectos.

También de mucha necesidad para reforzar este Departamento por el incremento con que los Proyectos se han dado, a raíz de la aplicación de los fondos que dará mayor carga de Trabajo en la supervisión.

**PRESTACIONES LABORALES:**

La cuota Patronal del IGSS corresponde al 11.30% de los salarios aplicados en forma anual.

Indemnización 8.333% de la relación laboral por concepto de pasivo laboral del personal de ASINDES.

Aguinaldo correspondiente al 8.333% por concepto de la obligación legal de Aguinaldo anual.

Especiado corresponde al porcentaje del 30% sobre prestaciones no dinerarias percibidas por el trabajador durante el año.

Provisiones contiene la aplicación del salario diferido por tiempo de servicio que respresenta el 8.34% de las prestaciones. Además provisiona 25% para el ajuste de salarios por costo de vida, y mejoras salariales.

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#### GASTOS DE AMINISTRACION:

Estos gastos están calculados para atender erogaciones fijas y variables de acuerdo a los programas de actividad.

Renta de Inmuebles: Provisiona la cobertura del pago de la casa de acuerdo al contrato para un año.

#### GASTOS DE REPRESENTACION:

Provisiona los gastos de la Dirección, para atender actividades de Relaciones Públicas de la Asociación.

#### GASTOS DE VIAJE AL EXTERIOR:

Provisiona las disponibilidades para asistir a eventos internacionales previstos en el Programa de fortalecimiento institucional y de Asistencia Técnica.

#### GASTOS DE VIAJE AL INTERIOR:

Provisiona la actividad de supervisión e inspección sobre proyectos en el campo en visitas promedio de 4/hombres/día/mes, a razón de Q.60.00 diarios.

#### MANTENIMIENTOS:

Comprende rubros y gastos por mantenimiento de inmuebles equipos varios para el adecuado funcionamiento en las instalaciones.

Papelería y Útiles; Provisiona el renglón de consumo para la gestión administrativa de ASINDES en los rubros de útiles de escritorio y papelería.

#### COMBUSTIBLES Y LUBRICANTES:

Provisiona los gastos por estos conceptos a razón de kilometrajes/mes, para un vehículo, a razón de 2,500 kms/mes.

#### SERVICIOS VARIOS:

Provisiona los gastos para suplir erogaciones por eventos administrativos y de servicio para las actividades especiales que se realicen por reuniones y otros aplicables eventualmente.

#### GASTOS DE OPERACIONES:

Este rubro comprende los gastos que se incurren para el apoyo de actividades de carácter técnico divulgativo y de apoyo para las actividades de supervisión.

**ASISTENCIA TECNICA:**

Provisiona gastos para atención de eventos programados para la Asistencia Técnica, estimándose 6 eventos en el periodo, a razón de 0.8,000. promedio para su organización e implementación.

**FOLLETOS Y PUBLICACIONES:**

Provisiona gastos para la impresión de 4 folletos trimestrales, cartas informativas mensuales y memoria anual de labores.

**SUSCRIPCIONES Y MEMBRESIAS:**

Provisiona costos de membresía locales, internacionales y suscripciones a revistas y periódicos locales.

**ASESORIAS Y CONSULTORIAS:**

Provisionan trabajos de asesorías para asistir en formulación de proyectos, y asistencia legal y además contiene consutorías especializadas para apoyo en Asistencia Técnica y Jurídica, a razón de 8/hora/mes.

**AUDITORIAS EXTERNAS:**

Provisiona trabajos de auditorías para la preparación de los Estados Financieros anuales y para asistir en apoyo a la Contabilidad de la Empresa.

**MOBILIARIO, Y EQUIPO:**

Provisiona principalmente la adquisición de mobiliarios y equipos para Asistencia Técnica y otros Departamentos según detalle adjunto.

DMO/RLC- JULIO-04-88  
PRESU-FI.N89

## Attachment 6

## PLANIFICACION ESTRATEGICA QUINQUENAL

## DISTRIBUCION FINANCIERA DE PRESUPUESTOS DE INGRESOS Y EGRESOS:

## PRESUPUESTOS DE INGRESOS

| FUENTE              | 1988-89         | 1989-90 | 1990-91 | 1991-92   | 1992-93 |
|---------------------|-----------------|---------|---------|-----------|---------|
|                     | M I L L O N E S |         |         | QUETZALES |         |
| MINISTERIO FINANZAS | 2,000.          | 2,800.  | 2,200.  |           |         |
| P A C T             | 1,047.50        | 1,073.  | 900.    |           |         |
| I A F               | 130.            | 200.    | 250.    |           |         |
| A I D               |                 |         |         | 4,000.    | 4,000.  |
| CANADA              |                 | 500.    | 650.    | 800.      | 900.    |
| P N U D             |                 | 200.    | 250.    | 300.      | 350.    |
| FONDOS EUROPA       |                 |         | 800.    | 900.      | 1,200.  |
| FONDOS PROPIOS      | 300.            | 316.    | 339.    | 402.      | 435.    |
| T O T A L....       | 3,477.50        | 5,089.  | 5,389.  | 6,402.    | 6,885.  |

## PRESUPUESTO DE EGRESOS

| FUENTE                        | 1988-89         | 1989-90 | 1990-91 | 1991-92   | 1992-93 |
|-------------------------------|-----------------|---------|---------|-----------|---------|
|                               | M I L L O N E S |         |         | QUETZALES |         |
| DONACIONES PARA<br>DESARROLLO | 627.50          | 1,276.  | 1,449.  | 1,852.    | 1,900.  |
| ASISTENCIA TECNICA            | 350.            | 375.    | 900.    | 850.      | 950.    |
| PROGRAMAS PRODUC-<br>TIVOS.   | 1,500.          | 2,348.  | 2,500.  | 2,900.    | 3,035.  |
| PROGRAMAS ASISTEN-<br>CIALES. | 50.             | 100.    | 120.    | 305.      | 400.    |
| ADMINISTRACION                | 350.            | 390.    | 420.    | 495.      | 600.    |
| TOTAL.....                    | 3,477.50        | 5,089.  | 5,389.  | 6,402.    | 6,885.  |

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**INITIATION PLAN. JULY 1, 1988 - JUNE 30, 1989**

| ACTION   | PERSON RESPONSIBLE   | TOTAL ANNUAL COST                              | FUNDING SOURCE                                | TARGET DATE   | COMMENTS  |
|--|--|--|---|---|---|
| nal + Hire:<br>1) Small Projects (For Caps) Director.<br>2) 3rd. Project Analyst<br>3) Financial Assistant<br>4) Assist. Acctnt.   | Executive Director (E.D.) with Board<br>(R) Approval                   | 10,000.<br>7,000.<br>10,000.<br>3,600.         | Budget Item 1.2.4                             | 07-15-88<br>10/88<br>10/88<br>01/89                     | Asst. Accountant. will be needed only when Q.5,000,000 begins to arrive.  |
| + Approve 88-9 Budget.<br>+ Conclude Negotiations Min. Fin. Q.2,000,000.<br>+ Begin Negotiations for Q.5,000,000.<br>+ Prepare Financial Reports R, AID, PACT<br>+ Computerization of Financial management system<br>- Purchase Hard and Software.<br>- Program. | B<br>R + E.D.<br>R + E.D.<br>E.D., Acctnt.<br>E.D.; local consultants. | ----<br>----<br>----<br>----<br>3,500<br>2,400 | ----<br>----<br>----<br>----<br>1.1.3<br>3.3. | 07/88<br>07/88<br>08/88<br>Quarterly.<br>10/88<br>01/89 | Budget has been already prepared by E.D.<br>Agreement has been signed "Letter of Understanding" being developed. Will begin only when 1st. Agreement, becomes operative.<br>B. Treasurer must give approval<br>2 Computers and Hard Disk, Large Printer necessary to complete existing equipment. |
| + Design Fund Raising Plan<br>+ Prepare Materials<br>+ Identify possible Donors (UNDP; WR; IDB; Foreign Gov/ts)<br>+ Visit local Reps.<br>+ Prepare project proposals for funding.   | PACT, R, E.D. and consul-  | 4,000<br>2,000<br>----<br>----<br>----         | 3.3<br>3.4<br>1.3<br>----<br>----             | 09/88<br>10/88<br>09/88<br>10/88<br>11/88               | Once plan is Developed, preparation of specific materials will be continuous.   |

NA

**IMPLEMENTATION PLAN. JULY 1, 1988 - JUNE 30, 1989**

| PROJECT ITEM   | ACTION   | PERSON RESPONSIBLE                           | TOTAL ANNUAL COST | FUNDING SOURCE     | TARGET DATE                          | COMMENTS  |
|--|--|--|-------------------|--------------------|--------------------------------------|---|
| II. TRAINING & TECHNICAL ASSISTANCE.<br><br>A) TO PVOs | + Review Needs survey with INCAE   | INCAE, PACT E.D. & T.A. Coordinator (T.A.C.) | 2,000.            | 3.3 & 3.4          | 07/88                                | Events with local and international Assistance are to be included in the program design.<br><br>Seminars on these topics have been given, and participants are awaiting follow-up.<br><br>Funding source will depend on type of Assistance Requested. |
|  | + Design Program   | T.A.C. & Con-                                | 4,000             | 3.3 + 3.4          | 07/88                                |   |
|  | + Organize 6 new workshops; seminars, and courses<br><br>- Participatory Sectoral workshops.<br>- Mutual learning workshops<br>- Formal seminar and courses. | T.A.C.                                       | 50,000            | 2.1.1 & 2.1.2      | 09/88<br>07/89                       |   |
|  | + Follow - up seminars<br>- Project Formulation<br><br>- Fund Raising<br>- Small Enterprise<br>- Health  | T.A.C. and Consultants.                      | 12,000            | 2.1.2.             | 08/88<br>09/88<br><br>10/88<br>11/88 |   |
|  | + Specific Technical Assistance to ten institutions.   |  | 8,000             | 2.1.1, 3.3 and 2.3 | 08/88                                |   |
| B) TO ASINDES STAFF                                    | + Training To Board in:<br><br>- Strategic Planning and definition of roles.<br>( 1 training visit for 2 persons; 1 course per 2 persons).                   | Consultants                                  | 10,000            | 2.2.1 and 2.2.2    | 02/88                                | International training visit, probably to Cali.   |
|  | - Fund Raising (1 course x 2 persons; consultants)   | Boards of - other institutions..             | 5,000             | 2.2.2. & 3.3.      | 04/88                                |   |
|  | - Admin and Organization   | Intern. Training institutes.<br>Consultants  | 5,000             | 3.3                | 09/88-<br>07/89                      |   |
|  |  |  |                   |                    |                                      |   |

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**IMPLEMENTATION PLAN. JULY 1, 1988 - JUNE 30, 1989**

| PROJECT ITEM                        | ACTION   | PERSON RESPONSIBLE                                  | TOTAL ANNUAL COST | FUNDING SOURCE   | TARGET DATE            | COMMENTS   |
|-------------------------------------|--|---|-------------------|------------------|------------------------|--|
|                                     | + To E. D. in:   |   |                   |                  |                        |  |
|                                     | - Strategic Management & financial Planning (1 course)                                     | E.I.L., or other intern. training institute (I.T.I) | 6,000             | 2.2.2.           |                        | Probably an international course along E.I.L. lines.                         |
|                                     | - Exposure to NGO problems & Themes (1 course and/or international event)                  | I.T.I. or Int. congress.                            | 3,000.            | 2.2. & 2.2.2.    | sometime in early /89. |  |
|                                     | + To Staff in:   |   |                   |                  |                        |  |
|                                     | - Computerization (1 course x 6 persons)   | Local Consultants.                                  | 2,000             | 2.2.2 or 3.3     | 10/88                  | There are a wide range of National and international options to choose from. |
|                                     | - Project analysis (1 course x 3 persons and or visit x 3 persons)                         | I.T.I. or Staff of - other support organization.    | 10,000            | 2.2.2.           | early/89               |  |
|                                     | - T.A. techniques for T.A.C. (2 courses)   |   | 6,000             | 2.2.2.           | Late/88<br>Mid and 89. |  |
|                                     |  |   | \$\$              |                  |                        |  |
| (II). FINANCIAL ASSISTANCE TO NGOs. | + Process and Fund approx. 20-25 medium sized projects at an average of \$.40,000/project. | Analysts, Project selection Committee. PSC          | 720,000.          | Min. Fin of GIG. | Finish by 04/89        |  |
| 1) Project Funding.                 | • Develop approval and monitoring system for small projects.                               | B. E.D., small projects administrator (SPA).        | -----             | -----            | 08/88                  | Probably a version of the SDF process.                                       |

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**IMPLEMENTATION PLAN, JULY 1, 1988 - JUNE 30, 1989**

| PROJECT ITEM           | ACTION  | PERSON RESPONSIBLE   | TOTAL ANNUAL COST                          | FUNDING SOURCE                                    | TARGET DATE  | COMMENTS   |
|------------------------|---|--|--|---|--|--|
|                        | + Process and fund 30-40 small projects for CAPS returnees and other community leaders, averaging \$ 5-6,000/project.<br>+ Monitoring and evaluation of:<br>- 15 projects already funded.<br>- The 20-25 new medium sized projects.<br>- 30-40 small projects<br>+ Develop and Install Project Tracking System. | E.D., SPA<br><br>Analysts.<br>Analysts.<br>SPA, Local monitors.<br>Consultants, D.E., analysts | \$\$<br>200,000<br><br>---<br>---<br>6,400 | 2.5<br><br>1.1, 1.2<br>1.3.<br>" " " "<br>1.1,3.3 | Finish by 07/89<br><br>Continuous<br>" "<br>01/89. | These are expected to be mostly infrastructure projects.<br><br><br>The monitoring of the CAPS project will involve the training and use of local monitors from among the CAPS returnees.  |
| ) Mini-Grants.         | + Review and distribute Guidelines. <i>on basis of evaluation.</i><br>+ Process Approx. 10 Mini-Grants.   | R, E. D.<br>R, E. D., TAC  | ---<br>10,000                              | ---<br>2.3  | 07/88<br>to 07/89                                  |  |
| ) Project Coordination | + Move from Project to Program orientation.<br>-Sectoral Studies<br>-Sectoral seminars.<br>-Sectoral funding<br>-Field Coordination through members.  | Consultant<br>TAC, "<br>Analysts, E.D.<br>TAC, Analysts<br>E.D.                                | 4,000<br>---<br>?<br>2,000.                | 3.3<br>---<br>?<br>2.1.2.                         | 03/89<br>08/88<br>07/89<br>---                     | This theme will be one of the focuses of the PVO training program.<br><br>ASINDES will try to develop at least one coordinated sectoral program and find outside funding for it. Field coordination will be part of the follow-up to sectoral workshops. |

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**IMPLEMENTATION PLAN. JULY 1, 1988 - JUNE 30, 1989**

| PROJECT<br>ITEM                           | ACTION   | PERSON<br>RESPONSIBLE  | TOTAL<br>ANNUAL<br>COST | FUNDING<br>SOURCE | TARGET<br>DATE                           | COMMENTS  |
|---|--|--|-------------------------|-------------------|--|---|
| IV. COMPUTER-<br>IZATION                  | + Develop member<br>data bank<br><br>+ Project Data Bank<br><br>+ Financial Management system.                           | E.D., Analysts,<br>TAC., and<br><br>Consultants.                     | 6,400.                  | 1.1, 3.3          | 01/88                                    | Programs will be installed by target date, followed by gradual loading of data. |
| V. EVALUATIONS<br>& LESSON -<br>LEARNING. | + Introduce Evaluation<br>methodology<br><br>+ Evaluations of completed<br>projects.<br><br>+ Introduce Learning Program | PACT, E.D.,<br>Analysts.<br><br>Analysts.<br><br>PACT, E.D.,<br>TAC. | ----                    | ----              | 08/88<br><br>09/88<br>07/89<br><br>02/89 | Learning program. will consist in disseminating data gathered from evaluations. |

## Attachment 8

## REGISTRO DE INGRESO

| LIST OF PROPOSALS REGISTERED IN ASINDES-ONG |                |  |  |                                |        |        |        |             |              |  |
|---|----------------|--|--|--------------------------------|--------|--------|--------|-------------|--------------|--|
| DATE  | RECEPTION CODE | NAME OF PROJECT  | INSTITUTION  | AMOUNT REQUESTED               | STATUS | PROFIL | PROJEC | PROCESSEYES | APPROVED NOT | OBSERVATIONS                                   |
| 09-23-86                                    | 1              | Marketing Center for PVO Clients   | Partners for Productivity  | Q.1.325.000,00<br>\$500.000,00 | xx     |        |        |             |              | Rejected                                       |
| 10-02-86                                    | 2              | Cursos Intensivos de Capacitación Comunitaria                              | Institut of Cultural Affairs   | 0.59.343,00<br>\$22.394,00     | xx     | xx     | xx     | xx          |              | Amount approved<br>62,478 Q<br>23,578 \$       |
| 10-08-86                                    | 3              | Filosofía de la Liga de Leche  | Liga de Leche  | 0.37.501,00<br>\$14.074,00     | xx     |        | xx     |             |              | Rejected                                       |
| 10-13-86                                    | 4              | Modernización del Centro Productor de bovinas Pecuarias Familias Cuniculas | DIGESEPE   | 0.21.766,00<br>\$8.214,00      | xx     |        | xx     |             |              | Rejected                                       |
| 10-13-86                                    | 5              | Artisanal Textil   | Redh Integral  | 0.98.681,00<br>\$37.238,00     | xx     | xx     | xx     | xx          |              | Amount Approved<br>Pact 120,000 Q<br>45,283 \$ |
| 10-27-86                                    | 6              | Ampliando la Participación de la mujer en Empresas Productivas             | Fundación para el Desarrollo de la Mujer                                 | 0.59.535,00<br>\$22.466,00     | xx     | xx     | xx     | xx          |              | In Out   |
| 10-28-86                                    | 7              | Desarrollo Rural Integrado   | Movimiento de Reconstrucción Rural                                       |                                | xx     | xx     | xx     | xx          |              | Amount Approved<br>60,000 Q<br>22,642 \$       |
| 10-31-86                                    | 8              | Construcción del Estadio Las Rosas   | Asociación para el Desarrollo de Baja Verapaz                            | 0.10.000,00<br>\$3.774,00      | xx     |        | xx     |             |              | Rejected                                       |
| 10-31-86                                    | 9              | Impulso Cestero de la Cooperativa el Despertar                             | Fundación de Reconstrucción Humana y Desarrollo Integral (REDH INTEGRAL) | 0.100.041,00<br>\$37.751,00    | xx     |        |        |             |              | Pending  |
| 10-31-86                                    | 10             | Proyecto de Agua Potable   | Fundación Guatemalteca para el Desarrollo Carroll Behrhorst              | 0.379.533,00<br>\$143.220,00   | xx     |        | xx     |             |              | Pending  |
| 11-10-86                                    | 11             | Fomento de Pequeña Empresa   | Partners for Productivity  | 0.265.000,00<br>\$100.000,00   | xx     |        | xx     |             |              | Rejected                                       |
| 11-13-86                                    | 12             | Desarrollo Comunal   | Hogar y Desarrollo   | 0.59.787,00<br>\$22.561,00     | xx     |        |        |             |              | Pending  |

REGISTRO DE INGRESO

|          |    |   |   |                              |    |    |    |   |
|----------|----|---|---|------------------------------|----|----|----|---|
| 12-15-86 | 13 | Centro Experimental para la Formación y Capacitación de Promotores Agrícolas                | Instituto para el Desarrollo Economico Social de A.C. | 0.44.817,00<br>16912         | xx | xx | xx | Amount Approved<br>47,913 Q<br>18,080 \$  |
| 12-10-86 | 14 | Micro Empresas Rurales  | Asociación Los Mayas                                  | 0.58.500,00<br>\$22.075,00   | xx | xx |    | Rejected                                  |
| 12-13-86 | 15 | Pequeña Empresa Artesanías Varias   | Asociación Cristiana de Jóvenes                       | 0.126.456,00<br>\$47.715,00  | xx | xx | xx | Rejected for CSP                          |
| 12-13-86 | 16 | Pequeña Empresa Vacas Lecheras  | Asociación Cristiana de Jóvenes                       | 0.43.750,00<br>\$16.509,00   | xx | xx | xx | Rejected for CSP                          |
| 12-15-86 | 17 | Proyecto Agropecuario   | Misión Adventista del 7o. Día                         | 0.60.000,00<br>\$22.642,00   | xx | xx | xx | Rejected for CSP                          |
| 12-16-86 | 18 | Taller Escuela Mecánica Automotriz  | Córitas Arquidiocesana                                | 0.226.914,00<br>\$85.628,00  | xx |    |    | Pending                                   |
| 12-16-86 | 19 | Centro Desarrollo Comunitario Integral  | Fe y Alegría  | 0.520.000,00<br>\$196.226,00 | xx |    |    | Pending                                   |
| 12-16-86 | 20 | Instituto de Producción y Capacitación  | Fe y Alegría  | 0.263.000,00<br>\$99.245,00  | xx |    |    | Pending                                   |
| 12-17-86 | 21 | Programa de Capacitación  | Comité Central Menonita                               | 0.15.000,00<br>\$5.660,00    | xx |    |    | Pending                                   |
| 12-18-86 | 22 | Programa de Consecución de Empleo   | Comité Central Menonita                               | 0.12.000,00<br>\$4.528,00    | xx |    |    | Pending                                   |
| 01-23-87 | 23 | Pequeña Empresa Productoras de Sal  | DEFANCO   | 0.52.000,00<br>\$19.623,00   | xx | xx | xx | Amount Approved<br>59,850 Q<br>22,585 \$  |
| 02-16-87 | 24 | Ampliando la Participación de la Mujer en Empresas Productivas                              | Fundación para el Desarrollo de la Mujer              | 0.28.680,00<br>\$10.823,00   |    | xx | xx | Amount Approved<br>30,324 Q<br>11,443 \$  |
| 02-18-87 | 25 | Producción de Pashte  | FUNDACEDI   | 0.120.000,00<br>\$45.283,00  | xx | xx | xx | Amount Approved<br>120,000 Q<br>45,283 \$ |
| 02-19-87 | 26 | Asesoría Técnica en Aspectos Agrícolas, Pecuarios y Nutricionales a la Comunidad de Chichoy | Fundación Carroll Behrhorst                           | 0.2.737,00<br>\$1.033,00     | xx | xx | xx | Amount Approved<br>2,737 Q<br>1,033 \$    |
| 02-27-87 | 27 | Proyecto Agrícola Cerro de Oro  | Asociación Cerro de Oro                               | 0.27.700,00<br>\$10.453,00   | xx |    |    | Pending                                   |

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REGISTRO DE INGRESO

|          |    |   |   |                              |    |    |    |    |  |   |
|----------|----|---|---|------------------------------|----|----|----|----|--|---|
| 02-27-87 | 28 | Impulso Agrícola Ramot  | Fundación para la Pequeña Empresa           | 0.60.000,00<br>\$22.642,00   | xx |    |    |    |  | Pending                                   |
| 02-09-87 | 29 | Granjas Comunes   | Asociación Pequeños Agricultores            | 0.20.000,00<br>\$7.547,00    | xx |    |    |    |  | Pending                                   |
| 01-25-87 | 30 | Impulso Talleres Productivos  | Alberque Juvenil José Gilberto Flores Vides | 0.120.000,00<br>\$45.283,00  | xx | xx | xx | xx |  | Amount Approved<br>120,000 0<br>45,283 \$ |
| 02-18-87 | 31 | Bombeo de Agua con Gasificador  | CEMAT                                       | 0.23.252,00<br>\$8.774,00    | xx |    |    |    |  |   |
| 03-10-87 | 32 | Habilitación Capacidad Productiva, Módulos de Riego, San Miguel Conacaste               | Cooperativa el Conacaste, R.L.              | 0.170.457,00<br>\$64.323,00  |    | xx |    |    |  | Pending                                   |
| 03-10-87 | 33 | Capacitación Promotores Rurales   | Visión Mundial                              | 0.139.524,00<br>\$52.651,00  | xx |    |    |    |  | Pending                                   |
| 03-11-87 | 34 | Ampliación de Acueducto   | Comunidad el Terrero y Corral Chiquito      | 0.171.040,00<br>\$64.543,00  | xx |    |    |    |  |   |
| 02-11-87 | 35 | Formas Asociativas de Producción  | FEDECOAG                                    | 0.50.000,00<br>\$18.868,00   |    | xx |    |    |  | Pending                                   |
| 03-16-87 | 36 | Incremento Actividad Pesquera   | Cooperativa Tesoro del Mar                  | 0.50.000,00<br>\$18.868,00   | xx |    |    |    |  | Pending                                   |
| 02-03-87 | 37 | Empresa Exportadora de Verduras Frescas y Congeladas                                    | AC'UALA                                     | 0.800.000,00<br>\$301.887,00 |    | xx | xx |    |  | Processed for<br>120,000 0<br>45,283 \$   |
| 03-16-87 | 38 | Fortalecimiento Institucional y Fondo Rotativo para la Siembra de Hortalizas Familiares | Asociación de Beneficiencia Cristiana       | 0.120.000,00<br>\$45.283,00  | xx | xx | xx | xx |  | Amount Approved<br>120,000 0<br>45,283 \$ |
| 03-16-87 | 39 | Incrementar la actividad Pesquera en Guatemala  | Cooperativa Las Lisas                       | 0.50.000,00<br>\$18.868,00   | xx |    |    |    |  | Pending                                   |
| 03-17-87 | 40 | Graneros Comunes  | Comunidad Santa María Ixtahuacán            |                              | xx |    |    |    |  | Pending                                   |
| 06-01-87 | 41 | Fortalecimiento Institucional y Aprovechamiento de Areas Marginales                     | Asociación Cristiana de Jóvenes             | 0.120.000,00<br>\$45.283,00  | xx | xx | xx | xx |  | Amount Approved<br>120,000 0<br>45,283 \$ |
| 07-15-87 | 42 | Introducción de Agua Potable  | Visión Mundial Internacional                | 0.45.000,00<br>\$16.981,00   |    | xx | xx | xx |  | Amount Approved<br>45,000 0<br>16,981 \$  |





## Attachment 9

List of Projects Approved

| <u>Institution</u> | <u>Project</u>                         | <u>Date Approved</u> | <u>Amount Approved</u><br>(Life of Project) | <u>Period of</u><br><u>Project</u> |
|--------------------|--|----------------------|---|------------------------------------|
| ICA                | Training Courses                       | 2/23/87              | 62,448                                      | 2 years                            |
| IDESAC             | Training Ag. Promoters                 | 3/7/87               | 47,913                                      | 1 year                             |
| BEHRHORST          | Community Work: Chichoy                | 3/5/87               | 2,737                                       | 6 months                           |
| FUNDACEDI          | Production of Pashte                   | 3/19/87              | 120,000                                     | 2 years -                          |
| MGRR               | Intergrated Rural Development          | 3/26/87              | 60,000                                      | 1 year                             |
| F.D.M.             | Women in Small Enterprises             | 3/27/87              | 30,324                                      | 1 year                             |
| DEFAMCO            | Small Producers of Salt                | 4/7/87               | 59,580                                      | 1 year                             |
| REDH               | Artesan Textile Production             | 4/9/87               | 120,000                                     | 2 years                            |
| ALBERGUE JUVENIL   | Support/Equip Workshops                | 4/9/87               | 60,000*                                     | 2 years                            |
| A.C.J              | Operation Support                      | 8/11/87              | 120,000                                     | 2 years                            |
| ABC                | Operations Support and Planting Credit | 8/14/87              | 60,000*                                     | 2 years                            |
| C.C.F.             | Operation Support Micro Enterprises    | 10/13/87             | 120,000                                     | 2 years                            |
| NUEVOS HORIZONTES  | Construction of Housing                | 10/14/87             | 13,158                                      | 6 months                           |

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| <u>Institution</u> | <u>Project</u>             | <u>Date Approved</u> | <u>Amount Approved</u> | <u>Period of Project</u> |
|--------------------|----------------------------|----------------------|------------------------|--------------------------|
| FE Y<br>ALEGRIA    | Improve<br>Training Center | 10/21/87             | 60,000                 | 1 year                   |
| TOTAL              |                            |                      | 981,460                |                          |

\*An additional Q60,000 is approved for obligation when funds are available.

## Attachment 10

## PROJECTS FUNDED 1987-1988

PAGE # 1

| INSTITUCION            | PROJECT TITLE AND TYPE   | LOCATION                    | BENEFICIARIES              | AMT ASINDES \$ | COUNTER PART | STARTING DATE | DURATION (years ) | COMMENTS.                                       |
|------------------------|--|-----------------------------|----------------------------|----------------|--------------|---------------|-------------------|---|
| 1)<br>ICA              | "Capacitación Comunitaria"<br><u>Training: Community Leaders in Project Identification and Implementation.</u> | San Miguel Conacaste        | 150 Community Leaders      | 23,097         | 11,548       | 3-1-87        | 1 Year renewable  |   |
| 2)<br>REDH<br>INTEGRAL | "Textil Artesanal"<br><u>Handcraft production by highland widows.</u>  | 15 Aldeas Chichicastenango. | 350 widows                 | 22,000         | 10,000       | 5-1-87        | 1 Year renewable  | Revolving Loan fund. Market limitations.        |
| 3)<br>M.G.R.R.         | "Desarrollo Rural Integrado"<br><u>Integral Rural Development.</u>   | 16 Aldeas, Izabal           | 1,200 rural families       | 22,000         | 43,134       | 3-1-87        | 1 Year            | Revolving loan fund if renewed                  |
| 4)<br>IDESAC           | "Centro Experimental" Agricultural<br><u>Training and Extension</u>  | San Rafael, Sacatepequez    | 93 rural community leaders | 19,165         | 19,220       | 4-1-87        | 1 Year            |   |
| 5)<br>DEFANCO          | "Empresas Productores de sal"<br><u>Production and marketing of salt</u>                                       | Sipacate Escuintla          | 10 families                | 22,375         | 23,290       | 4-1-87        | 1 Year            | Revolving loan fund. Extension: fall in prices. |
| 6)<br>BEHRHORST        | "Asistencia Pecuaria <u>Training</u> "<br>highland widows in goat herding.                                     | Chichoy Chimaltenango.      | 72 highland widows         | 1,095.         | 375.         | 3-6-87        | 1/2 Year          |   |

## PROJECTS FUNDED 1987-1988

PAGE # 2

| INSTITUCION              | PROJECT TITLE AND TYPE   | LOCATION   | BENEFICIARIES | AMT ASINDES \$ | COUNTER PART | STARTING DATE | DURATION (years ) | COMMENTS.                       |
|--------------------------|--|--|---------------|----------------|--------------|---------------|-------------------|---------------------------------|
| 7)<br>FUNDACEDI          | "Producción de Pashte" <u>Production and Commercialization of pashte.</u>                        | El Isote, Taxisco Santa Rosa                       | 25 families   | 24,000         | 3,000        | 3-1-87        | 1 Year renewable  | Revolving loan fund. Extension. |
| 8)<br>F.D.M.             | "Participacion de la Mujer en Empresas productivas" <u>Small and Micro-enterprise for women.</u> | 5 Sub-projects Zacapa (3) Sololá (1) Guatemala (1) | 10 families   | 10,908         | 5,560        | 3-1-87        | 1 Year            | Revolving loan fund.            |
| 9)<br>Albergue Juvenil.  | "Talleres Productivos" <u>Vocational Training for orphans</u>                                    | Quetzaltenango.                                    | 305 youth     | 24,000         | 10,000       | 9-1-88        | 1 Year renewable  |                                 |
| 10)<br>A.C.J.            | "Aprovechamiento de Tierras Marginales" <u>Reforestation</u>                                     | Tierra Nueva, Guatemala                            | 100 families  | 24,000         | 4,000        | 8-17-87       | 1 Year renewable  |                                 |
| 11)<br>A.B.C.            | "Siembra de Hortalizas". <u>Production of vegetables on family farms.</u>                        | Villa Canales Guatemala                            | 60 families   | 24,000         | 6,000        | 8-17-87       | 1 Year renewable  | Revolving loan fund.            |
| 12)<br>Vision Mundial    | "Agua Potable" <u>Potable water</u>  | Acatenango Chimaltenango                           | 490 families  | 18,000         | 33,828       | 10-1-87       | 1/2 Year          |                                 |
| 13)<br>Nuevos Horizontes | "Construccion de Viviendas" <u>Housing Construction.</u>   | Salamá, Baja Verapaz                               | 20 families   | 5,263          | 34,560       | 10-1-87       | 1/2 Year          |                                 |

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| INSTITUCION             | PROJECT TITLE AND TYPE  | LOCATION                                       | BENEFICIARIES | AMT ASINDES \$ | COUNTER PART | STARTING DATE | DURATION (years)    | COMMENTS. |
|-------------------------|---|--|---------------|----------------|--------------|---------------|---------------------|-----------|
| 14)<br>Nueva Vida       | "Capacitación Pequeños Empresarios"<br><u>Training for Small and Micro-entrepreneurs.</u> | 61 projects<br>15 Departments                  | 196 persons   | 24,000         | 1,000,000.   | 10-1-87       | 1 Year<br>renewable |           |
| 15)<br>Fé y Alegría.    | "Centros 5 y 10"<br><u>Vocational Training &amp; Agricultural Training</u>                | Ciudad Guatemala;<br>El Jocote,<br>Chiquimula. | 208 persons   | 24,000         | 42,640.      | 11-1-87       | 1 Year              |           |
| 16)<br>REFDH            | 2nd Year Renewal  |  |               | 24,000         | 10,000       |               |                     |           |
| 17)<br>FUNDACEDI        | " " "   |  |               | 24,000         | 3,400        |               |                     |           |
| 18)<br>Albergue Juvenil | " " "   |  |               | 24,000         | 24,734       |               |                     |           |
| 19)<br>A.C.J.           | " " "   |  |               | 24,000         | 4,000        |               |                     |           |

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PROJECTS FUNDED 1987-1988

| INSTITUCION       | PROJECT TITLE AND TYPE | LOCATION | BENEFICIARIES | AMT    | ASINDES | COUNTER PART | STARTING DATE | DURATION (years) | COMMENTS.      |
|-------------------|------------------------|----------|---------------|--------|---------|--------------|---------------|------------------|----------------|
| 20)<br>A.B.C.     | 2nd Year Renewal       |          |               | 24,000 |         | 6,649.       |               |                  |                |
| 21)<br>Nueva Vida | " " "                  |          |               | 24,000 |         | 1,263,000    |               |                  | Total: 431,903 |

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Attachment 11

LIST OF TECHNICAL ASSISTANCE EVENTS

| <u>Subject</u>                   | <u>Dates - (all 1987)</u> | <u>No. of Attendees</u> |
|----------------------------------|---------------------------|-------------------------|
| Seminar: Fund Raising            | 6/11-12                   | 17                      |
| Seminar: Project Supervision     | 6/25-26                   | 29                      |
| Seminar: Project Formulation     | 8/4-11                    | 22                      |
|                                  | 8/14                      | 15                      |
| Seminar: Networking; <u>FORO</u> |                           |                         |
| <u>Inovacion 1987</u>            | 10/5-9                    | 63                      |
|                                  | -----                     | -----                   |
| TOTAL:                           | 18 days                   | 146                     |

Appendix D

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HONDURAS - FOPRIDEH

Appendix D

Honduras - FOPRIDEH

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## A. BACKGROUND

### 1. Development and Purposes of FOPRIDEH

a. Development. The Federation of Private Development Organizations of Honduras (FOPRIDEH) was founded in November 1982 by a group of eleven private development organizations (PDOs)\* to represent, coordinate and encourage dialogue among the private development community working in Honduras. The organization grew out of the interchange which occurred in a series of Honduran NGO conferences beginning in November 1981.

The organization of FOPRIDEH as a coordinating body followed two earlier efforts to coordinate partial sectors within the Honduran NGO community which eventually failed, mired in internal disputes and political controversy: in the 70's, CEDEN (Evangelical Committee for Development and National Emergency) attempted to coordinate refugee assistance; and a group of Catholic-affiliated NGOs associated with the Social Christian movement founded CONCORDE (Coordinating Council for Development), which functioned from 1971-78.

FOPRIDEH has tried to profit from the lessons of these earlier experiences in its efforts to represent, coordinate and support the NGO sector. It has grown and prospered, greatly expanding its membership and activities; in the process, it has faced both internal issues and those arising from the larger context. These concern its basic purposes and functions, its internal relationships and control, its philosophical identity and direction with regard to the broader socio-political context and its relationship with USAID and other donors. All will be discussed in subsequent sections of this report.

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\* On the use of the terms NGO (non-governmental organization) and PDO (private development organization): NGO is the term used in this report to apply to private, non-profit development organizations as well as to those private organizations engaged in relief and charitable work (while it also applies to cooperatives, unions and others, these are not included the current usage). PDO applies only to organizations predominantly involved in development (though some may also engage in relief activities). PDO is the term used in Honduras both by the PDOs themselves and by FOPRIDEH. Therefore, for the sake of consistency with the other sections of this document, NGO will be used to designate the wider range of organizations, while PDO will be used only to refer to development organizations, excluding those working only in relief or charity, and is used for FOPRIDEH affiliates.

b. Purposes. FOPRIDEH's stated purpose and objectives are to unify its members in support of development objectives; provide for the exchange of experiences and human and material resources; contribute to the development of its affiliates; promote a climate and laws favorable to development and to PDO activities; and facilitate communication and relations between PDOs and Honduran government agencies and other national and international entities interested in Honduras' development.

FOPRIDEH's basic principles require it to eschew discrimination or positions based on partisan politics, religion, ethnicity or nationality; and to respect the freedom of its members to act according to their own legal dispositions.

With regard to its philosophy of development, FOPRIDEH is currently seeking to develop a more precise conceptual framework, which will be discussed later in this report.

## 2. USAID Support for FOPRIDEH

In 1984, FOPRIDEH presented a proposal to USAID/Honduras requesting support to help it function as a coordinating umbrella for PDOs, including funds for training. The USAID Mission saw FOPRIDEH as a ready made vehicle for implementation of an umbrella project, which had been discussed previously within the Mission. The Mission's interest was based on its desire to support an indigenous and coordinated private sector development capability amongst Honduran NGOs and its need for an organization capable of reviewing the innumerable unsolicited proposals from Honduran NGOs which were requiring USAID action.

Consequently, during subsequent discussions, AID proposed the addition to the proposed project of local currency funding to FOPRIDEH for the purpose of supporting local NGO development activities. It should be noted that there was some dissent among FOPRIDEH members as to whether it should engage in funding projects (about which more will be said later in this report); a bylaws change was necessary to enable it to take on this function. A consensus was also reached with the Mission that FOPRIDEH would need extensive outside technical assistance to develop its capabilities both as a coordinator and support mechanism for NGOs and a project funding mechanism.

In March of 1985 the USAID Mission authorized two Operation Program Grants (OPGs) to FOPRIDEH. One was a local currency grant (from ESF funds) of 10 million Lempiras (the equivalent at the time of \$5 million) over a five-year period. The other was a dollar grant of \$500,000 for three years from DA funds to provide technical assistance for creating an institutional framework to allow FOPRIDEH to provide coordination and assistance to NGOs.

The two OPGs have been treated as one for purposes of project reporting and management.

The three components of the combined project are institutional development, development funding activities and administrative support. The institutional development component is funded out of the dollar OPG, plus a small local currency element from the Lempira OPG. As originally structured, it provided for US or third-country training and technical assistance to FOPRIDEH staff and for long- and short-term advisors to FOPRIDEH. The cost of the latter two components is covered by the ESF local currency OPG. Under the development activities component, L8.125 million was to be provided over three years to finance development sub-projects of both member and non-member organizations; the remaining L1.875 million was to cover administrative support--personnel, overhead and capital costs--for the first three years of the project.

The projected end-of-project results for the combined project are as follows: FOPRIDEH will be a fully staffed, equipped and functioning organization with the institutional capacity to fully execute its mandate; FOPRIDEH will have provided financing for an expected 40 to 50 subprojects for a total amount of L8,125,000; and training and technical assistance will have been given to FOPRIDEH's affiliates, enabling the private development community to better serve their beneficiaries. In addition, FOPRIDEH is required to comply with its fundraising plan (which has been incorporated into the grant agreement by a recent amendment) and report regularly on its progress toward self-sufficiency.

After getting off to a slow start--it took the rest of 1985 to satisfy the Conditions Precedent, including setting up accounting and project selection procedures and other systems--FOPRIDEH began to approve projects and was moving money quickly in 1986. In November of 1986 the USAID Controller's Office conducted an administrative/financial analysis which resulted in a number of recommendations regarding FOPRIDEH's accounting and administrative system. These recommendations were acted upon by January 1987; however, the Mission decided to contract for a mid-term evaluation before providing more funds to FOPRIDEH. Because of delays in getting the evaluation underway and FOPRIDEH's need for funds, an interim disbursement of L2 million was made in April 1987. The evaluation finally took place in July 1987. The evaluators did not find any major problems with the two OPGs, but did recommend a number of programmatic changes (see next paragraph), and noted that slow disbursements by the Mission had adversely affected the implementation of the project. As a result, another interim L2 million disbursement was made in August 1987 to permit funding of a backlog of approved projects pending implementation of the evaluation recommendations. An additional L1 million was obligated in November 1987. In order to extend the grant termination dates,

FOPRIDEH was asked to submit plans for impact evaluation of sub-projects, technical assistance and training and attaining self-sufficiency. These plans were presented to the Mission in March 1988 and subsequently accepted.

Through the latest amendments (June 1988) the programmed funds under these OPGs have now been fully obligated and the termination dates have been extended through March 31, 1989 for the dollar OPG and December 31, 1990 for the local currency OPG. A number of program changes have also been made; most were in response to recommendations in the 1987 evaluation. The substantive changes include authorization to use dollar OPG funds to train PDO as well as FOPRIDEH staff, and to use Honduran or Central American as well as US goods and services to do so; the inclusion of new impact evaluation, training/technical assistance and fundraising objectives and plans; permission to FOPRIDEH to use a portion of its local currency funding for loans instead of grants to PDOs; restriction of FOPRIDEH subproject funding only to PDOs and voluntary associations with "personería jurídica" (legal standing); removal of the one-time-only grant restriction; and removal of USAID's veto power over subprojects.

While the purpose of the present evaluation is to analyze comparative experiences of different types of NGO funding and support organizations financed by AID, rather than to evaluate in depth FOPRIDEH or any of the other individual organizations, an effort was made in each case to identify important issues, characteristics and relationships affecting the organization's progress and its relationship with AID. Therefore, this report identifies a number of issues which have affected implementation of the FOPRIDEH OPGs. These issues, as well as the programmatic changes noted above, will be addressed in appropriate sections of this report.

Field work for this evaluation was conducted in Honduras August 17-24. The observations in this report are the result of that investigation, which included interviews with 24 people and visits to beneficiaries of three organizations supported by FOPRIDEH. A list of persons interviewed and visits appears as Attachment 1.

## B. INSTITUTIONAL ORGANIZATION AND EFFECTIVENESS

### 1. Organizational Structure

FOPRIDEH is a legally recognized non-profit civil association. It is a federation of member PDOs and is made up of three governing bodies: the General Assembly, the Board of Directors and the Executive Committee; plus the Finance Committee and other appointed committees and the staff, headed by an appointed Executive Director (see Attachment 2, Organizational Chart).

a. General Assembly. The Assembly is composed of one representative for each member organization, and holds supreme authority within the Federation. It meets twice a year in regular session. Extraordinary sessions may be called as needed.

The functions of ordinary Assemblies are to elect the members of the Board of Directors and the Executive Committee; determine policies and strategies to fulfill FOPRIDEH's objectives; authorize the budget formulated by the Board of Directors; review and decide on recommendations made by the Executive Committee; approve membership applications; approve the appointment of the Executive Director; and deal with other topics of general interest.

Extraordinary Assemblies may be called to modify the bylaws and statutes, transfer property, dissolve the Federation, affiliate with or incorporate other national or international organizations, ratify agreements made by the Board of Directors with national and international organizations, remove members of the Board of Directors or Executive Committee, or deal with other matters deemed by the Board of Directors to be of an extraordinary nature.

Any PDO, national or foreign, which can demonstrate two years' direct field experience implementing projects in Honduras is eligible to apply for membership in FOPRIDEH. At the time of the evaluation, FOPRIDEH had 32 members; at least 5 new members are expected to join by the end of this year (there are currently 92 organizations in Honduras which are classified by FOPRIDEH as PDOs). More than 70% of the members are local PDOs; the remainder are local organizations affiliated with an international PDO or are Honduran branches of US PDOs. Only about 20% of the member PDOs have a religious affiliation. Many of the local PDOs, while small, are reasonably well developed institutionally and have a strong sense of Honduran identity. Over half of the foreign-affiliated PDOs are directed by Hondurans. (See Attachment 3, Membership List).

b. Board of Directors. The Board is the chief executive body of the Federation. It is composed of five members elected by the Assembly: the President, Vice President, Secretary and two ordinary members, one of whom serves as Treasurer; plus the Executive Director, who has a voice but no vote. Members are elected for a period of two years and can be reelected for an additional period.

Members of the current Board were elected in May of 1988; they represent three local and two internationally affiliated PDOs. All of the elected members are Hondurans; three are women. (See Attachment 4).

The Board is empowered to structure and implement the activities necessary to achieve the Federation's objectives; propose norms

and methods for collaboration and cooperation among member organizations; manage the relations of the Federation with the Government, national and international organizations and the general public; present activity reports and financial statements, budgets and other necessary documents to the Assembly for approval; and name the Executive Director and work committees deemed necessary for its activities. The President of the Board is the legal representative of the Federation. He or she may delegate some or all of the functions of the Presidency to the Executive Director (in actual practice the current President has invested the Executive Director with practically all the powers of the Presidency).

c. Executive Committee. The Executive Committee serves as an oversight mechanism and advisory body to the General Assembly as well as an auxiliary to the Board of Directors. It is composed of representatives from five member organizations, elected by the Assembly for a two-year period. They cannot be reelected for consecutive periods. The current members are listed in Attachment 4; they represent four local and one US PDO, and all but the latter are Hondurans. There is currently only one woman representative on the committee.

The functions of the Executive Committee are to assist the Board in the elaboration of reports and evaluations on development issues; advise the Board in determining policies with regard to relations with central and local government and other national and international organizations; prepare position papers on the budget, financial statements and other issues for the General Assembly; and perform audit functions. It meets as necessary.

d. Other Committees. In addition to the legally constituted structure defined above, there is a committee elected by the Assembly under the terms of the AID project to approve subproject proposals (the Financing Committee, or CODEFIN), which will be discussed in section B.6 below; there are also seven advisory committees appointed by the Board to work in specific areas and two ad-hoc sectoral committees (see Attachment 2).

e. Staff. The staff is not part of the formal legal structure of FOPRIDEH; staff members are employed by the Federation to carry out its purposes and activities. The staff is headed by an Executive Director, who is appointed by the Board and approved by the Assembly. As noted above, the Executive Director has been vested with considerable authority by the President.

The staff is organized into three departments: Administration and Accounting, Project Analysis and Monitoring and Special Activities (see Attachment 2). The composition and functions of these departments are discussed in section B.2 below and the appropriate functional sections following.

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f. Relationships and Issues. FOPRIDEH's structure reflects its identity as a federation, in which the membership (the Assembly) has the maximum authority and the member-controlled Board of Directors is the executive body--member control is built into FOPRIDEH's structure. A number of issues relating to control have arisen, affecting relationships among members, and between members, the Board, Executive Committee and staff. FOPRIDEH and its members are currently engaged in trying to clarify and resolve these issues.

Relations among Members. There have been divisions among the member organizations which have at times been reflected in disputes within its governing bodies. The major issues which have divided the membership concern the AID-supported subproject funding program--both whether FOPRIDEH should fund projects and, more specifically, whether it should do it with AID funds; and the larger but closely related issue of FOPRIDEH's basic purpose and direction. Concern has grown that the subproject funding program has dominated the organization to an excessive degree, distracting from its fundamental purposes. The majority consensus was and is that the funding program is desirable and that the AID OPGs gave FOPRIDEH the means to develop as an institution and carry out the representation and coordination functions originally envisaged by the members, by means of the staff and structure supported by the AID funds. Nonetheless, there has been considerable discussion of how to restructure the financing program so as to retain its benefits while minimizing its liabilities (see sections B.3, C.2 and D for further discussion with regard to AID funding). Currently, further discussion of restructuring is awaiting development and approval of an overall conceptual framework for FOPRIDEH, to clarify its objectives and direction (see section B.4 below).

Some comments were made during interviews which indicated there may also be some sense of rivalry between member PDOs and FOPRIDEH for available funds. There is some perception that, if FOPRIDEH gets funds from donors, there will be correspondingly less for its member PDOs. However, the more widespread consensus seems to be that the members receive valuable services from FOPRIDEH and see it as a source of institutional support rather than a rival.

Recommendation - The efforts currently underway to refine FOPRIDEH's conceptual framework and basic direction should clarify its role and position with regard to its member organizations and should endeavor to dispel any sense of rivalry and emphasize services and support to PDOs.

Member/Board Relations. Conflicts have at times affected member/Board relations, including use of the Executive Committee to oppose the Board. This illustrates the fact that the dual Board/Executive Committee structure provides an extra mechanism to facilitate member control, but also lends itself to use in internal conflicts.

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Member/Staff Relations. There is a fairly widespread sense among the member organizations that the staff is too expensive. This seems to be based on at least three different considerations: FOPRIDEH staff are paid more than most PDO staff; members feel that the staff is absorbing funds that could go more directly to benefit the members; and members fear FOPRIDEH will be unable to sustain the current staff when AID funding ends. There is also a strong feeling among member organizations that no new staff should be added, and that both control of the organization and benefit from it, should remain firmly with the members, not the staff. These perceptions have affected personnel policies and management, staff training and the use of the dollar OPG, and have also been at variance with USAID's perceptions that more staff is needed for some functions (see section B.2 below).

Board/Staff Relations. Interviews with both Board and staff members indicated considerable involvement by the Board in the day-to-day affairs of FOPRIDEH. The Board members see this as desirable and as their rightful role; the staff tend to see it as undue interference in administrative matters or as inconsistency on the part of the Board, which has shown a tendency to become involved sporadically or to let things go ahead and decide later if it approves or not. This problem is aggravated by FOPRIDEH's structure, which gives all power to the Assembly and the Board, and does not clearly specify the role of the Executive Director or the staff.

Recommendation - Regulations (reglamentos) should be developed by the Board, in consultation with staff, which clearly define the role, authority and responsibilities of Board and staff. Policies should be defined by the Board to guide staff actions, to avoid inconsistent case-by-case interventions which interfere with both efficiency and morale.

## 2. Personnel

a. Composition and Quality of Staff. FOPRIDEH's staff currently consists of 17 people, 12 of which are in professional, managerial or technical positions. Five of the latter are women, but only one department head is female (Project Analysis/Monitoring). (See Attachment 5).

As noted above, there are three departments. The largest is Project Monitoring and Analysis (DASP), with two analysts and three field supervisors. This department is in charge of subproject analysis and follow-up and also provides project-related technical assistance. The Administrative/Accounting Department is in charge of these functions and also provides technical assistance in these areas to NGOs; in addition to its chief and an assistant, it also includes personnel contracted to administer funds for two large

projects under project management agreements between FOPRIDEH and USAID (PROALMA) in one case and The Population Council in the other (discussed in section B.3 below). The Special Activities Department deals with training and technical assistance to NGOs; it is staffed by a coordinator and an assistant.

While it is generally agreed that the current staff members are competent and qualified, there are, as has been mentioned, varying assessments as to the need for additional staff. The member organizations and Board firmly oppose increasing the staff; the Executive Director maintains that the current staff level is adequate, but that demand for more technical assistance would necessitate more staff; and the USAID Project Officer considers the staff to be too lean, particularly for administering the PROALMA project and developing other reimbursable services and fundraising needed to promote self-sufficiency.

With regard to the PROALMA project (a health project to promote breastfeeding, implemented by the Ministry of Health and National Council on Social Welfare), it appears that the problems involved may have resulted more from the fact that FOPRIDEH took it over in mid-stream and encountered resistance to its intervention from the implementing agencies, than from lack of staff. These problems now seem to have been resolved and grant management appears to be proceeding normally. In any case, any such contract management agreements either do or should pay for the necessary staff; and staff salaries should be covered by the fees charged for other reimbursable services (see section B.3.d for further discussion of such reimbursable services).

The situation is less clear with regard to additional staff for fundraising and technical assistance, since hiring more staff can affect self-sufficiency negatively as well as positively. In view of member concerns, these issues should be addressed in the process of determining FOPRIDEH's future course. Depending on the organizational priorities and structure developed, it may be desirable to reallocate resources among departments rather than to increase the staff, unless staff costs are specifically provided for under existing funding agreements.

b. Personnel Policies and Practices. The major issue with regard to personnel practices concerns salary levels and raises. As noted, the members and Board consider FOPRIDEH's staff to be too highly paid, particularly its managerial staff. Even some staff members concur that salary levels are disproportionate to those paid by member PDOs. The rationale for this is that higher salaries attract and retain more efficient and productive staff. However, it is clear that the member organizations take a different view, and the Board has refused to grant the regular annual raises provided for in FOPRIDEH's personnel policies. The result is that staff salaries have dropped below the amount contemplated

in the AID OPG budget (FOPRIDEH's Executive Director claims that the organization has been functioning for four years on the amount programmed for three) and some staff members, aware of this discrepancy, are resentful. While this has not created serious problems, it is obvious that there should be a clear policy on salary levels and raises rather than ad-hoc decisions. It is also clear that salary levels need to be realistic in terms of sustainability after AID funding ends.

Recommendation - The Board should review salary levels and policies on annual raises, in consultation with the Executive Director and staff. If necessary, the higher salaries might be frozen for a predetermined period, but otherwise a realistic raise policy should be instituted, perhaps varying by salary level. Once a policy has been negotiated on realistic terms in light of probable future resources, case-by-case Board intervention should be avoided.

c. Training. The USAID dollar OPG was originally intended to train FOPRIDEH staff as well as cover the cost of advisors providing technical assistance to FOPRIDEH. The staff training funds were not used as programmed, both because it was difficult to send staff away for training (the grant originally stipulated use of US resources or training) due to work pressures; and because the member organizations objected to training only for FOPRIDEH staff and demanded training for PDO staff as well. Now the OPG funds cover training for both FOPRIDEH and PDO staff, using Honduran or Central American as well as US resources and sites (see the Program section, C.3, for discussion of PDO training). FOPRIDEH staff members are assigned to attend training courses or seminars sponsored by FOPRIDEH or others, but many feel this is insufficient and there should be a more systematic approach to staff training. A specific need expressed was for computer training.

Recommendation - Staff training needs should be assessed and plans to meet them incorporated into the overall training plan for PDOs. Assignment of staff to specific training courses should be determined to the extent possible by the needs assessment. If possible, the most urgent specific staff training needs should be programmed with remaining OPG funds.

### 3. Financial Soundness

a. Operating Expenses. FOPRIDEH's actual operating expenses for the period January 1 through July 31, 1988 totalled L413,646 (\$206,823); operating revenue totalled L278,616 (\$139,308). Operating income (apart from grants received) covered 67% of operating costs for the first half of 1988 (see Attachment 6). Operating expenses took 28% of the total budget during this period. The AID grants now cover the bulk of FOPRIDEH's operating expenses, allowing it to save to help cover expenses when the grants end.

Almost all of FOPRIDEH's operating income during this period was derived from interest on obligated AID subproject funds held on deposit (about 67% of total income) and overhead allowances for project management (30%), consisting of 4.5% on subproject grants and percentages on the PROALMA and Population Council projects handled by FOPRIDEH. Member dues and affiliation fees accounted for only about 2% of income.

With regard to operating expenses, 46% went to salaries and benefits, 31% to training and technical assistance and about 10% to travel expenses.

It is obvious that FOPRIDEH will have a serious problem covering its operating costs when the AID funding ends, given that a large share of its operating income to date has come from interest on AID funds. While FOPRIDEH has gotten maximum benefit from its careful management of these funds, this will inevitably decline sharply as they are disbursed.

The Executive Director currently estimates that if, when AID funding and the income derived from it end, the only program funds are those from IDB and the UN World Food Program (see below), it will be necessary to cut at least one person from the Special Activities department (training) and two from project analysis, as well as support staff, which would mean a drastic cut in services. It would also be necessary to move to a smaller office, and may require recruiting a less expensive Executive Director.

This situation underlines the urgency of finding other sources of income, whether from donors or from reimbursable services, discussed below. Possible further USAID collaboration to help FOPRIDEH cover operating costs is also discussed in the fundraising section below.

**b. Program Funds.** FOPRIDEH's current sources of program funds are the USAID OPGs for subproject funding and training/technical assistance (\$5,500,000 total LOP funding), and an AID grant of L1,700,000 (\$850,000) for the PROALMA project, which is implemented by other agencies under FOPRIDEH administration. FOPRIDEH has also recently received some European donations for training and equipment and a donation of seeds for distribution to NGOs, for a total value of L66,000 (\$33,000).

Thus, virtually all program funds currently are from AID, and these grants will terminate in 12/88 (PROALMA), 3/89 (the dollar OPG) and 12/90 (local currency OPG).

A recent change within the local currency OPG allowed a portion of the funds to be used for loans to PDOs rather than grants (L750,000). FOPRIDEH intends to make more use of loans with the

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IDB and IAF funds it has solicited in order to provide further program funds through repayments and interest. While no income is coming from this source at the moment, it would increase in importance as loan funds grow.

Recommendation - In implementing the loan program care should be taken to allow adequate interest rate spreads so that both FOPRIDEH and the recipient NGO can cover at least their direct costs. Interest rates to beneficiaries should be at market level for the activities financed.

FOPRIDEH has just received notification of preliminary approval of a soft loan from the Inter-American Development Bank (IDB) Small Projects program for L1 million (\$500,000) for a small credit program, with a non-reimbursable component of \$68,000 for technical assistance. Negotiations are also underway with the UN World Food Program to establish a fund to support microenterprise, using monetized food shipments; if approved, this would provide L400-600,000 (\$200-300,000) in program funds to FOPRIDEH. There is also a possibility that this UN grant could serve as counterpart funds to leverage an additional L600,000 program grant from Spain using European Economic Community funds. Other pending proposals for program funding include a request to the Inter-American Foundation for L868,000 for a rotating credit fund and a training center, a proposal to Oxfam for L228,000, and one to the Naumann Foundation for L235,000 (part of which would be for operating costs).

FOPRIDEH has clearly been working hard to get program funds from non-AID sources. However, all the above proposals would provide approximately \$1,784,000, considerably less than the AID funding has provided to date. Therefore, it is very likely that FOPRIDEH's program will be substantially reduced in size and scope when AID funding ends, even in the optimistic case that all current proposals are approved and allowing for the same efficient management of funds to produce maximum interest income that FOPRIDEH has demonstrated with its AID support.

This is occurring as PDO demand for FOPRIDEH support in training and technical assistance as well as project funding is increasing; and at a point when FOPRIDEH has developed the installed capacity to manage subproject approval and monitoring effectively, is taking steps to improve its ability to provide training and technical assistance, and perhaps most important, has made substantive progress in gaining credibility as an organization of and for Honduran PDOs. In order to conserve insofar as possible the capacity and credibility which FOPRIDEH has developed, more program funds must be obtained, which will depend on both fundraising and development of reimbursable services, discussed below, as well as on increased use of loans for subproject funding.

c. Fundraising. With AID-supported technical assistance from PACT in early 1988, FOPRIDEH has developed a plan to diversify its funding base and generate income to help cover its costs. The major elements of this plan, which entered into effect in April 1988 and will run through December 1989, include as a first step, definition of institutional policy (the conceptual framework referred to earlier, discussed in section B.4 below) and, based on this, refinement of the types of projects and activities to be supported. The next steps comprise collection and analysis of data on funding sources, now underway; preparation of descriptive and promotional materials; and visits and proposals to selected international funding sources in the US, Canada and Europe (it is suggested that Japanese and Arab-funded sources also be included). A plan for national fundraising is also included, requiring a prior study of local conditions and possibilities. In addition, the plan emphasizes development of reimbursable services (discussed below) and raises the possibility of obtaining income through productive investments such as an office building (as ACORDE has done in Costa Rica) and/or of benefitting from a debt-swapping agreement between the Central Bank of Honduras and foreign banks.

Currently, fundraising efforts are being handled by the Executive Director and the German long-term advisor (see section B.8 below). The plan contemplates the need for additional staff and/or consultants to carry it out. AID dollar OPG funds have been reprogrammed to help cover the costs of staff and/or technical assistance to implement the plan until 3/89.

As indicated above, FOPRIDEH is already actively engaged in trying to raise funds from sources other than AID, with some success--some European funds have been obtained, in addition to the IDB loan and supporting technical assistance grant, and a number of other proposals are pending, as noted in the foregoing section.

The German advisor has been instrumental in facilitating European fundraising. The Executive Director and the advisor have traveled to Europe, and the contacts made are being pursued. However, European fundraising has been hampered to some degree by political factors--many European donors are unwilling to support programs which have received AID funding. FOPRIDEH is hoping to overcome this reluctance by developing a clear, socially progressive development philosophy, by maintaining ongoing contact and sending a flow of program information to selected donors, and by demonstrating its ability to attract funding from "neutral" sources such as IDB and the UN. In an effort to develop a more independent image, it is also contemplating restructuring its subproject funding program into a semi-autonomous entity with multilateral funding, governed by FOPRIDEH priorities and criteria rather than directly by donors (similar to what HAVA has done in Haiti).

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FOPRIDEH is now following a clear, well-conceived strategy for achieving greater self-sufficiency, with AID support. However, this process got started rather late in the game, in part due to FOPRIDEH's concentration on subproject funding to the detriment of other activities and in part due to a change in emphasis within the USAID Mission (which will be discussed in section D.3 below). While self-sufficiency was always an objective of the OPGs, it received very little emphasis during the first two years of implementation. A USAID policy shift in 1987 resulted in much more attention to this issue and consequently greater pressure on FOPRIDEH to undertake the efforts toward self-sufficiency now underway. However, the larger political context referred to above, together with a deteriorating international economic situation, all beyond the control of either the Mission or FOPRIDEH, have complicated the process. It is not at all clear that FOPRIDEH can attain a sufficient funding level by the time AID assistance ends to avoid serious program cutbacks and loss of its installed capacity unless some other type of support is forthcoming.

Because of its investment in this program and continuing interest in supporting NGO development efforts, and taking into account the delay in serious attention to self-sufficiency and the inadvertent effect USAID support has had in discouraging other donors, it is suggested that USAID may want to consider some means of bridging the gap. While it is clear that USAID policy and priorities preclude extension of the current OPGs, other approaches consistent with its policy and resources may be feasible. The major possibilities would involve further specific subproject funding under one of USAID's existing sectoral programs, an endowment, and/or reimbursable service arrangements such as grant management (the latter will be covered in the next section).

Recommendation - Provided that FOPRIDEH continues intensive efforts, satisfactory to USAID, under its self-sufficiency plan (including local as well as international fundraising), USAID should consider further specific sectoral program funding (with some overhead allowance) to FOPRIDEH; it should also consider the possibility of helping FOPRIDEH obtain income-producing property which would contribute to its operating expenses as well as providing office and program space, such as the training center noted below (if not funded by IAF).

d. Reimbursable Services. FOPRIDEH already charges for some services, such as photocopies, technical assistance, training and project management. However, these have provided very limited income to date.

The self-sufficiency plan includes greater emphasis on such services. A key element in the plan is construction of a training center, for which funds are now being sought. Several donations

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of equipment which could be used in the center have already been received. In addition to using it for its own programs, FOPRIDEH plans to rent this equipment--and would also rent the training center facilities--for training or other purposes consistent with its objectives. In addition, the plan contemplates offering services such as accounting, computer work and project preparation, as well as expanded technical assistance, training and project management services.

Since FOPRIDEH has already established the precedent of charging for at least some of the cost of its services, it is unlikely to encounter resistance in principle from the NGOs. However, there is probably a fairly low ceiling on the amounts which can be charged because of the economic limitations of most local NGOs, so it is unlikely that fees will ever completely cover the costs of all services, particularly training. With careful planning and monitoring, fees for the various services can be balanced so that the more profitable services help cover the deficits incurred by others.

In addition to charging for specific services, FOPRIDEH is also contemplating raising its membership dues, which help cover its services. Member organizations currently pay annual dues of L200 (\$100 at the official rate of exchange; much less at the actual rate). Many member organizations agree that FOPRIDEH needs more support from its members and that dues need to be increased; a level of L500 has been suggested as a first step, rising eventually to L750 or L1,000.

In addition to services to the NGO community, FOPRIDEH seeks to increase its activity in managing projects for donor agencies. Currently, as already noted, FOPRIDEH is managing two such projects, the AID-funded PROALMA project and one for The Population Council. It will derive a total of L283,496 (\$141,748) in income for managing these projects, both of which end in 1988. Because of the indicated limitations on income derived from services to NGOs, managing projects for donor agencies should be pursued to augment income from services. Although there have been difficulties with the PROALMA project, they appear to have been overcome; FOPRIDEH's management of the Population Council project has gone well. Therefore, this existing capability should be used so that the experience gained by the staff in charge is not lost when the current projects sustaining them end.

Recommendation - FOPRIDEH should make intensive efforts to interest other donor agencies in its project management services. Meanwhile, USAID should consider using FOPRIDEH's capacity to manage grants as a means of achieving its objectives of contributing to private development efforts, reducing Mission workload and promoting FOPRIDEH's sustainability.

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e. Financial Controls and Audits. Both the 1987 evaluation and USAID action memoranda recognize that FOPRIDEH has developed adequate financial management procedures. A November 1986 administrative/financial analysis by the USAID Controller's Office identified needed improvements in accounting procedures which were subsequently implemented to USAID's satisfaction. In addition, an independent audit of FOPRIDEH was conducted by the local office of Peat, Marwick, Mitchell & Co. in 1987 with satisfactory results.

#### 4. Institutional Planning and Programming

a. Conceptual Framework. FOPRIDEH's major institutional planning effort is development of a conceptual framework to guide its direction as well as that of its member organizations. This has been referred to in several of the foregoing sections, and in one way or another underlies most of the major issues affecting the Federation.

As already noted, the need for such a framework developed out of the perception that the AID-financed subproject funding program had taken over the organization, to the detriment of the other functions for which it had originally been created. It has also evolved from the growing identification with FOPRIDEH by its member organizations and their sense that FOPRIDEH must be a Honduran institution at the service of Honduran development needs and priorities. FOPRIDEH's need to diversify its funding base and attract European and other donors has also been a factor motivating definition of a clear and appealing philosophy of development.

There is certainly a growing sense of nationalism within the FOPRIDEH membership, probably aggravated by the overall political context; however, the impetus behind FOPRIDEH's search for institutional identity seems to be a desire to resolve its institutional problems and develop a stable organization which can effectively address Honduras' socioeconomic problems, not a desire for political confrontation. Indeed, there is a general recognition, as has been mentioned, that without USAID support neither FOPRIDEH nor many of its member PDOs would have been able to reach current levels of development. The membership now wants to build on this base to develop a more autonomous national development organization.

The process of developing a conceptual framework has been underway for the past several months. A preliminary consensus was developed at an August 1988 meeting attended by representatives of twenty member organizations, and a committee was appointed to draft a document for approval by the next Assembly. Documents developed by local and European organizations, as well as AID, have been used as models.

While it is premature to speculate on the content of this document, it will probably comprise a brief analysis of the situation in Honduras and a general definition of development as human-centered, taking into account the human need to both be and have more and so become more fully human. The specific components of a FOPRIDEH development model are likely to include elements such as the right to work, to social justice, to full participation in society, to independence and to economic growth. It will probably also include strategies to achieve development, such as promoting participation and securing basic needs, and will identify intended beneficiaries.

Whatever the final form and content of this framework, it will serve as the basis for decisions on restructuring the subproject funding program and for implementing the fundraising plan described above and other specific plans noted below. It should also help clarify relations between FOPRIDEH and its member organizations and promote cooperation in working toward clearly understood mutual goals. This effort should be understood as the first step in an ongoing process of institutional planning.

b. Other Plans. In response to the 1987 evaluation and at the urging of USAID, FOPRIDEH has developed three specific components of an institutional development plan for itself and the PDOs. In addition to the self-sufficiency plan described earlier, these include plans for training and technical assistance and subproject impact evaluation, which will be discussed specifically in subsequent sections of this report. These plans should be incorporated into an overall comprehensive plan based on the conceptual framework and translated into specific annual workplans.

Recommendation - Once the conceptual framework is completed, a comprehensive long-term institutional plan and annual workplans should be developed to put its provisions into effect.

## 5. Information Collection and Dissemination

a. Program-Related. A survey of member organizations conducted in 1987 verified the need for improved information services, an area in which activities are just beginning. FOPRIDEH is currently trying to develop a library of books, magazines and audiovisual materials on development and training topics for use by the NGO community, as well as a computerized data bank on both donor institutions, as already noted, and on NGOs operating in Honduras, including program activities. The programming has been completed for this system and it is now ready for data entry. Computerized information would be available to FOPRIDEH and the NGO community, possibly for a fee if it is determined that NGOs are willing to pay for information (although buying information is not yet a widespread concept in Honduras). A funding proposal to

Oxfam to cover some information system costs is still pending. It is important that these activities proceed as quickly as possible.

Other activities relating to dissemination of program information have been limited mainly to publication of a periodic bulletin on development topics, courses and events as well as news of FOPRIDEH and its affiliates. FOPRIDEH has also produced two publications on the characteristics and role of PDOs in development, and the need to develop a development perspective beyond specific project activities. There has also been some press coverage to help in crease public interest in PDO activities.

b. Organizational. Organizational information has been limited to the bulletin and a couple of promotional pieces to date. Once the conceptual framework is approved, it is anticipated that new descriptive and promotional material will be prepared, particularly for fundraising purposes.

#### 6. Subproject Preparation, Review and Selection

This topic was covered exhaustively in the 1987 evaluation and was found to be functioning well. Recommendations for improvement made in the evaluation have been implemented, and a brief review of the process confirmed that it is working effectively. Therefore, it will not be described in detail, but its elements will be summarized in the following sections for comparative purposes. It is possible that these priorities, criteria and procedures may be modified if the subproject financing program is restructured in light of the new conceptual framework, although there are no specific plans to modify them at this time.

a. Objectives and Priorities. The purpose of the subproject funding program is to support PDOs in carrying out their socioeconomic development activities to benefit the marginal urban and rural population. Use of local resources and labor is stressed, as is satisfaction of basic needs.

First priority will be given to projects which increase employment, productivity and income; second priority is given projects which meet health, human resource development or other service needs. All projects should demonstrate some potential for becoming self-sufficient, and should not discriminate on the basis of sex, religion, race or political affiliation. Funded institutions must respect and accept FOPRIDEH's philosophy, principles and objectives.

b. Criteria and Procedures. Eligibility criteria apply to the institution seeking funding, the project itself and the beneficiaries of the project.

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years of experience in development, and are non-profit OPDs or similar institutions with legal standing (personería jurídica) or which are in the process of obtaining it. (Note that this restriction was recently instituted as a result of an evaluation recommendation; previously other types of institutions without personería had been eligible and many have been funded, including beneficiary organizations such as cooperatives and "patronatos"). Membership in FOPRIDEH is not required. Institutions must have sufficient qualified personnel to implement the project; previous experience and evaluations will be taken into account in deciding eligibility.

There is a specific weighting system for distribution of FOPRIDEH resources among different types of applicant institutions, taking into account their experience and capacity, their geographic location, whether they are local or foreign, religious or secular, and members or not.

Project criteria stipulate that projects must be consistent with FOPRIDEH's principles and objectives, be development projects, and be non-sectarian and non-political. Beneficiary participation should be promoted. As noted above, productive projects receive highest priority, and self-sufficiency and replicability are stressed. Projects must meet a real need, and the necessary services and infrastructure must be in place to implement them. Geographic priority areas may be considered, as well as the need to ensure that projects in the same region don't conflict. Counterpart funds are required and their use must be approved.

Beneficiary criteria provide that they must be low income, either rural or urban, of good character and sufficient capacity, and they must participate fully in the project, including identifying the problem and collaborating in its solution. Key socioeconomic variables will be considered, and credit beneficiaries must demonstrate their capacity to repay.

There are no expressed priorities or criteria with regard to gender except prohibition of sex discrimination; participation by women is somewhat low (see Program section).

Recommendation - The statement of priorities and project and beneficiary criteria should stress the importance of trying to reach and include women in funded projects.

Subproject review and analysis is the responsibility of the Project Analysis and Monitoring Department (DASP). Final approval is by the Finance Committee (CODEFIN); however, the Mission states that, in spite of clear stipulations in the grant agreement, the Board of Directors has sometimes also taken a role in project approval, which clearly it should not do. USAID formerly had veto power, giving it final approval rights, but by recent amendment to

the OPG this has been eliminated, in accordance with a recommendation in the 1987 evaluation.

The CODEFIN is made up of the Executive Director (who has a double vote in case of a tie), three representatives of member PDOs (selected by the Assembly), three members of the private/social sector and a USAID representative with voice but no vote. Substitute members are also selected. The CODEFIN meets as required to approve projects, usually monthly.

Briefly, the analysis and approval process comprises the following steps: preliminary discussion of the concept; determination of eligibility and acceptance for analysis based on a project profile and supporting documents; presentation and analysis of a full proposal, with modifications as necessary; preparation by DASP of a summary and recommendations; submission to the Executive Director for approval and recommendation; presentation, with the foregoing recommendations, to CODEFIN for final approval or rejection; notification to the applicant and, if approved, and after compliance with any conditions precedent, preparation and signing of an agreement and disbursement of funds.

The 1987 evaluation concluded that the process followed is effective and fair. The difficulties with subproject approval stemming from delays in USAID disbursements noted in the evaluation have been overcome and the project approval process is proceeding in a normal and timely fashion. None of the PDO representatives interviewed had any complaints about the process.

c. Volume and Quality of Proposals. Since FOPRIDEH's subproject grant funding program began operating in 1986, 63 proposals had been received as of July 31, 1988, of which 37 have been approved, 21 rejected, 4 withdrawn and 1 is still pending. Under the new loan program two requests are pending.

According to DASP personnel, demand is increasing; 12 proposals were presented in July alone. Furthermore, demand is now greater than resources, and not all good proposals can be funded, though it is possible that some that don't get grants may qualify for loans.

Most proposals require considerable DASP technical assistance to meet FOPRIDEH's requirements. It is estimated that about a quarter of the time of DASP staff is spent on such technical assistance.

## 7. Subproject Monitoring and Evaluation

DASP staff regularly monitor funded projects through a series of field visits as well as review of periodic written reports from the NGO responsible for the project, as well as less formal commu-

nications and contacts. Other FOPRIDEH departments may also be involved in monitoring as necessary, such as the Executive Director, Accounting or advisor(s). All monitoring procedures are clearly set forth in a manual. Follow-up procedures vary according to the needs and capacity of the recipient institution; three specific levels are set forth in the project monitoring manual, tailored to recipient organization characteristics. The manual defines the purpose of monitoring as objective determination of implementation progress, in accordance with project goals and planned timeframe, as well as use of project funds. DASP prepares a monitoring plan for each project before an agreement is signed, according to guidelines laid out in the manual; the plan is reviewed regularly during the course of the project and revised as necessary.

The usual procedure, according to DASP, is to make a visit about a month after the first disbursement, to make sure that implementation is off to a good start. As well as reviewing reports (usually made quarterly), visits are usually made at the time of subsequent disbursement requests to review progress and request any necessary corrections. At the end of the implementation period, a final visit is made to make sure that compliance is adequate. As noted, the actual number of project visits varies according to needs, from monthly to quarterly, averaging about six over the life of a project. According to the 1987 evaluation as well as FOPRIDEH staff and PDO representatives interviewed during this current evaluation, this process is working well.

As part of the new loan program, there are also plans to institute within DASP a system to track PDO credit projects and compliance.

The 1987 evaluation found that most emphasis had been on monitoring, with very little attention given to evaluation, and recommended that an evaluation system be developed. Consequently, with AID-supported technical assistance, FOPRIDEH formulated an impact evaluation plan in early 1988. This plan is designed to develop the capacity to perform impact evaluations within both FOPRIDEH and the PDOs through a structured learning-by-doing training process to begin in September 1988. This activity will be funded through the AID dollar OPG.

As stipulated in the plan, as of April 1988 all projects funded by FOPRIDEH are required to collect data in a standard format prescribed by FOPRIDEH at the beginning of the project and again at the end in order to help determine project impact. Mini-evaluations have been conducted for seven completed projects, although without the baseline information now being required, and limited to completion of planned project activities, achievement of objectives, use of resources and identification of factors affecting project development.

Important progress has been made in developing greater evaluation capacity; this effort should continue, and equal effort should be made to ensure that the information generated is used in both FOPRIDEH and PDO programming.

#### B. External Technical Assistance

FOPRIDEH had a long-term US advisor, a former USAID employee, from the start of the USAID OPG until March 1988, to assist with organizing internal administrative and operating policies and procedures. These terms of reference became obsolete and the relationship became unsatisfactory from FOPRIDEH's point of view, so his contract was allowed to expire. A shorter-term advisor was also in place for a year or so in 1985-86, also funded by the OPG. This advisor helped with liaison with the PDOs and communities.

For about the last year and a half FOPRIDEH has had a German long-term advisor provided by the international Intergovernmental Committee on Migration (CIM). His salary is paid partially by the German Government and partially by FOPRIDEH. He has been particularly involved in European fundraising efforts and in helping FOPRIDEH develop its conceptual framework, although he is involved in all areas of FOPRIDEH's activities to some degree. His assistance appears to be effective and appreciated by everyone involved, including USAID. A couple of concerns were expressed: that the organization may be becoming overly dependent on his assistance, and that he sometimes may overstep his advisor role. But overall, opinions of this advisor were very positive.

#### C. PROGRAM--NATURE AND EFFECTIVENESS

##### 1. Representation and Coordination of the NGO Sector

a. Relationships with NGOs. The current evaluation confirmed the finding of the 1987 evaluation that FOPRIDEH has made great progress in winning the support of PDOs. Most of the PDO representatives interviewed spoke of FOPRIDEH as their organization, and the membership has been steadily growing, now comprising about a third of the recognized PDOs in Honduras. Representation and coordination were cited by most of those interviewed as the primary functions of FOPRIDEH, and the main reason they became members. The recent formation of sectoral committee on housing and informal sector development is a concrete effort to bring interested PDOs together so they can exchange information and coordinate their actions in these areas.

As noted earlier, while FOPRIDEH was initially created as a representational and coordinating mechanism, as a result of the AID OPG most of its efforts were directed toward the subproject funding program, and FOPRIDEH was identified by many as simply an AID funding mechanism. However, the organizational capacity developed

as a result of the AID funding also enabled it to strengthen the functions for which it was originally created, as the member institutions began to make their needs and desires clear. While this process has not been without conflict, a consensus appears to be developing that will do much to resolve members' differences.

The search for a commonly accepted conceptual framework is an important step in the process of consolidation of FOPRIDEH as a representative and coordinating umbrella institution for PDOs. FOPRIDEH is now at the center of an effort by local PDOs to define a Honduran development model. There is a growing consensus that the funding program as well as other elements of FOPRIDEH's program such as training and technical assistance should further a broadly shared national development philosophy, and be recast if necessary in support of it. In short, FOPRIDEH is maturing as an independent institution and developing its own identity. Most of the people interviewed seemed convinced that FOPRIDEH would survive as an institution after AID support ended, though on a reduced scale, because the PDOs need it to represent their common interests, to help them keep in touch and coordinate actions, and to provide information and technical assistance.

b. Relationship with the Government. FOPRIDEH has continued to make progress in becoming the voice of the PDO community before the Government and a wide variety of public agencies. As noted in the 1987 evaluation, it has been involved in a number of joint actions with public sector institutions and acts as a formal or informal advisor to numerous agencies.

While its relationships with the Government have been positive and collaborative in general, FOPRIDEH has also demonstrated its ability to defend the interests of NGOs against what they perceive as undue governmental interference; recently, for example, it was instrumental in getting a proposed law opposed by the NGO community withdrawn.

c. Relationships with Other Agencies. FOPRIDEH is becoming increasingly recognized by public and private international development agencies as a representative of Honduran PDOs. FOPRIDEH has been active in establishing contact with international donor agencies both on its own behalf and on behalf of member PDOs. It has also participated in international meetings, courses and seminars, and sponsored a 1987 conference in Honduras which brought together 78 PDOs working in Honduras and seven international organizations, as well as numerous Honduran public and private sector organizations.

## 2. Financial Support for NGOs

a. Size and Nature of Program. As of July 31 FOPRIDEH had funded 37 projects for a total value of L5,812,155 (\$2,906,078 at

the official exchange rate). This represents commitment of over 70% of the project funding money available under the AID OPG, which should be fully committed by the 12/90 termination date.

Of this amount, about 57% has gone to 17 member PDOs and 16% to 6 non-member NGOs, including social assistance agencies such as the Honduran Red Cross. Nearly all these are Honduran institutions; only three are internationally affiliated (US). The remainder has gone to a total of 14 local beneficiary organizations such as co-operatives, unions or guilds and "patronatos" (as noted, the original decision to fund such organizations has recently been changed; the 1987 evaluation found that dealing directly with beneficiary organizations was not consistent with FOPRIDEH's function as a PDO umbrella organization).

The activities supported by funded projects are varied: nearly 70% has gone to credit projects for agricultural or livestock production, small or microindustry or commerce and services; about 10% is for training, followed closely by health (8%) and other agriculture/rural development activities (7%). Smaller amounts have gone to transport, reforestation and infrastructure projects. (See Attachments 7 and 8).

Overall, the FOPRIDEH funding covers 49% of the total cost of these projects, while counterpart funds from the recipients cover about 37%, with funds from other sources (generally other donors) covering the remainder.

The ceiling on grants under the AID OPG is L200,000 (\$100,000). To date 14 projects have received grants for this amount. The smallest grant is for L29,800; the average grant size is L157,085.

The projects detailed above have all been funded by grants. To date, only two loan proposals are under consideration, for a total of about L330,000; because of excess demand for grant funds, some of the grant applicants may be referred to the loan program.

b. Impact on NGOs. The funding program has had a significant impact on local NGOs, both by supporting direct project activities and covering a portion of their operating costs through project grants. About 21% of FOPRIDEH's overall project funding has gone to cover NGO salaries and travel costs for staff, with another 3% for equipment and materials and nearly as much for administrative costs (see Attachment 9).

In addition, the credit programs managed by NGOs with FOPRIDEH grants generate revenues which help cover their costs. Although the PDOs and NGOs are far from attaining self-sufficiency, given the very low income level of their beneficiaries, this is a step in the right direction.

Eight of the 14 PDOs consulted in Honduras have received funding from FOPRIDEH; one of these is a non-member. One other member PDO currently has a proposal under consideration. Their experience with FOPRIDEH funding has been positive, or at least generated no negative comments.

The impact of the funding program has not been totally positive, however. As has been mentioned, there is some disagreement within the member organizations both with regard to having a funding program at all and with regard to having it financed by AID. The arguments against subproject funding are that it distracts from the fundamental representation/coordination function of FOPRIDEH and that it promotes competition among the members for funds, rather than the sense of unity and cooperation expected within a federation. Some members have also objected to FOPRIDEH's funding program, seeing it as competitive because they feel that it endangers their direct access to AID funding. However, this does not appear to be a common attitude. With regard to the problem with AID funding per se, this appears less serious. Very few member organizations object to accepting AID money on principle, generally on political or policy grounds, e.g. not accepting any type of governmental support. However, even these organizations participate in other FOPRIDEH activities. It is of course possible that AID support may keep other PDOs from affiliating, but most Honduran NGOs appear eager to receive funds from any legitimate donor source. As noted, these differences appear to be lessening in their divisive impact as FOPRIDEH develops a more cohesive identity and philosophy. Much of the impetus toward restructuring the funding program has been a desire to conserve its evident benefits to the NGO community while lessening any tendency to interfere with group unity and avoiding identification with any single donor. It remains to be seen whether and how these objectives will ultimately be achieved.

c. Impact on Beneficiaries. While FOPRIDEH's purpose is to strengthen the NGO sector, the ultimate goal, of course, is to enable Honduras' poor to improve their quality of life through more effective NGO interventions.

A previous section of this report noted that an impact evaluation system for FOPRIDEH and its members is just in its initial stage of development. Therefore, there is very little in the way of hard impact data at this point. Of the seven completed projects for which performance evaluations have been completed, five met or surpassed the programmed project goals and two failed to fully meet them (one due to circumstances beyond project control and one because of insufficient funds and unclear conditions). While these were not impact evaluations, it is clear that beneficiaries did receive the programmed outputs.

Visits to beneficiaries of three FOPRIDEH-supported PDOs in Tegucigalpa provided further evidence of beneficiary impact. Conversations with recipients of microenterprise credit indicated that all had been able to expand their businesses and increase their income to some degree.

With regard to gender, an analysis of 27 FOPRIDEH-funded projects revealed that about 35% of the beneficiaries overall are women. Two projects benefited women exclusively; eight benefited only men. While one of the latter was in a clearly male-dominated activity and one was for male alcoholics, three were in agriculture and two in small industry and commerce, all activities in which Honduran women participate. As recommended earlier, women's participation could be promoted to a greater extent if FOPRIDEH placed greater emphasis on the importance of trying to reach women in projects which it supports. It was suggested by one person that FOPRIDEH ought to have a section for women's projects.

### 3. Technical Assistance and Training Support for NGOs

a. Size and Nature of Program. In 1987 FOPRIDEH sponsored or coordinated 21 training events for a total of 209 participants, and FOPRIDEH staff attended five additional events sponsored by other organizations. Eight events have been sponsored by FOPRIDEH in April-August 1988, with 183 participants; FOPRIDEH staff and officers also attended an event sponsored by INCAE. (Figures for the first quarter of 1988 were inadvertently left out; based on the quarterly averages for 1987-88, there may have been from three to six additional events during this period). These training events have covered a wide range of organizational, administrative and technical topics.

In addition, FOPRIDEH has provided a substantial number of "becas" (scholarships) to allow PDO and FOPRIDEH personnel to attend training seminars or courses in Honduras or abroad.

FOPRIDEH covers the costs of courses and seminars given to general groups of participants; when training is given for staff of a single institution, it pays part of the cost. Scholarship costs are usually shared between FOPRIDEH and other sponsoring institutions.

Prior to 1987 there appears to have been little emphasis on training; most of FOPRIDEH's energies were going to the subproject funding program. As a result of a 1987 survey of NGO training needs and in response to recommendations in the 1987 evaluation, more attention has been given to training during the last two years, as the member institutions have demanded greater support and emphasis on institutional development. In 1988 FOPRIDEH developed a new training plan, with the aid of consultants funded by the USAID dollar OPG.

It has already been noted that recent changes in the agreements with USAID have permitted use of OPG funds to train PDO as well as FOPRIDEH personnel, as well as greater use of Honduran or Central American trainers and programs. A condition attached is that all those receiving training should train others and submit materials received to FOPRIDEH so that it can copy and distribute them to other PDOs as well. The intention is to gradually develop a team of local trainers who can continue to work with FOPRIDEH and the NGO community without further external funding.

FOPRIDEH's training emphases are now increasingly on participatory research and development and institutional planning for PDOs, in addition to technical and sectoral training events. Training events are oriented to help PDOs reflect on how to work with the beneficiary population more effectively in order to increase impact.

Technical assistance to NGOs is provided by most of FOPRIDEH's staff but principally by DASP, to help applicants develop adequate project proposals, and by Accounting, to strengthen accounting and administrative systems. Other sections have provided assistance in developing fundraising proposals and in identification of organizations to meet specific needs, as well as such things as translations. At least 24 separate instances of technical assistance were recorded for 1987; there have been 27 recorded for the April-August 1988 period, a marked increase.

b. Impact on NGOs. It is clear that FOPRIDEH's training and technical assistance has had some impact on strengthening NGOs which have received its help. Although all NGOs are eligible for these services, member organizations have made much more use of them than non-members. PDO representatives interviewed indicated that almost all their organizations had received some training or technical assistance, and had a largely positive view of these efforts by FOPRIDEH. Some suggestions for improvement were made, such as spacing the courses out to allow more time between them and avoiding lengthy courses, to make it easier for PDO staff to attend. It was also suggested that FOPRIDEH could serve as a coordinator for training offered by NGOs and others, to avoid duplication and reduce costs. Because of the limitations of FOPRIDEH's staff in providing technical training and/or technical assistance, outside local consultants should be contracted to provide it. A preference for Honduran personnel for training and technical assistance was expressed by several respondents, both for reasons of cost and appropriateness to their needs. It was also suggested that technical assistance should be more systematic and consistent, with regular visits to determine needs and provide follow-up (it appears that FOPRIDEH is now trying to implement such a system).

Recommendation - While it appears that training and technical assistance efforts are developing well, efforts should continue to assess NGO needs and tailor training and technical assistance to them as closely as possible. More effort may be required to assure that information on these services reaches non-member organizations. Coordination of training by NGOs or establishment of an information clearinghouse on training events should also be considered.

#### D. RELATIONS WITH AID

##### 1. Performance in Meeting AID Objectives

The stated purposes of the AID OPGs are to create a self-sufficient mechanism to evaluate and fund NGO development projects in Honduras and to provide assistance in institutional strengthening to both FOPRIDEH and the NGO community. An officially unstated, though important, purpose is to reduce the administrative burden on USAID and provide greater effectiveness and flexibility in reaching and dealing with NGOs. The question of publicity for AID will also be discussed briefly.

a. Subproject Funding Mechanism. The projected outputs in the OPG agreement with regard to subproject funding state that FOPRIDEH will have provided funding for the full allotted amount (L8.125 million) to an estimated minimum of 40 subprojects. The agreement also states priorities for the types of projects funded and outlines the analysis and approval procedures to be followed, which are those noted in section B.6 above. As discussed in this section and section C.2 above on program results, FOPRIDEH is clearly meeting this objective. It is complying with the priorities and procedures approved by USAID and has already funded 37 projects; current demand indicates that all funds will be committed by the 12/90 termination date.

b. Institutional Strengthening. The agreement states that, by end of project, FOPRIDEH should be a fully staffed, equipped and functioning organization with the institutional capacity to fully execute its mandate. It also states that FOPRIDEH will have provided training and technical assistance to an estimated 40 member and non-member NGOs. The supporting dollar OPG complements this objective by providing funds for long- and short-term technical assistance to FOPRIDEH itself, and by amendment, also provides funds to support FOPRIDEH training and assistance to NGOs.

As discussed in various sections of this report, FOPRIDEH is developing into an effective organization not only with regard to its ability to carry out the funding, training and technical assistance functions emphasized by the OPGs, but also with regard to its growing credibility and support within the NGO community, its effort to develop a clear direction and greater cohesiveness among

its members, and increased effectiveness as a representative and coordinating mechanism for PDOs. It has clearly had an impact on strengthening the NGO sector and providing a voice for its concerns and publicity for its contributions to development, with respect to the government, other agencies and the public. Both members and non-members recognize their need for such an institution and appear willing to support it to the extent possible, bearing in mind their own limitations.

As for training and technical assistance, given the number of events and participants, FOPRIDEH has probably already exceeded the estimated target for number of NGOs assisted, although it is clear that far more member than non-member organizations are benefiting. More emphasis has been placed on training and technical assistance during the past two years and there are clear indications that the program has improved and is generally meeting NGO needs, though continued improvement should be sought.

FOPRIDEH's major problem with respect to this objective is the question of its long-term sustainability. While the outlook for FOPRIDEH's institutional sustainability is good, the financial outlook is less rosy, as noted in section B.3 above. A strong effort is underway to diversify its funding base and give greater emphasis to reimbursable services and to loans rather than grants, but even in the most optimistic case, FOPRIDEH's installed capacity and services are likely to be substantially reduced when AID funding ends, though it is likely that the organization will survive. This issue will be discussed further in section D.3 below, with specific reference to USAID impact and actions.

c. USAID Mission Workload and Outreach Effectiveness. USAID officials in the Development Finance section responsible for the FOPRIDEH project indicated that the project has reduced the Mission's administrative burden in dealing with NGOs and has been worth the effort from a management standpoint, although it did take the project quite a while to get off the ground.

The documentation process followed with respect to OPG implementation has been normal, with the usual flow of original agreements, amendments, quarterly and accounting reports. Most transactions are by letter, together with periodic meetings and telephone contacts.

There have been complaints from the Mission that reporting has been slow and that project liquidation reports haven't been provided in a timely fashion. Both quarterly liquidation and monitoring reports are only being received at about a rate of one rather than the required four per year. This is a problem which FOPRIDEH should resolve as quickly as possible.

FOPRIDEH has also helped the Mission reach more NGOs than it otherwise could have, particularly small local NGOs. The Mission has referred numerous NGOs to FOPRIDEH when approached directly by them. However, the Mission's interest in and ability to fund NGO programs appears to be diminishing and the number of NGO grants is rapidly shrinking due to changes in both circumstances and policy, as will be discussed in section 3 below.

d. Publicity for AID. The OPG agreement requires that FOPRIDEH give appropriate publicity to the grant and the project as a program supported by the US and Honduran Governments (through the use of ESF funds). Certainly the NGOs are aware that FOPRIDEH is funded by AID (though they appear to be totally unaware of any Honduran Government involvement). There is very little likelihood that the beneficiaries of the projects supported by FOPRIDEH are aware of AID funding; they are usually only aware of the role of the NGO directly responsible for the project. FOPRIDEH does not appear to be making much effort to publicize its support, or AID's, for specific projects among the beneficiaries or the public at large. Because of the political situation in Honduras and in Central America and the unwillingness of some other donors to assist AID-supported projects, a low profile may be advisable; however, it is not clear whether the current low-profile situation regarding AID support is intentional or not.

Recommendation - If more publicity is desired, AID should clarify to FOPRIDEH the type and extent of public recognition it wants with regard to NGO project beneficiaries and the public at large.

## 2. AID Guidance and Monitoring

With the exception of the issues surrounding self-sufficiency requirements and other issues discussed in the following section, Mission guidance and monitoring are adequate. Communications appear to be generally clear and quite frequent. The USAID officials in the Development Finance Office most directly involved have a good understanding of FOPRIDEH, even though the Project Officer estimated that FOPRIDEH should have someone working on it half-time, rather than the 20% he is actually able to spend on it. There seems to have been a substantial improvement in the general quality of relations and communications between the Mission and FOPRIDEH since the last evaluation, which highlighted some significant problems. As a result of recommendations in the evaluation a number of positive changes have been made in both program and procedures, which have been noted in prior sections.

## 3. Impact of AID on FOPRIDEH's Performance

It should be noted at the beginning that the issues discussed below are set forth as lessons rather than criticisms, since it was

clearly impossible to foresee all these developments initially. However, in the light of this experience, it may be easier to foresee some of them in future similar projects--which is, after all, the purpose of this evaluation.

The fact that AID expanded FOPRIDEH's initial proposal to include subproject funding--basically to ease its own management burden in dealing with NGOs--and that this was accepted by FOPRIDEH over the objection of some of its members, created a division within the organization which is only now beginning to be overcome as FOPRIDEH seeks to reconcile its various purposes and functions and gain a clearer institutional identity. While it is certainly true that without AID support FOPRIDEH would never have developed its present institutional capacity, it is also true that undertaking the funding program tended to undermine the functions for which it was originally created. This highlights a certain contradiction between AID's stated objectives of project funding and institutional strengthening which was apparently totally unforeseen at the time of the agreement, and points out the complexities of dealing with existing organizations with their own agendas. This also highlights a key difference in the way that USAID sees FOPRIDEH and the way FOPRIDEH sees itself: USAID tends to see FOPRIDEH as the staff which carries out the funding program and other service functions, while FOPRIDEH has seen itself from the beginning as a collective of its members, who increasingly see their need for representation and coordination as paramount.

The wider political context in Honduras and associated issues relating to US policy in Central America have undoubtedly had an effect in promoting mutual suspicions which have complicated relationships over the entire course of the project. While these effects are really beyond the control of either the Mission or FOPRIDEH and its members, they should be borne in mind because they have affected the course of the project. There have been suspicions on the part of USAID that FOPRIDEH is unduly politicized, and suspicions on the part of NGOs that AID funding is tied to a political agenda, for neither of which there is much justification in fact. It is to their mutual credit that, in spite of these tensions, USAID and FOPRIDEH have been able to work together in pragmatic fashion to achieve their objectives. These tensions do illustrate, however, that in situations where the political context is sensitive, there can be conflicts between a government agency such as AID, inevitably perceived by some as being at the service of US Government policy, and NGOs, which pride themselves on independence and are highly nationalistic and sensitive to any perceived threat of external intervention, from any source.

Finally, some problems have been due to changes in conditions and AID priorities, particularly with regard to the question of self-sufficiency. As has been mentioned, USAID's emphasis on

FOPRIDEH's need to achieve self-sufficiency did not seriously begin until some time in 1987 (although even the original timeframe was probably too short). It was precipitated by a general shift in priorities and management style within the Mission. With a shift toward "management by objectives" the Mission began to take a sectoralized approach to NGO funding, grouping NGOs in administrative "packages" to fund health, microenterprise and agricultural projects. FOPRIDEH's more general, multisectoral funding program does not fit well with this approach, and the Mission has decided not to fund any more such general OPGs. Accompanying these funding priority shifts was a change in policy with regard to the use of ESF funding, which has reduced the overall level of NGO funding by the Mission. Undoubtedly, these factors have played a role in the Mission's desire to wind up current projects which don't fit the new pattern, making it urgent to insist on self-sufficiency by the termination date. In addition, the Mission now has a stronger philosophical emphasis on self-sufficiency as a major goal.

Together with the shift to sectoral funding has come a change in emphasis from institutional development of NGOs as an end in itself to a focus on use of NGOs as means to achieve specific USAID objectives--more of a "contract for services" approach. While there are undoubtedly good reasons for these changes, some unintended side effects have occurred as a result. One of these is that they have made FOPRIDEH's achievements in becoming a representative, coordinator and trainer of NGOs of less interest to the Mission. Thus, while USAID clearly recognizes the success of both FOPRIDEH's funding program and its institutional development role, these achievements now appear to carry less weight. The other is that the original objectives to which FOPRIDEH initially devoted its full attention--particularly subproject funding--have been, in effect, replaced. Now that attention has focused almost solely on self-sufficiency, FOPRIDEH feels with some justification that the rules were changed in the middle of the game and it has insufficient time to achieve this goal. This has been exacerbated by its perception that USAID funding of FOPRIDEH member organizations under the Mission's sectoral approach has undercut FOPRIDEH's viability by fomenting competition and disunity between FOPRIDEH and its members. FOPRIDEH also sees another USAID funding program for institutional support for NGOs involved in small enterprise projects (ANDI/PYME) as undercutting its role with the NGOs. Although the Mission certainly did not intend to do this and, in fact, the ANDI/PYME program predates FOPRIDEH, it may be wise to try to clarify this situation.

While it is impossible to predict such policy shifts, and while they may be fully justified, when they occur their impact should be taken into account and appropriate allowances made for unforeseen effects. Since it is clearly to the interest of both USAID and FOPRIDEH to hasten FOPRIDEH's economic self-sufficiency

so that it can maintain and add to its recognized achievements, AID should be willing to help provide some effective means for it to do so. In addition to consideration of further specific funding recommended in section B.3 above (some additional program funding under one or more of the sectoral packages; project management arrangements; and help in constructing a training center or acquiring other income-producing property), USAID should be aware of the dissension created within FOPRIDEH by separate funding of its member organizations, unless this is clearly agreeable to all parties. While the Mission never intended that FOPRIDEH be its only channel for funding NGOs, and it maintains a number of other mechanisms for doing so, it is also true that separate arrangements with FOPRIDEH members (not with non-member organizations) tend to undermine the strength and unity of the federation.

#### E. MAJOR CONCLUSIONS

FOPRIDEH's major accomplishments can be summarized as follows:

1. It has substantially achieved the original objectives set forth in the OPG: it is a fully functioning legal entity with staff and procedures in place to effectively carry out sub-project funding and training and technical assistance to NGOs.
2. Subproject funding and training and technical assistance provided by FOPRIDEH have clearly benefited the NGOs which have received assistance and through them, the project beneficiaries. Continuing efforts are being made to improve the training and technical assistance program, which was initially somewhat neglected. Impact evaluation procedures are now being improved, which should further promote positive beneficiary impact.
3. It has established itself as a true umbrella organization, gaining recognition and credibility as a representative and coordinating body for NGOs from the NGOs themselves as well as from the government, other agencies and the public.
4. Significant effort has gone toward achieving greater self-sufficiency during the past year, including increased fundraising, development of reimbursable services, and establishment of a loan program; a reasonable amount of progress has been made, given the circumstances outlined in this report.
5. The FOPRIDEH project has enabled USAID to reduce its administrative burden while reaching many small local NGOs it would not have been able to support otherwise.

The main issues or problems which should be resolved if FOPRIDEK is to prosper and build on these accomplishments are also summarized:

1. The most serious problem is the need to achieve a far greater degree of self-sufficiency before AID funding ends. While FOPRIDEK of course bears the major responsibility for this, USAID should recognize the effects of its own changes in priorities and the political climate which has made it harder to get funding from other donors, and provide what assistance it can to help achieve this goal.
2. FOPRIDEK needs to work out its remaining internal problems to assure its institutional stability. These include completing an acceptable conceptual framework, clarifying relations between FOPRIDEK and its member organizations, and developing a long-term institutional plan and evaluating the appropriateness of the current structures and roles of its service programs in light of the framework and plan.
3. Board and staff roles should also be more clearly defined to avoid unnecessary conflict. Measures should be taken to regularize personnel compensation and improve staff training.
4. In order to more effectively reach the NGO community and attract membership, information services should be improved.

Attachment 1

LIST OF INTERVIEWS AND FIELD VISITS

Interviews

Kevin Sanderson, Project Officer, DF, USAID  
Lars Klassen, Director, DF, USAID  
Peter Kranstover, DF, USAID  
Margarita Castellón, former Project Officer, USAID  
Juan Ramón Martínez, President of Board of Directors, FOPRIDEH  
Francisca de Escoto, Vice President, Board of Directors, FO-  
PRIDEH; Executive Director, ODEF\*  
Guillermo Molina Chocano, Secretary, Board of Directors, FO-  
PRIDEH; Executive Director, CEPROD  
Marlen Urtecho de Salazar, Treasurer, Board of Directors, FO-  
PRIDEH; Executive Director, FEHCIL  
Florencia García, Executive Committee, FOPRIDEH; representa-  
tive of SETELEC  
Eduardo A. Pérez, Executive Committee, FOPRIDEH; Director for  
Honduras, CHF  
Gabriel Echeverría, Executive Committee, FOPRIDEH; Executive  
Director, INHBIER  
Ramón Ponce, Finance Committee (CODEFIN), FOPRIDEH; Grupo Dion  
Norma de Sierra, ex-member of Executive Committee; Executive  
Director, Christian Children's Fund  
Mercedes Sofía de Gloetzner, ex-member of Executive Committee;  
Executive Director, FEDECOH  
Manuel Villamil, Executive Director, EDUCSA (member)  
Omar Medina, Executive Director, APRHU (non-member)  
Francis Funes, Director, Home Improvement, APRHU  
Oscar Cano, Executive Director, CONDERH (non-member)  
Guillermo Maradiaga, Director, CONDERH  
Ramiro Irabien, Executive Director, FOPRIDEH  
Pedro Pablo Ramírez, Coordinator, Special Activities, FOPRIDEH  
Marco Antonio Raudales, Accountant-Administrator, FOPRIDEH  
Eloisa Acosta de Martínez, Chief, DASP, FOPRIDEH  
Joachim Picht, CIM Advisor, FOPRIDEH

Field Visits

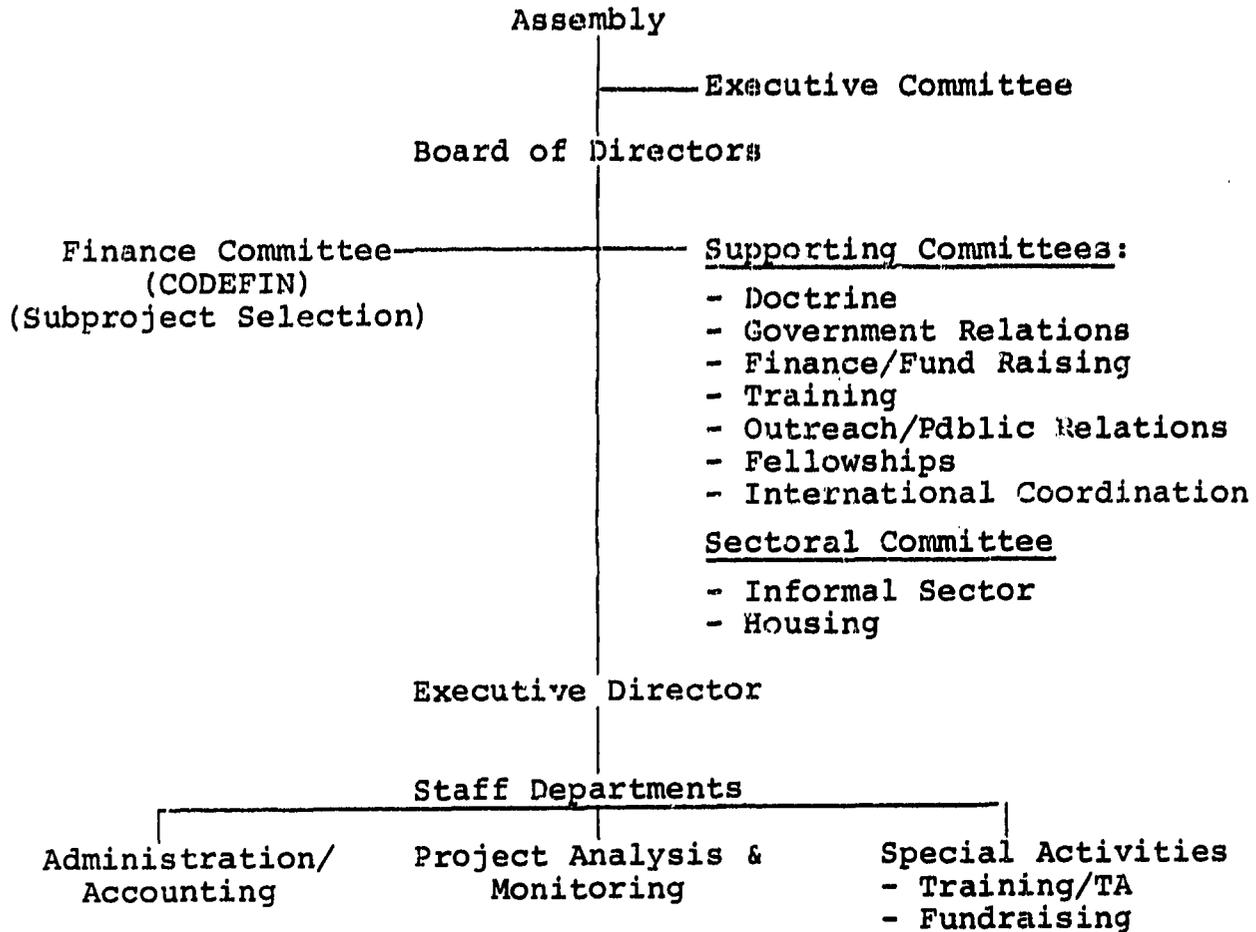
Visit to beneficiaries of microenterprise credit projects in Tegucigalpa sponsored by ASEPADE, FUNKDEMU and IDH.

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\*See Membership List, Attachment 3, for full names of all organizations.

Attachment 2

FOPRIDEH ORGANIZATIONAL CHART



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Attachment 3

I FOPRIDEH Y SUS MIEMBROS

- FOPRIDEH  
Federación de Organizaciones Privadas de  
Desarrollo de Honduras  
Calle Principal, Col. La Reforma No. 2423  
Apartado Postal 241-C  
Tels. 32-6549, 32-0932/33  
Tegucigalpa, Francisco Morazán  
Representante:  
Ing. Raimundo Irabién  
Director Ejecutivo
1. AIEH  
Asociación de Instituciones Evangélicas de  
Honduras  
Apartado Postal 17, Tel. 53-4118  
San Pedro Sula, Cortés  
Representante:  
Ing. Darío Mancías Melgar  
Regente
2. ASEPADE  
Asesores para el Desarrollo  
Apartado Postal 444, Tels. 37-7120/0724  
Tegucigalpa, Francisco Morazán  
Representante:  
Lic. Juan Ramón Martínez  
Director Ejecutivo
3. ASJO  
Asociación San José Obrero  
Apartado Postal 4, Tels. 82-0064/0069  
Choluteca, Choluteca  
Representante:  
Rev. Alejandro López Tuero  
Director General
4. CARE-HONDURAS  
CARE-HONDURAS  
Apartado Postal 729, Tels. 32-8601/8852  
Tegucigalpa, Francisco Morazán  
Representante:  
Sr. Edward Brand  
Director
5. FEDCOH  
Federación de Desarrollo Comunitario de  
Honduras  
Apartado Postal 333, Tel. 31-2192/5579  
Tegucigalpa, Francisco Morazán  
Representante:  
Lic. Mercedes Sofía de Gloetzer  
Directora

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6. **FHICIL** Federación Hondureña de Cooperativas Industriales Limitada  
Apartado Postal 1395, Tels. 22-3343/8805  
Tegucigalpa, Francisco Morazán  
Representante:  
Lic. Marlen Urtecho de Salazar  
Gerente General
7. **FHA** Fundación Horizontes de Amistad  
Apartado Postal 650, Tels. 53-0761/3116  
San Pedro Sula, Cortés  
Representante:  
Lic. Isabel de Zapata  
Directora
8. **HERMANDAD DE HONDURAS** Hermandad de Honduras  
San Marcos de Ocotepeque, Ocotepeque  
Representante:  
Ing. José Luis Pineda Mejía  
Director Ejecutivo
- Enviar correspondencia a:
- SECFLAN**  
Apartado Postal 1327, Tel. 22-2721  
Tegucigalpa, Francisco Morazán  
Representante:  
Ing. Carlos Pineda
9. **IFC** Instituto de Investigación y Formación Cooperativista  
Apartado Postal 1563, Tel. 32-1328  
Tegucigalpa, Francisco Morazán  
Representante:  
Lic. Carlos Vijil Moreno  
Director Ejecutivo
10. **IDH** Instituto para el Desarrollo Hondureño  
Apartado Postal 20288, Tel. 37-6295/96  
Comayagüela, Francisco Morazán  
Representante:  
Lic. Rodolfo Gráliz  
Director Ejecutivo
11. **APP** Agua para el Pueblo  
Apartado Postal 1149, Tel. 32-2988, 31-0912  
Tegucigalpa, Francisco Morazán  
Representante:  
Jacobo Núñez  
Director

12. AHDEJUMUR

Asociación Hondureña para el Desarrollo de la  
Juventud y la Mujer Rural  
Apartado Postal 2039, Tel. 32-0682  
Tegucigalpa, Francisco Morazán  
Representante:  
Ing. Héctor Guillermo Díaz Escoto  
Director Ejecutivo

13. AHE

Asociación Hondureña de Ecología  
Apartado Postal T-250 Toncontín, Tel. 32-9018  
Tegucigalpa, Francisco Morazán  
Representante:  
Ing. Rigoberto Romero Meza  
Director Ejecutivo

14. AMaM

América's Mano a Mano  
Apartado Postal 538, Tel. 32-7032  
Tegucigalpa, Francisco Morazán  
Representante:  
Lic. Raul Flores Gómez  
Presidente

BANADESA  
Tel. 22-1366  
Manuel Vásquez  
Parque Herrera

15. ALIMENTOS PARA MILLONES  
(MEALS FOR MILLIONS)

Alimentos para Millones  
Apartado Postal 1893, Tel. 22-3004  
Tegucigalpa, Francisco Morazán  
Representante:  
Lic. Zoila Alvarez  
Directora

16. APRODIB

Asociación Pro-Desarrollo de las Islas de la  
Bahía  
Tels. 43-2754  
French Harbour, Roatán  
Islas de La Bahía  
Representante:  
Lic. Emilio Silvestri  
Director Ejecutivo

17. CEDEN

Comité Evangélico de Emergencia Nacional  
Apartado Postal 1478, Tel. 32-1719  
Tegucigalpa, Francisco Morazán  
Representante:  
Ing. René Eduardo Pizzati  
Director

18. **CEPROD** Centro de Estudios y Promoción de Desarrollo  
Apartado Postal 1761, Tel. 32-6077  
Tegucigalpa, Francisco Morazán  
Representante:  
Dr. Guillermo Molina Chocano  
Director
19. **CENTRO SAN JUAN BOSCO** Centro San Juan Bosco  
Apartado Postal 33, Tels. 48-2089/2030  
Tela, Atlántida  
Representante:  
Lic. Dilcia de Ochoa  
Directora General
20. **COMISION CRISTIANA DE DESARROLLO** Comisión Cristiana de Desarrollo  
Col. Florencia Sur, Calle Los Pinos No. 3415  
Tel. 32-8223  
Tegucigalpa, Francisco Morazán  
Representante:  
Lic. Noemí de Espinoza  
Coordinadora General
21. **OCF** Fondo Cristiano para Niños (Christian Children Fund)  
Apartado Postal 156-C, Tels. 32-7469/9314  
Tegucigalpa, Francisco Morazán  
Representante:  
Lic. Norma de Sierra  
Directora
22. **CHF** Fundación para la Vivienda Cooperativa (Cooperative Housing Foundation)  
Apartado Postal 2308, Tels. 31-5276/5282  
Tegucigalpa, Francisco Morazán  
Representante:  
Ing. Eduardo A. Pérez  
Director
23. **EDUCA** Educación Comunitaria para la Salud  
Bd. La Guadalupe, Fte. Cooperativa COTRATAX  
Apartado Postal 50-A, Tel. 31-0968  
Tegucigalpa, Francisco Morazán  
Representante:  
Lic. Manuel A. Villal  
Director Ejecutivo
24. **FUNDENU** Fundación Hondureña para el Desarrollo de la Mujer  
Apartado Postal 444, Tel. 22-2709  
Tegucigalpa, Francisco Morazán  
Representante:  
Lic. Nora de Martínez  
Directora

25. **FUPAD**  
Fundación Panamericana de Desarrollo  
Apartado Postal C-66  
Tegucigalpa, Francisco Morazán  
Representante:  
Francis Valva  
Coordinador Regional
26. **GRUPO DION**  
Grupo Juvenil Dion  
Col. Lomas del Cortijo No. 518  
Apartado Postal 28, Tel. 33-1524  
Comayagüela, Francisco Morazán  
Representante:  
Ramón Forde
27. **IHDR**  
Instituto Hondureño de Desarrollo Rural  
Apartado Postal 128 Comayagüela  
Tel. 22-3270  
Tegucigalpa, Francisco Morazán  
Representante:  
Lic. Gilberto Ríos  
Director
28. **INHIER**  
Instituto Hondureño de Bienestar Rural  
Apartado Postal 2339, Tel. 22-5441  
Tegucigalpa, Francisco Morazán  
Representante:  
Profe. Gabriel Echeverría  
Director Ejecutivo
29. **ODEE**  
Organización para el Desarrollo Empresarial  
Femenino  
Apartado Postal 357, Tel. 52-8349  
San Pedro Sula, Cortés  
Representante:  
Ing. Francisca A. de Escoto  
Directora
30. **OFRANEH**  
Organización Fraternal Negra Hondureña  
Apartado Postal 217  
Tel. 42-0331 (Sra. Miriam Tifre)  
La Ceiba, Atlántida  
Representante:  
José Hipólito Centeno  
Presidente
31. **PROYECTO HOPE**  
Proyecto HOPE/Hochuras  
Apartado Postal 1587, Tel. 22-5045  
Tegucigalpa, Francisco Morazán  
Representante:  
Dr. Ricardo Calderón  
Director

32. SETELEC

Servicios Técnicos Legales y Económicos  
Apartado Postal 1749, Tel. 33-6360  
Tegucigalpa, Francisco Morazán  
Representante:  
Lic. Petrona del Carmen Baltes  
Director

Attachment 4

BOARD OF DIRECTORS

|                |         |                                |
|----------------|---------|--------------------------------|
| President      | ASEPADE | Lic. Juan Ramon Martinez       |
| Vice President | ODEF    | Ing. Francisca de Escoto       |
| Secretary      | CEPROD  | Dr. Guillermo Molina Chocano   |
| Treasurer      | FEHCIL  | Lic. Marlen Urtecho de Salazar |
| Member         | MfM     | Lic. Zoila Alvarez             |

EXECUTIVE COMMITTEE

|         |                          |
|---------|--------------------------|
| AHE     | Lic. Roberto Vallejo     |
| SETELEC | Lic. Florencia Garcia    |
| CHF     | Ing. Eduardo A. Perez    |
| INHBIER | Prof. Gabriel Echeverria |
| OFRANEH | Sr. Mineri Montero       |

FINANCE COMMITTEE  
(CODEFIN)

|            |                               |
|------------|-------------------------------|
| AMaM       | Sra. Zonia M. de Flores Gomez |
| ASJO       | Rev. Alejandro Lopez Tuero    |
| Grupo Dion | Sr. Ramon Ponce               |
| CABE de    |                               |
| Honduras   | Lic. Martin Schwarz           |
| FUNHDEMU   | Lic. Nora M. de Martinez      |
| Hermandad  |                               |
| Honduras   | Ing. Jose Luis Pineda         |

Attachment 5

PERSONAL DE FOPRIDEH

|                  |                                       |
|------------------|---------------------------------------|
| NOMBRE COMPLETO  | Ramiro Irabièn de la Riva             |
| POSICION         | Director Ejecutivo                    |
| FECHA DE INGRESO | 15 de julio de 1985                   |
| NOMBRE COMPLETO  | Zoe Vargas Hernández                  |
| POSICION         | Secretaria Dirección Ejecutiva        |
| FECHA DE INGRESO | 17 de julio de 1986                   |
| NOMBRE COMPLETO  | Pedro Pablo Ramírez                   |
| POSICION         | Coordinador de Actividades Especiales |
| FECHA DE INGRESO | 01 de febrero de 1986                 |
| NOMBRE COMPLETO  | Daniel Moreno                         |
| POSICION         | Asistente de Actividades Especiales   |
| FECHA DE INGRESO | 18 de enero de 1988                   |
| NOMBRE COMPLETO  | Marco Antonio Raudales                |
| POSICION         | Contador - Administrador              |
| FECHA DE INGRESO | 01 de agosto de 1985                  |
| NOMBRE COMPLETO  | Magda Lizzette Portillo Reyes         |
| POSICION         | Asistente de Contabilidad             |
| FECHA DE INGRESO | 07 de abril de 1986                   |
| NOMBRE COMPLETO  | Daysi Alvarado                        |
| POSICION         | Asistente PROALMA II                  |
| FECHA DE INGRESO | 11 de enero de 1988                   |
| NOMBRE COMPLETO  | Dulce María Osorio de Montoya         |
| POSICION         | Asistente PROALMA II                  |
| FECHA DE INGRESO | 15 de febrero de 1988                 |
| NOMBRE COMPLETO  | Zadia Iracema Rodríguez               |
| POSICION         | Secretaria Operación de Computadora   |
| FECHA DE INGRESO | 22 de julio de 1985                   |
| NOMBRE COMPLETO  | Manuel de Jesús Ardón R.              |
| POSICION         | Conserje                              |
| FECHA DE INGRESO | 07 de abril de 1988                   |
| NOMBRE COMPLETO  | Gloria Concepción Cambar Rivera       |
| POSICION         | Aseadora - Ordenanza                  |
| FECHA DE INGRESO | 01 de agosto de 1985                  |
| NOMBRE COMPLETO  | Suyapa Cristina Mejía Zúñiga          |
| POSICION         | Analista                              |
| FECHA DE INGRESO | 01 de junio de 1986                   |
| NOMBRE COMPLETO  | Alejandro Duarte Salgado              |
| POSICION         | Supervisor de Campo                   |
| FECHA DE INGRESO | 16 de abril de 1986                   |

NOMBRE COMPLETO  
POSICION  
FECHA DE INGRESO

Gustavo Adolfo Casulà  
Supervisor de Campo  
16 de abril de 1986

NOMBRE COMPLETO  
POSICION  
FECHA DE INGRESO

Moises Mejía alle  
Supervisor de Campo  
16 de octubre de 1987

NOMBRE COMPLETO  
POSICION  
FECHA DE INGRESO

Sara Clementina Rosales Ordoñez  
Secretaria - Recepcionista  
17 de abril de 1986

NOMBRE COMPLETO  
POSICION  
FECHA DE INGRESO

Eloisa Acosta de Martinez  
Jefe de Depto de Seguimiento de  
Proyectos  
04 de agosto de 1986

C: lista de peersonal

## Attachment 6

F O P R I D E H  
 ESTADO DE RESULTADOS

Periodo del 1 de Enero al 31 de Julio de 1,988

| PARTIDAS PRESUPUESTARIAS       | CONV.0200                  | CONV.0266  | FDO PROPIO | T O T A L    | %      |
|--------------------------------|----------------------------|------------|------------|--------------|--------|
| INGRESOS DE OPERACION          |                            |            | 82,721.07  | 82,721.07    | 5.5%   |
| Administración de Proyectos    |                            |            | 82,721.07  | 82,721.07    | 5.5%   |
| OTROS INGRESOS DE OPERACION    |                            |            | 195,894.97 | 195,894.97   | 13.1%  |
| Cuotas Ingreso de Afiliadas    |                            |            | 600.00     | 600.00       | 0.0%   |
| Cuotas Anuales de Afiliadas    |                            |            | 4,400.00   | 4,400.00     | 0.3%   |
| Intereses por Manejo de Fondos |                            |            | 187,444.79 | 187,444.79   | 12.5%  |
| Ingresos Varios                |                            |            | 1,850.18   | 1,850.18     | 0.1%   |
| Ingresos de Capacitación       |                            |            | 1,600.00   | 1,600.00     | 0.1%   |
| Suma Ingresos del Periodo      |                            |            | 278,616.04 | 278,616.04   | 18.6%  |
| Donaciones Recibidas           | 1,216,000.00               |            |            | 1,216,000.00 | 81.4%  |
| INGRESOS TOTALES               | 1,216,000.00               |            | 278,616.04 | 1,494,616.04 | 100.0% |
| <b>GASTOS DE OPERACION</b>     |                            |            |            |              |        |
| Sueldos y Beneficios           | 191,750.03                 |            |            | 191,750.03   | 12.8%  |
| Viáticos y Gastos de Viaje     | 24,511.89                  | 15,861.40  | 365.00     | 40,738.29    | 2.7%   |
| Promoción y Publicaciones      | 6,383.00                   |            |            | 6,383.00     | 0.4%   |
| Eventos Educativos             | 29,793.57                  | 22,791.26  |            | 52,584.83    | 3.5%   |
| Asistencia Técnica y Consult.  | 5,250.00                   | 70,111.94  |            | 75,361.94    | 5.0%   |
| Gastos Generales de Operación  | 42,011.68                  | 3,066.71   | 1,749.93   | 46,828.32    | 3.1%   |
| SUMA GASTOS DEL PERIODO        | 299,700.17                 | 111,831.31 | 2,114.93   | 413,646.41   | 27.7%  |
| DISPONIBILIDAD EN OPERACIONES  | 916,299.83 ( 111,831.31)   |            | 276,501.11 | 1,080,969.63 | 72.3%  |
| FINANCIAMIENTOS DESEMBOLSADOS  | 973,635.50                 |            |            | 973,635.50   | 65.1%  |
| DISPONIBILIDAD                 | ( 57,335.67) ( 111,831.31) |            | 276,501.11 | 107,334.13   | 7.2%   |

Attachment 7

F O O P I D E H

FEDERATION DE ORGANIZACIONES PRIVADAS DE DESARROLLO DE MONTEAS

DISTRIBUCION DE RECURSOS POR TIPO DE ORGANIZACION

JULIO 31 DE 1999

| Tipo de Organizacion                        | Numero    | Total Asignado         | %             |
|---|-----------|------------------------|---------------|
| OPD Afiliada                                | 17        | L. 3 308 415.00        | 58.92         |
| OPD no Afiliada                             | 6         | 926 000.00             | 15.93         |
| Cooperativas                                | 6         | 707 669.00             | 12.18         |
| Organizaciones Gremiales                    | 2         | 239 750.00             | 4.12          |
| Instituciones Patronales<br>y Asociaciones. | 6         | 680 321.00             | 10.85         |
| <b>TOTAL</b>                                | <b>37</b> | <b>L. 5,612,155.00</b> | <b>100.00</b> |

- \* En el mes agosto tenemos cuatro Resúmenes de Dictámenes de Propuestas de Financiamiento por un monto de Lps 200 000.00, los cuales se someterán al Comité de Financiamiento para su aprobación final.

Attachment 8

F O R E I D E N

FEDERATION DE ORGANIZACIONES PRIVADAS DE DESARROLLO DE TIERRAS

DISTRIBUCION DE RECURSOS POR ACTIVIDAD PRINCIPAL

JULIO 31 DE 1988

| Principal Actividad                                | Recursos<br>Asignados  | Porcentaje<br>(%) | Número de<br>Componentes* |
|--|------------------------|-------------------|---------------------------|
| Agricultura y<br>desarrollo rural                  | L. 495,346.00          | 7.49              | 5                         |
| Capacitación                                       | 560,794.00             | 9.65              | 13                        |
| Infraestructura                                    | 117,750.00             | 2.03              | 7                         |
| Tecnología apropiada                               | 44,000.00              | 0.76              | 1                         |
| Salud  | 493,568.00             | 8.49              | 3                         |
| Otros Proyectos<br>(Transporte y<br>reforestación) | 101,221.00             | 1.89              | 1                         |
| Asistencia técnica                                 | 110,987.00             | 1.91              | 1                         |
| Fondo de crédito:                                  |                        |                   |                           |
| Agropecuaria                                       | 2,433,165.00           | 41.68             | 13                        |
| Pequeña industria                                  | 1,359,724.00           | 23.23             | 11                        |
| Comercio y servicios                               | 415,400.00             | 7.15              | 6                         |
| <b>TOTALES</b>                                     | <b>L. 5 812,155.00</b> | <b>100.00</b>     | <b>79</b>                 |

\* Al 31 de julio de 1988, tenemos 37 proyectos aprobados, los cuales se distribuyen en 79 componentes. Un proyecto puede tener fondo de crédito, capacitación y asistencia técnica.

FEDERACION DE ORGANIZACIONES PRIVADAS DE DESARROLLO DE HONDURAS

CARTERA DE FINANCIAMIENTOS

DISTRIBUCION POR RUBRO PRESUPUESTARIO

FONDOS FOPRIDEH

31 DE JULIO DE 1988

|                       | SUELDOS   | CAPACITAC. | FONDO CREDITO | INFRAESTRUCTURA | TRANSPORTE GAST-VIAJE Y VIATICOS | GASTOS ADMON. | EQUIPO Y MATERIALES MOBILIARIO | COSTOS FINANC. FOPRIDEH | ASIST. TECNICA Y ADMINIST. | INSUMOS | MISCELAN. |           |
|-----------------------|-----------|------------|---------------|-----------------|----------------------------------|---------------|--------------------------------|-------------------------|----------------------------|---------|-----------|-----------|
| ASEPADE               |           |            | 30,000        | 30,000          |                                  |               |                                |                         |                            |         |           | 69,000    |
| ACAN                  |           | 11,000     | 15,500        |                 |                                  |               |                                |                         | 13,250                     |         |           | 39,750    |
| CLUB ROTARIO          | 1,569     |            |               | 20,588          |                                  |               | 6,254                          |                         |                            |         |           | 26,842    |
| UTICOL                |           |            |               |                 | 38,300                           | 15,300        | 3,200                          |                         |                            | 51,200  |           | 106,800   |
| FUNDEMU               |           |            | 85,000        |                 |                                  | 15,000        |                                | 4,500                   |                            |         |           | 104,500   |
| I.D.H.                |           | 20,000     | 180,000       |                 |                                  |               |                                |                         |                            |         |           | 200,000   |
| I.T.S.M.              |           |            |               | 21,140          |                                  |               | 18,860                         | 1,800                   |                            |         |           | 41,800    |
| A.M.a.M.              | 58,500    | 17,300     | 60,000        |                 |                                  | 9,000         | 44,000                         |                         |                            |         |           | 127,800   |
| M.SUBIRANA            | 23,400    | 7,700      | 36,322        | 1,340           | 8,428                            | 1,000         |                                | 4,756                   | 26,000                     | 1,500   | 5,554     | 116,000   |
| ANMPIH                |           |            | 191,000       |                 |                                  |               |                                | 9,000                   |                            |         |           | 200,000   |
| CONORSIL              | 10,000    | 4,080      |               | 4,500           | 9,038                            |               | 10,745                         |                         |                            | 12,725  |           | 51,088    |
| LA UNION              | 2,100     | 2,400      | 11,000        |                 |                                  |               | 32,000                         | 2,138                   |                            |         |           | 49,638    |
| APRODIB               | 30,000    | 25,000     | 135,000       |                 |                                  |               |                                | 8,600                   |                            |         |           | 199,600   |
| INHBIER               | 32,300    | 9,000      | 115,000       |                 | 11,646                           | 4,103         |                                | 7,751                   |                            |         |           | 167,800   |
| FEDECOR               | 31,850    | 38,750     | 129,400       |                 |                                  |               |                                |                         |                            |         |           | 200,000   |
| COOPACYL              | 17,040    |            | 182,960       |                 |                                  |               |                                |                         |                            |         |           | 200,000   |
| CEDEH                 | 54,900    |            | 109,700       |                 | 14,300                           | 600           |                                | 8,100                   |                            |         |           | 178,600   |
| FEHCIL                | 77,408    | 15,200     | 92,712        |                 | 14,000                           | 650           |                                |                         |                            |         |           | 200,000   |
| FUPROCODEH            |           |            | 28,460        |                 |                                  |               |                                | 1,340                   |                            |         |           | 29,800    |
| HOPE                  | 95,161    | 43,000     |               |                 |                                  | 18,800        | 5,000                          | 7,280                   |                            |         |           | 169,241   |
| ATEH                  | 15,560    | 10,000     | 120,100       | 15,000          | 10,340                           |               |                                | 9,000                   |                            |         |           | 200,000   |
| COIDES                | 33,600    |            | 150,000       |                 | 7,400                            |               |                                | 9,000                   |                            |         |           | 200,000   |
| ASJO                  | 20,000    | 57,050     |               | 35,000          |                                  |               |                                | 9,000                   |                            | 78,750  |           | 200,000   |
| CRUZ ROJA             |           |            |               |                 |                                  |               | 32,504                         | 6,714                   |                            | 110,088 |           | 149,306   |
| NAYA OCCIDENTAL       | 11,700    | 2,000      | 153,327       |                 |                                  | 2,700         |                                | 8,216                   |                            |         |           | 167,943   |
| CONDERH               |           |            | 183,360       |                 |                                  |               |                                | 8,640                   |                            |         |           | 192,000   |
| OFRANEH               | 27,500    | 28,000     | 97,000        |                 | 27,000                           | 11,400        |                                | 9,000                   |                            |         |           | 200,000   |
| CONMEAI               | 6,100     |            | 148,500       |                 |                                  | 787           |                                | 7,307                   |                            |         |           | 156,694   |
| ODEF                  | 52,727    | 51,295     |               |                 | 12,017                           | 23,040        |                                | 8,801                   | 47,695                     |         |           | 195,575   |
| IFC                   | 47,180    | 16,700     | 90,500        |                 | 7,900                            | 12,000        | 9,910                          |                         |                            |         |           | 175,990   |
| MOPANI                |           |            | 200,000       |                 |                                  |               |                                |                         |                            |         |           | 200,000   |
| AHE                   | 59,583    | 77,200     |               | 8,595           | 8,400                            | 7,580         |                                | 3,941                   |                            | 24,000  | 4,000     | 198,699   |
| AHDEJUNUR             | 98,700    |            | 90,000        |                 | 2,300                            |               |                                | 9,000                   |                            |         |           | 200,000   |
| HORIZONTES DE AMISTAD | 37,464    | 25,400     | 103,000       |                 | 14,600                           | 9,300         |                                | 8,984                   |                            |         | 2,962     | 199,710   |
| CENTRO SAN JUAN BOSCO | 35,928    | 12,000     | 120,000       |                 | 10,000                           | 10,000        |                                | 9,000                   |                            |         | 3,072     | 200,000   |
| ASEPADE               | 97,500    | 11,000     | 50,000        |                 | 9,600                            | 15,420        | 7,420                          | 9,000                   |                            |         | 0         | 200,000   |
| HERMANDAD DE HONDURAS | 59,000    | 20,000     | 102,500       |                 | 4,920                            | 1,560         | 12,200                         | 0                       | 15,000                     |         | 4,520     | 200,000   |
|                       | 1,017,070 | 503,575    | 3,027,641     | 138,563         | 210,499                          | 158,170       | 182,063                        | 175,868                 | 101,945                    | 278,463 | 20,108    | 5,812,153 |
| PORCENTAJES           | 17.50%    | 8.56%      | 52.99%        | 2.35%           | 3.62%                            | 2.72%         | 3.13%                          | 3.03%                   | 1.75%                      | 4.79%   | 0.35%     | 100.00%   |

\\01\DEV\CO\IN\HDS\CARTFIN.HKS

Attachment 9

Appendix E

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HAITI - HAVA

## Appendix E

### HAITI - HAVA

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## A. BACKGROUND

The Haitian Association of Voluntary Agencies (HAVA) was created in 1981 by development and relief organizations which were either medium or large in size and had foreign support or orientation. Their purpose in creating HAVA was to provide a way of collecting and disseminating information of interest to NGOs working in Haiti and of better coordinating the efforts of the NGOs. After the GOH issued a 1982 decree calling for the registration of NGOs active in Haiti and giving the impression that it was going to become more attentive to and involved in the operations of NGOs, HAVA came to be seen as a possible vehicle for the NGO community to relate to the GOH. HAVA's membership expanded, became more Haitian in its composition and more diverse in the opinions and needs of its members. Partly as a response to this growth, in 1986 HAVA adopted a Charter institutionalizing its development philosophy, which places primary importance on development as a process initiated and directed by community groups, with NGOs acting as partners rather than directing those groups.

In early 1984 a Haitian NGO conducted a needs assessment of HAVA. That assessment was the basis of HAVA's proposal for support which was submitted to USAID/H. As a result of that proposal, USAID/H made an Operations Program Grant (OPG) to HAVA in July 1984 for \$364,000 to cover its activities through August 1986. The grant was for HAVA's core operating costs, support for technical commissions and seminars for liaison work with US PVOs through the Florida Association of Voluntary Agencies (FAVA) and for a sub-projects fund. These amounts were increased through four amendments for a total of \$1,182,000 to cover the period through June 30, 1989. Of that total \$881,886 is for core and operating costs, \$61,537 for technical assistance and seminars, \$40,000 for coordination with US PVOs, \$48,577 for the HAVA subprojects fund, and \$150,000 for a special grant to a Haitian NGO, the Factory Worker's Center (FWC), to be administered for USAID/H by HAVA. The basic purposes of the OPG were to: (i) strengthen HAVA's institutional and technical capacity so that it in turn could "undertake institutional development of individual PVOs in Haiti, particularly through promoting concepts of participatory development"; and (ii) "represent the PVO sector in Haiti through promoting concerted action in the broadest possible sense."

In addition to the OPG, USAID/H has been instrumental in the GOH's agreeing to have HAVA utilize \$350,000 in Title II generated funds, and has used HAVA to administer \$472,915 in Title II emergency program funds.

USAID/H has sponsored two evaluations of HAVA's performance. One was in mid-1986 and another as a follow-up on the first was performed in April 1987. This review of HAVA's operations was

performed by a two-person team from Checchi and Company Consulting, Inc. which had been contracted by AID in Washington to perform a multi-country comparative analysis of USAID Missions' experience with various grouping of NGOs. Field work for the review was conducted in Haiti during eight work days in early September 1988. The observations in this report are the result of that field work, which included interviews with 28 people and visits to six separate activities being assisted by HAVA. (A list of the persons interviewed and visits made is given in Attachment 1.)

## B. INSTITUTIONAL ORGANIZATION AND EFFECTIVENESS

### 1. Organizational Structure

HAVA is a membership association of NGOs involved in development or assistance work in Haiti. Since its founding in 1981 it has grown substantially from its original membership of 22 organizations. Its purposes and functions have evolved; and, as a consequence, its organizational structure has changed. Since the last evaluation in April 1987 HAVA has gone through a period of institutional self-analysis and restructuring. The current organizational structure was approved by the Assembly in May 1988. This section reviews the structures currently in place, the changes made and the reasons for them; and then assesses their effectiveness.

#### a. Assembly of Members

HAVA currently has 87 member organizations. A recent change provided for two membership categories. The first is for Charter Members which must be private, non-profit relief or development organizations engaged in activities compatible with HAVA's Charter; have an established organizational history or track record of work in Haiti; be legally recognized as NGOs or in the process of obtaining legal recognition; and have paid their dues and participate actively in the Association. Associate Members are those which meet all the conditions but are not and cannot be recognized officially as NGOs. This modification was made to enhance information sharing and collaboration among all the entities involved in private development efforts. Only Charter Members (which include all current members) have the right to vote in the Assembly and to serve as officers of the association, providing their dues are paid and they participate in some of the association's activities. If Charter Members fail to meet the latter two conditions, they lose their voting privileges until they do.

HAVA's members are quite heterogeneous. The original group of founding members was composed primarily of large, predominantly US NGOs. Since then there has been increasing representation of smaller, Haitian NGOs--particularly churches. Most of these local

organizations are small and weak. Currently about half the member organizations are Haitian; 40% are American; and 5% each are Canadian or European. About 30% of the member organizations are involved in development and 70% in relief.

The members are the foundation of the association. They provide input through their participation in the assemblies as well as in the committees and activities of the association. There are three General Assembly meetings each year for the purposes of defining the basic, long-term direction of the association and of setting general policy guidelines in keeping with HAVA's Charter and objectives. Specifically, one assembly discusses and approves the annual program plan; one reviews the annual progress report on implementation of the plan, and one elects the members of the Executive Committee and Committee for the Evaluation of Projects (CEP). The Assembly also approves changes in by-laws as necessary.

b. Executive Committee

The Executive Committee (equivalent to a board of directors) is composed of seven representatives who are elected annually by the Assembly plus the Executive Director, ex-officio. It consists of a president, vice-president, secretary, treasurer and three members-at-large. In addition to meeting any specific criteria for each position, all members must demonstrate a commitment to the development principles in the Charter, a good knowledge of HAVA, a record of participation in its activities, and willingness and ability to commit the necessary time to do the job. The current Executive Committee consists of persons active in five international and two Haitian NGOs. Most of the members are Haitian; one is American. Three are women (See Attachment 2 for a list of the current members).

The function of the Executive Committee is to oversee the governance of the association on behalf of the membership. It assures that the functioning of the Secretariat is in conformance with HAVA's general policy guidelines, objectives and principles; and that the annual plans drawn up by the Secretariat are carried out as approved. The Executive Committee approves policies proposed by the Secretariat, provided they are in conformance with the guidelines approved by the General Assembly. It may also take the initiative in proposing policies. The Executive Committee meets monthly.

c. Staff

The third principal organ of HAVA is the Secretariat or staff. The Secretariat provides various support services to the membership and the development community. It also plays an important role in providing direction to the association by providing information to and stimulating reflection among the

members. The Secretariat helps the members and other development organizations achieve the goals and objectives formulated by the association and contained in the Charter.

The Secretariat is headed by the Direction, consisting of the Executive Director and the Assistant Director. The Direction is responsible for the management and execution of all programs and services of the association. It draws up annual plans, and proposes policies for approval by the Assembly or the Executive Committee. In addition to administrative and accounting staff, the HAVA Secretariat includes sections responsible for the management and execution of specific programs or services, each headed by a Coordinator. (See Attachment 3, Organizational Chart of HAVA.)

#### d. Restructuring

The recently approved restructuring plan is an effort to respond to the changing needs of the association and to provide a framework for its future growth. According to HAVA's documents and to interviews with the Executive Director, the impetus for the restructuring grew out of a conclusion that the organization of the association had been overly dependent on the volunteer work of its members. It is also clear from several interviews that change was hastened by an internal crisis involving the Executive Committee, the Direction and the staff.

As part of this process of restructuring, the Executive Committee appointed a three-person committee (consisting of the Executive Director, Assistant Director and Vice-President of the Executive Committee) to assess the situation and draw up a plan. The committee performed an in-depth institutional analysis of HAVA and an analysis and profile of the membership, based on a random sample (15%) of the opinion of member agencies. The effort identified as a major structural problem that the participatory structure of the association were not well adapted to the real situation of the members, and made unrealistic demands on them. Specifically, the member survey revealed major problems with the role and function of the General Assembly, with the subjects dealt with, the participation expected of the members and the manner in which they were led. Members felt they should not be required to make decisions on specific issues. Furthermore, the members saw HAVA as a dual organization. On the one hand, it is a forum for exchanging information and promoting concerted action; on the other, it provides support services. However, the former structure, which was highly dependent on member initiatives and leadership, was not well adapted to providing services and facilitating information exchange and coordination among the whole Haitian development community.

HAVA had initially been structured on the premise of full participation by its members in every level of decision making,

with all initiatives and leadership expected to come from the members. Given the great heterogeneity of the membership, differing expectations and widely varying degrees of institutional development, the levels of participation by the members had varied widely; but, for the majority of members, they were low. Assembly meetings had never attracted more than half the members--usually fewer; and only about one-third could be considered to be active participants in HAVA. The committee's analysis concluded that low participation was not due to lack of interest but rather to inadequate circulation of information and to the above-noted structural problems which created inappropriate demands for participation. There was also some comment by interviewees that extensive participation was not a Haitian cultural characteristic, and that political conditions also worked against that participation. Furthermore, the fact that HAVA was originally organized by US NGOs may have been a factor in creating unrealistic expectations of participation by all members.

Therefore, modifications and clarifications of roles were proposed and approved for all participatory structures and for certain staff positions. These are reflected in the current structures and functions. The major changes were in the roles of the Assembly and the Executive Committee vis-a-vis the Secretariat. Rather than being expected to initiate policies and participate in all decisions, the Assembly now approves plans initiated by the Direction and sets general policy guidelines. The frequency of assemblies was reduced, and their purposes more clearly specified. The Executive Committee is also less involved in day-to-day decisions. Its main role is to approve specific policies and to ensure that plans and policies are carried out as approved by it and by the Assembly.

The Direction draws up plans, can propose policies, and manages implementation of all plans and programs. A major change in the Secretariat's role has been brought about by restructuring the Technical Services section. Formerly, volunteer sectoral committees representing member organizations were responsible for coordinating and supporting NGO activities in the different sectors. However, only a few were functional because of excessive demands made on members' time. Now, paid staff coordinators are expected to take responsibility for promoting information exchange and concerted action, as well as providing technical assistance when possible. The volunteer committees have been disbanded. Also, the Secretariat's role in sub-project funding has been expanded. As a result of these changes, the Secretariat now can exercise greater initiative and leadership.

While it might appear that decreasing expectations of participation by the members would be at odds with HAVA's professed participatory philosophy of development, the consensus among those interviewed (representing 13 member organizations) was that these structural and functional changes are generally positive. The

diminished role of the Assembly and the Executive Committee vis-a-vis the Secretariat was not seen as a problem by most respondents. The general feeling was that extensive member involvement in everything was not functional and that things worked better now. Relationships between the Executive Committee and staff were reported to be good, and clarification of their respective roles was regarded as very positive by almost everyone. However, two respondents did indicate a feeling that too much was left to the staff, and one questioned whether the Assembly's approval of the plans--given their sparse and irregular attendance--really represents the members' opinions. With regard to the staff's new responsibility for sectoral coordination, two respondents indicated that the volunteer committees should not be dissolved, but should continue to work with the staff coordinators. There was also some concern that HAVA cannot afford to hire coordinators for all the sectors (currently there is only one, with plans to hire one more). Because of the newness of these changes and the brevity of our time in Haiti, it was not possible to do more than sample current member opinion. The effects of these changes can only be more fully and objectively assessed after more time has elapsed, and through observation of the Assembly, Executive Committee and other meetings in addition to interviews.

Recommendation - The final AID-funded evaluation of HAVA should be scheduled to allow for observation of Assembly and Executive Committee meetings and of meetings and other interactions between HAVA's staff and the members. Sufficient time should also be allowed to interview a larger sample of member representatives in order to assess adequately the impact of these structural and functional changes on HAVA.

## 2. Personnel

### a. Composition and Quality of Staff

HAVA's staff consists of 20 people. Of these, 12 are in management or professional positions. Fifty percent of the managerial or professional staff is female, including the Executive Director and Assistant Director, the HAVA Fund Coordinator, the Animation Coordinator and the Office Manager. (See Attachment 4 for a list of the staff). As noted above, the staff is organized by program areas, plus core administrative and accounting functions. Currently, there are sections for Information, Technical Services, Legal Services, Animation and the HAVA Fund (sub-project funding). Their functions are described in later sections of this report.

Staff quality appears to be adequate to excellent, judging by direct interviews with and observation of staff as well as the opinions of Executive Committee members and representatives of member organizations. The Executive Director was highly regarded

by all respondents. However, there is a problem concerning the number of staff members. At the time of the evaluation the Information and Technical Services areas were lacking coordinators, and within the Technical Services section there was only one sectoral coordinator in place--for Water and Sanitation. Candidates were being sought for a second sectoral coordinator position in Agriculture. It was asserted that budget restrictions do not permit hiring any more sectoral coordinators at the present time. Lack of personnel in key sectoral areas, as well as in the position of Information Coordinator, is impeding HAVA's ability to meet members' needs; thus it is important that these areas be covered as soon as possible. Given the budget problems, other alternatives may need to be explored. One suggestion offered was that instead of trying to have seven paid sectoral coordinators, one or two persons with multisectoral experience be hired to assess the technical needs of the NGOs and to arrange the needed assistance. Another suggestion was to reinstate the volunteer sectoral committees at least as a temporary measure.

Recommendation - Staffing alternatives for meeting needs for sectoral coordination and technical assistance should be considered and staff hired as quickly as possible. Meanwhile, volunteer coordinators and/or committees of members should be reinstated and vacant volunteer positions filled.

b. Personnel Policies and Practices

Personnel policies and management currently are the subject of some controversy in HAVA's Secretariat. Whereas previously the Secretariat was managed by the Executive Director in an informal, open style--"more like a family", as several people put it--during the past year there has been increasing emphasis on formalization and the creation of a hierarchical structure. Lines of command have been established giving the Assistant Director, assisted by the Office Manager, responsibility for administrative matters, including personnel and accounting. A personnel manual has been developed and applied, including performance standards and personnel regulations. The way in which the changes have been made appears to have caused some resentment among the staff. The current system is seen by some to be in conflict with HAVA's development philosophy. They see themselves as working for the people, not for a supervisor, but feel they are being forced to comply with set hours and rigid regulations as if they were working only for money rather than for development. There is a feeling that the demands of fieldwork are not sufficiently understood or taken into account in personnel management, regulations and requirements. Furthermore, some staff members appear to have a sense of insecurity and of not being trusted by the Direction. Added to this are feelings that staff members were not sufficiently consulted during the process of developing personnel policies; that some decisions have been made on the basis of

personality rather than competence; and that there is unwillingness by the Direction to discuss personnel issues openly with the staff.

The Directors realize there is some resentment, but they may not be fully aware of its extent and of the issues involved. While it is clear that the former informal, "one on one" management style is no longer practical and that it is advantageous to have written policies and procedures, it appears that insufficient effort has been made to gain staff understanding and acceptance of the needed modifications. It is also clear that some staff members see the changes brought about in personal rather than institutional terms. Because such perceptions have consequences for staff motivation and stability and for a harmonious and productive working environment, it is important that these issues be addressed.

Recommendation - The Direction should consult with staff on the problems and issues noted, striving for open, productive discussion and a clear understanding by all parties of HAVA's institutional needs. In light of this, personnel policies and procedures should be reviewed.

### c. Training

There are no provisions regarding staff training in the personnel manual, nor does there appear to be much emphasis on this area at present, although the need is recognized by the Direction. Budget constraints are a factor. Some staff members have attended HAVA-sponsored training seminars for NGOs. There is also an effort to send office staff on field trips so they have a fuller understanding of HAVA's operations. However, more is necessary. Specific training needs mentioned were for management training and accounting, particularly for tracking donor accounts.

Recommendations - When pursuing new institutional support funding, provision should be included for resources for staff training.

### 3. Financial Soundness

HAVA's budget consists of five separate budgets for each of the five major sources of HAVA's funds: the OPG from USAID/H, funds from the GOH generated under USAID's PL 480 program, a grant from the Interamerican Foundation (IAF), a grant from CEBEMO/Holland and a grant from the European Economic Community (EEC). Budget information is kept on the basis of the cumulative utilization of the multiyear grants from these sources. HAVA's consolidated budget really is a spread-sheet assigning the funds from these sources by major categories. However, the presentation does not provide annualized amounts for the multiyear, global support being supplied by CEBEMO and the EEC. Furthermore, the

consolidated budget does not include some of the important activities of HAVA such as the large emergency projects funded by USAID's Title II program. Thus, there does not appear to be a yearly budget which integrates all these sources, and there are no consistent budget presentations over time which would permit comparative analysis on the evaluation of HAVA's activities in terms of their costs.

a. Operating Expenses--Level and Prospects

Information contained in HAVA's consolidated budget for 1987-1988 indicates that its operating expenses total approximately \$354,000. (That amount does not include the cost of providing seminars and training, of technical assistance in connection with the IAF credit program or the subproject funds from USAID/H and the IAF.) USAID provides the overwhelming share of those expenses--\$204,230 from the PL-480 generated resources held by the GOH and \$100,000 from the USAID/H OPG. The balance of \$50,000 from the IAF is used to support the administration of its credit program. The small amounts of resources obtained from members' dues are used for miscellaneous, off-budget expenses.

The operating expense budget goes largely for personnel costs (62%), office expenses (11%) and vehicle expenses (13%). The total of operating expenses represent approximately 73% of the total yearly budget of \$485,000. (The percentage may be overstated since the total yearly budget does not include the operating expenses and the totals for the legal and theatre activities being supported by the IAF, CEBEMO and the EEC program. However, such overstatement is not likely to be major since, judging by the description of those programs, they appear to be structured to provide a large share of their support to personnel and office expenses.) This is an extraordinarily high percentage. It reflects the approach of HAVA of placing emphasis on education rather than on moving funds, and using primarily its own staff in the effort. It also reflects the fact that almost all of the USAID-OPG sub-grant funds and half the IAF credit funds had been utilized before the current budget year began. Still, it would seem to indicate a need for an analysis of the cost-benefit ratios of HAVA's current and prospective programs. It also indicates that increasing HAVA's staff and other operating expenses to meet some of the problems identified in this report will present formidable budget problems.

In the near term HAVA's operating expense needs will be met by the funds which USAID/H added to its OPG grant to support HAVA's operations during the period July 1, 1988 through June 30, 1989. However, the prospects for meeting operating expenses beyond the middle of 1989 are unclear. There will be some earnings on the funds handled under a recent grant from USAID/H to the FWC and under the reimburseable services program. Furthermore, the support which HAVA is seeking from other donors--

principally the Interamerican Development Bank--could include support for operating costs; but, based on past experience, it is likely that at most it would cover the immediate operating costs of the particular programs being supported. HAVA's fund-raising effort is not yet well prepared. The IAF-supported credit program will not be generating significant repayments even if they were to be used for operating costs rather than remaining as part of the revolving fund for the credit program. The most likely sources for future funds in the magnitude necessary to cover even the current level of operating costs are an additional OPG from USAID/H or support from the GOH out of funds generated from other AID programs. Neither of these sources have firm plans to support HAVA beyond the current budget year.

Thus, HAVA is in an unstable situation concerning its operating costs.

Recommendation - HAVA should prepare consolidated yearly budgets which are organized according to its program categories (not by the sources of financing) and which make clear what the costs of each of its major efforts are.

Recommendation - USAID/H should review with HAVA what are the realistic options for financing HAVA's operating expenses after mid-1989.

b. Program Funds--Level and Prospects

The main sources of funds for HAVA's programs (apart from its general operating expenses) have been:

- o An OPG in 1984 from USAID/H which provided \$49,000 for the sub-grants program and \$61,000 for training and seminars and which was largely utilized prior to the beginning of the current budget year.
- o A grant from the GOH of \$340,000 of Title II emergency funds in late 1986 for four large infrastructure projects, most of which were completed by April 1988.
- o A grant from the GOH of \$96,000 of Title II generated resources for the sub-grant program and \$29,000 for seminars and training to be used during the 1987-1988 budget year.
- o A grant from the IAF for \$165,000 made for an agriculture credit program and seminars and training, of which approximately \$84,000 was available for use during the 1987/88 budget year.

- o Grants from IAF, CEBEMO and the EEC of some \$112,000 in 1987 to support training and seminars under the Legal Services Program.

Because of the lack of consolidated budgeting and record keeping by HAVA, it is difficult to be precise as to the level of program expenditures in the most recent budget year. However, it is clear that the amounts available for the grants program have been declining.

The prospects for funding for the programs in the future is uncertain. Funds for the current level of the legal services and theatre programs are available for the period until 1990, but to expand the program additional funds will be needed. The recent amendment to the USAID/H OPG provided an additional \$150,000; but this is for a special grant to the FWC, and is not available for the general program. The IAF credit fund has been used.

The most likely source for funds to maintain the current level of activities under the sub-projects and the training and seminars program would seem to be: (i) the possible loan from the IDB for \$300,000 to \$400,000 for an expansion of the current agriculture credit fund and an accompanying grant to provide technical assistance for the program; and (ii) a possible grant from the GOH of Title II funds currently frozen by USAID/H in response to the political situation in Haiti. At the time of the evaluators' visit to Haiti, confidential negotiations between USAID/H and the GOH were underway concerning the various possible uses of the frozen assets, and HAVA was working on the proposal which the IDB had encouraged it to present in December 1988. If the GOH-USAID/H negotiations do not provide financial support to the general programs of HAVA in the near future, HAVA's sub-projects programs will very substantially decline; and if the proposal to the IDB is not successful, they may all but cease to exist. Even if the proposal is successful, it will result in HAVA's undertaking a repayment obligation which will not be easy to meet while still carrying forward the philosophy of the program. Furthermore, the handling of special grants such as the one from USAID/H to FWC may interfere with HAVA's ability to carry out its own program.

Recommendation - HAVA should review the strategy of development it has adopted from the point of view of its compatibility with the likely sources of financial support for its programs.

c. Fund Raising--Methods, Level and Prospects

HAVA has shown that it is able to attract support from various development agencies. While most of its resources have been provided by USAID/H or the GOH with resources generated under

AID programs, HAVA also has obtained substantial support from IAF and CEBEMO, as well as assistance from the EEC and UNICEF.

HAVA continues to place emphasis on obtaining support from external development agencies. As noted above, it plans to submit a proposal for substantial assistance to the IDB in December 1988, and it sees the EEC and the Canadian Government as good sources of future support, with secondary importance being assigned to private foundations. However, HAVA does not yet have a strategy for generating external support, and it is still in the stage of preparing improved background material on itself as an institution. No staff member, apart from the Director, is charged specifically with the task; and the Executive Committee of the Assembly has not yet made the development of the fundraising program a priority.

HAVA's fundraising within Haiti has been limited to obtaining GOH funds which were generated under other AID programs. The success in obtaining those funds largely is the result of the influence of USAID/H. That situation is likely to continue in the future. Indeed, there appears to be a conviction among the staff and some observers that it is fruitless to try to raise funds domestically, and some wonder whether to do so would make HAVA subject to non-development influences. HAVA has postponed any local public relations effort to the indefinite future, and does not appear to plan any effort targeted on such possible sources of funding as the local offices of multinational companies or socially prominent and professional individuals. However, it would seem to be defeatist not to even make an attempt.

To date HAVA has not sought assistance from other organizations or from development agencies in preparing a fundraising program.

Recommendation - HAVA should place increased emphasis on the preparation of a strategy and plan for fundraising. That effort should include at least a pilot effort in trying to raise funds domestically, and might include approaching more experienced organizations to assist it in its efforts. It should consider the possibility of incorporating in its strategy a system for assisting members to find funding for specific sizeable projects which they may have prepared, as long as those projects are consistent with HAVA's development approach.

d. Reimbursable Services--Nature and Prospects

HAVA was founded as, and has always considered itself to be, a service organization for NGOs operating in Haiti. In the beginning the services offered were limited and free. The most important was assistance to NGOs in obtaining official registration with the Ministry of Planning. Later the variety of services

increased, and HAVA began to charge a fee for some of them. A 1986 evaluation of HAVA's operations financed by AID recommended that HAVA give priority to providing NGOs with services in procurement, bookkeeping and training; and that those services be provided on a fee basis to help HAVA cover its operating costs. The evaluation recommended that a separate department be created in HAVA to organize and provide those services, and that it be staffed with at least one new professional employee. The evaluation also recommended that the implementation of such services for fees be gradual in order to ascertain their feasibility and the demand for them. It also suggested that there be a sliding fee scale dependent on the particular NGO's ability to pay.

In response to the 1986 evaluation a reimburseable services manager was appointed in December of that year. A special evaluation in April 1987 found that the program was doing well; had covered its monthly operating costs; and was likely to be able to expand substantially. However, in the HAVA staff study of a year later, it was asserted that most of the services either were not covering their costs or were being utilized mainly by the larger NGOs who probably could perform them by themselves in any event. As a result, HAVA reduced the services it offers to member NGOs to assistance with registering with the Ministry of Planning, utilization of the HAVA computer system, photocopying, use of microfiche and appropriate technology libraries, and package delivery into and out of Haiti. The first two services are provided free of charge; the others are on a fee basis.

The cut-back in HAVA's services program is subject to some criticism. Some argue that the program lost money because of inefficiencies in its operation rather than because of a lack of demand for them. Some persons interviewed asserted that indeed there was an unmet need for services which could be afforded were the services to be available on the basis of ability to pay. (Bulk purchasing was one example given.) Others observed that HAVA is leaving the impression that it is more interested in conducting its own programs (such as the credit fund) than in providing services to members. Whether or not these criticisms are valid, the current situation is that HAVA does not see the use of reimburseable services as an important source of generating income to cover its operating costs; and it does not give the program high priority in trying to meet the needs of its members.

Recommendation - As part of its effort to place more emphasis on being responsive to its members' concerns, HAVA might review its analysis of the demand for and cost of providing administrative and other services for its members.

e. Financial Analysis, Controls and Audits

HAVA's accounting system already has been the subject of two contracted, internal audits which were reviewed by USAID/H, and

which indicated no serious problems in HAVA's handling of funds. However, HAVA is still elaborating and refining its administrative arrangements concerning budget formats and analyses. Monthly reporting on the status of the utilization of funds from USAID/H and from the GOH has been put in place, and work is proceeding on reporting for the other sources of funds for HAVA's programs. However, as indicated above, there is not yet an integrated, yearly budget for HAVA as an organization. Partly as a consequence, HAVA does not attempt to perform cost-benefit reviews of its various programs, and it is even difficult to be sure what in fact is the status of HAVA's yearly budget plans. As indicated below, further training of HAVA's personnel is needed in financial accounting. Once that is accomplished, consideration should be given to seeking training in the conduct of cost-benefit analysis by program component.

#### 4. Institutional Planning, Programming and Evaluation

HAVA has a yearly workplan for each of its major activities listing the activities to take place each month. However, it does not yet have in place a planning, programming and evaluation system. Apart from the Director, no one on the staff of HAVA is charged with the responsibility for planning and evaluation. This is not to say that HAVA is not thoughtful about itself. Clearly it is, as is evidenced by the staff study and restructuring effort which was conducted in April 1988 and has been discussed elsewhere in this report. Nevertheless, that effort was an extraordinary one taking place during a time in which the Executive Director and the Assistant Director had resigned their positions and were devoted full time to the institutional review. It was not part, or evidence, of the existence of a system for planning and evaluation.

There is not yet a long-range institutional development plan to carry out the objectives which were adopted in the restructuring effort or to meet the several institutional problems discussed in this report. The previous evaluation of HAVA recommended that it adopt a strategy for assisting its NGO members. Although attention has been paid to this topic, a comprehensive strategy has not been worked out yet. HAVA's staff recognizes the desirability of having such an institutional plan and strategy, and has undertaken some discussions aimed at assuring the consistency and compatibility of the various objectives which have been adopted. They acknowledge that they could use help in preparing the plan, but they have not yet identified the specific types of help they want or the probable sources from which it might be obtained.

HAVA's Water Sector Committee did produce a five-year (1987-1992) plan for a potable water supply program for rural communities. This is the result of the previous approach of HAVA in organizing its efforts through sector committees rather than

centrally, and of the exceptionally active participation by members of the Water Sector Committee. Other sectors are unlikely to produce similar work under the reorganization of HAVA's structure described previously.

One aspect of HAVA's strategy which has been discussed in the past is the desirability of regionalizing its services. Some steps have been taken on regionalization. For instance, there have been seminars held in the interior of the country, and there is now a sub-project field representative stationed in the north of the country. However, much remains to be done if that concept of operations is to be implemented. Political conditions have hindered going forward with such implementation; but so has a lack of priority given to the effort by HAVA's staff.

HAVA has not adopted a system for conducting evaluations of its performance and that of the NGOs and beneficiary groups which it assists. The HAVA Fund is trying to learn from its experience, and overall evaluations of HAVA's development and performance were conducted in July 1986 and in April 1987 by contract persons financed by USAID/H. Furthermore, in January 1989 there will be an analysis financed by IAF to identify progress indicators for the sub-projects being financed by that institution. However, there does not appear to be any work being done on a system for HAVA to produce evaluations of its own performance and of its component programs.

Recommendation - HAVA should seek to install an internal capacity to plan its institutional development and to conduct analyses and evaluations of its own progress and that of its programs. It should seek the technical assistance and training necessary for it to be able to achieve such a capacity and a system for utilizing that capacity. In any future support to HAVA, USAID/H specifically should address this aspect of HAVA's institutional development.

#### 5. Publicity and Dissemination of Information

From its founding HAVA has been seen as a mechanism for the NGO sector to explain itself and its purposes to the general public and for its members to become better informed concerning developments affecting their work and for achieving mutual reinforcement of their efforts. As HAVA developed and offered services and financing it also became important for it to provide information to its members concerning the nature and availability of those services.

HAVA has utilized several methods for carrying out this responsibility. There are, of course, the periodic meetings of the Assembly at which information is supplied and the major issues facing the organization are discussed. HAVA publishes an annual report summarizing its activities, special reports such as the

study conducted by the Executive Director and the Assistant Director of organizational matters, and a bimonthly six-page news-tabloid in English, French and Creole giving information about the activities of HAVA, its members and interested assistance agencies. It also publishes materials for and summaries of seminars and other types of training events.

All of these methods have had some degree of effectiveness, but have also been the subject of criticism. Attendance at the meetings of the Assembly has been low, and many observers doubt that they are a good way to provide important information--or even organize (as distinct from ratify) institutional responses. The annual reports are very summary, and not aimed at eliciting responses or action. The special reports are not frequent enough to be an important source of general information. The impact and utility of the news-tabloid were of sufficient doubt that its publication recently has been suspended while its format and content are reconsidered by the staff. The training materials are not circulated widely. As indicated elsewhere in this report, the most general criticism of HAVA by its members seems to be that HAVA is not supplying them with as much information as they expect to receive. While accepting this criticism, the staff observes that many of the members themselves do not utilize the information channels which do exist; and that many of them in fact have only a minimal interest in HAVA.

Despite the shortfalls in its information efforts, HAVA's reputation in Haiti seems to be good and to have improved over time. The issue is how its information efforts can be improved to better serve its members' interests. The current thought of the staff and of the Executive Committee is to try to increase the personal contacts between the staff and the member NGOs--including middle-level members of the NGO staffs--and to devote more attention to ways to obtain more feedback from the members. These are useful steps to take, assuming that the staff can make the time available for significantly greater personal contacts. However, it is unlikely that HAVA will be able to meet all the information expectations at once, if ever; and thus it will need to adopt some priorities among the major information needs identified.

The main types of information needed are likely to be information concerning: (i) the plans and decisions of the GOH geared to organizing a HAVA response or position; (ii) HAVA's own programs and services geared to enabling members to utilize them; (iii) services and financing available to members from sources other than HAVA; (iv) technology of interest to members' programs; (v) organizational techniques and sources for assistance in improving organization performance; (vi) the availability of national and foreign experts on the main areas of interest to members; and (vii) members' own activities geared to achieving mutual reinforcement or even coordination of those activities.

HAVA plans to make a start on the last topic by publishing information on the basic programs of its members which was gathered in a recent survey. Once it is determined (probably through a survey of members) which of these information needs have the greatest priority, HAVA can better devise a plan for obtaining and distributing the information. As part of any such plan HAVA will have to consider ways to utilize computer-based techniques more fully.

Obviously the scope of the information system potentially is very broad, and making choices of priorities is far from easy. Indeed, the choices will need to reflect the priorities adopted in the institutional development plan and program strategy or they will undermine those priorities. Thus these decisions should be part of the improved planning process recommended above.

Recommendation - HAVA should review its priorities for the gathering and distribution of information to assure that priority is given to information most wanted by members and most supportive of the goals and strategy adopted in the institutional development plan and program strategy.

## 6. Preparation, Review and Selection of Sub-Projects

### a. Objectives and Priorities

Sub-projects are funded through the HAVA Fund, which supports both NGOs and groups of beneficiaries with grants and credit. However, HAVA does not consider itself to be a funding agency; the real purpose of its funding program is education. HAVA sees funding as a means of helping organizations and groups become stronger, acquire more skills and increase their capacity to act on their own behalf. In accordance with the HAVA Charter, organizations are encouraged to develop and apply participatory approaches within the framework of development projects which will contribute to the long-term, sustainable development of grassroots communities.

In addition to demonstrating non-discrimination with regard to race, religion, sex or political affiliation, all sub-projects funded by HAVA must conform to the following fundamental principles of the HAVA Charter. Projects must:

- o develop out of a process in which the participants identify their own needs and solutions;
- o seek to address factors which directly contribute to under-development;
- o include or result from an educational process through which the community beneficiaries obtain the knowledge necessary to attain independence and autonomy;

- o identify and utilize all human and material community resources available;
- o clearly formulate project activities and place them in the context of long-term development, to ensure their sustainability;
- o consider welfare or assistance activities not as an end but as a temporary measure within a long-term development context; and
- o provide evidence of innovation or potential replicability in other areas of the country.

Priority is given to projects which:

- o are submitted by small local organizations and/or by community-based groups;
- o involve women in the development process;
- o deal with agricultural production and soil conservation; and
- o promote the formation of base groups.

HAVA's grant program provides small grants to organizations and groups in order to help them develop their capacity to carry out small-scale development projects on their own. Some larger grants are made to established NGOs (depending on funds available) for larger-scale projects, but these too must emphasize community participation. They may also be used to support concerted action or collaborative projects among different NGOs. Grants for projects may be requested by HAVA member agencies; by non-member agencies with an established track record; or by non-member agencies or groups sponsored by a member agency. All must participate in a workshop on the HAVA Fund's objectives.

The HAVA Fund credit program provides assisted credit to community groups--small loans at development rates accompanied by technical assistance and support. Its emphasis is on developing management skills in handling credit which will enable the community group to become both economically and organizationally more self-reliant. Most of the funds are used for agricultural production. Established national or international NGOs may serve only as sponsors or pass-through mechanisms for the credit funds, which are to go entirely to the community group. Eligibility is the same as for grants, except that any legally constituted agency with an established track record may sponsor a community group (in practice, community groups can also receive credit without an agency sponsor, although this does not appear in the written

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criteria). Any agency or group requesting loan funds must participate in the full training cycle for the credit program.

Direct Funding of Beneficiary Groups--Pros and Cons. HAVA has developed a well-defined philosophy of participatory, grassroots development. Its emphasis is on promoting autonomy at the community level. NGOs are seen as partners to community groups, helping them to develop their skills and capacities to become increasingly autonomous, rather than as the primary beneficiaries of the program. Hence, HAVA's funding program is directed toward strengthening community groups and educating the NGOs to help strengthen them, not toward funding or strengthening the NGOs per se. HAVA's stated purpose in funding projects is to demonstrate the efficacy of a participatory development approach to the communities and to the NGOs, many of which are still highly involved in dependency-creating relief work, and to develop their motivation and capacity to work in grassroots development. Additional justifications advanced by HAVA for direct funding of community groups is its desire to develop a model for such programs to be transmitted to NGOs for replication, and the fact that many NGOs are still incapable or unwilling to meet the responsibilities for preparing and implementing such programs.

Clearly, this approach is congruent with HAVA's stated purpose of promoting participatory development and concerted action among all development actors. However, the preference for directly funding grassroots community groups, particularly in the credit program, is unusual; and it has led to some confusion and criticism of HAVA among the NGOs. Not all clearly perceive the educational purpose or "demonstration" character of HAVA's direct funding of grassroots groups; indeed, some see direct relations between HAVA and the community groups as amounting to competition by HAVA with the NGOs and as another example of HAVA's not listening enough to its members. One reason for this misunderstanding is that the basic purpose of the program and associated eligibility and selection criteria for working with NGOs and community groups are not sufficiently clear. The differences between NGOs and community groups are not clearly defined--particularly for small, local NGOs. The conditions under which funding goes to a community group with or without an NGO "sponsor" are not defined. The role of the sponsor is not defined, nor are there any clear guidelines for effectively involving the sponsoring NGO in the work with the groups. There is no indication whether, given the educational objective, preference would be given to projects sponsored by NGOs with the greatest demonstrated potential for spreading the knowledge gained. Furthermore, there appears to be some contradiction between the stated objective of replicability and the practice of funding local community groups with no sponsor to act as a mechanism to transmit the experience to other groups. Indeed, transmission of a HAVA-developed model to NGOs would be facilitated by involving the NGOs in the process

rather than presenting them with a "ready made" model in which they have had no participation.

It is legitimate to use a funding program for educational purposes, but the educational intent and objectives should be clear and specific, and results should be evaluable. The HAVA program could be more effective in meeting its educational objective and avoiding misunderstanding of its purposes by NGOs if it would expand and clarify its materials on its funding program and seek to ensure a participatory approach with regard to NGOs as well as community beneficiaries.

Recommendation - HAVA Fund materials should be revised to clarify educational objectives vis-a-vis the NGOs:

- o The criteria for funding projects should give clear preference to community groups with an NGO sponsor in order to facilitate the transmission of experience to other communities and thereby support replicability. Funding of non-sponsored, beneficiary-level community groups should occur only if there is no possible NGO sponsor and the community group is linked in some type of federation with other groups which could learn and benefit from its experience.
- o Criteria for NGO sponsors should take into account their ability to learn from the project and to disseminate the knowledge to other communities.
- o The role and responsibility of the NGO sponsor should be defined so that its performance can be monitored in order to judge the project's educational effect and evaluate the efficacy of using funding as an educational tool.

b. Criteria and Procedures

Criteria. The selection criteria for either grant or loan projects are based on the foregoing list of Charter principles. (See Attachments for list of the criteria.) They are directed principally toward ensuring participatory projects with optimum beneficiary impact. As noted above, there is very little emphasis on developing the institutional capacity of NGOs. While simply trying to comply with these criteria would have some educational benefit for an NGO, there should be some more specific examination of NGO capabilities in order to improve both project selection and monitoring and evaluation of results.

Recommendation - Specific criteria should be developed to assess the institutional development of NGOs, whether as sponsors or as direct grantees. These criteria should examine the NGOs' project planning and proposal development

process, implementation methodology, and monitoring and evaluation capability, and should also serve as indicators for performance monitoring and evaluation.

Procedures. The HAVA Fund is under the governance of the Committee for the Evaluation of Projects (CEP), an independent and autonomous committee of four members elected by the General Assembly and one representative appointed by the Direction. Under the recent restructuring the CEP has been reduced in size from the previous six permanent and ex-officio members, plus a varying number of advisory members. The frequency of meetings has been changed from monthly to bimonthly. The possible conflict of interest of members of the Committee who also represent or work for members NGOs which might be seeking HAVA's financing for larger projects is not considered to be a serious problem by HAVA staff and members.

Project selection procedures have also undergone a change as part of the restructuring. Formerly the CEP evaluated and approved all project proposals at its monthly meetings. Now the HAVA Fund staff evaluates all projects up to \$5,000, and final approval is granted by the Chair of the CEP rather than the entire committee. The CEP evaluates and approves all projects over \$5,000. The purpose of the change is to enable the HAVA Fund to function more effectively by allowing the staff to respond more quickly to funding requests, to eliminate the problems caused by the absence of a quorum at CEP meetings, and to diminish pressure on the CEP members. Since a large majority of HAVA's grants and all its loans under the credit program are under \$5,000, the effect of these changes has been to substantially reduce the direct role of the CEP. Current and former CEP members interviewed either viewed this change positively or expressed no negative reactions to it. There were no objections to it at the Assembly in which it was approved. As with the structural changes described earlier, the impact of this modification on HAVA's program should be assessed in the next evaluation.

Project review and approval procedures can be summarized as follows:

- o When contacted by an eligible agency or group, HAVA's staff provides copies of its guidelines, criteria and application form.
- o When the completed application is returned and all information is complete, the staff may make a field visit for additional information; it then prepares a dossier on the project including the staff's evaluation.
- o The staff evaluation/dossier is presented either to the CEP Chair or to the full CEP for approval.

- o The staff informs the requesting agency of the decision, in writing.
- o If the project is approved, the staff prepares a formal agreement and secures the necessary signatures. The requesting agency then receives a copy of the agreement together with the funds disbursement, plus financial report and midterm and final evaluation forms.

This process is commendably brief and simple, in part due to the fact that the whole process is handled by HAVA--no right of sub-project approval is reserved by current donors. In order to keep this advantage and guard its ability to follow its own development philosophy, HAVA is trying to build similar autonomy in approving sub-projects into new funding agreements with donors. Only one of the persons interviewed voiced any complaint with regard to HAVA funding--that it required too much paperwork--and this was for an early grant, before the current procedures had been developed. All indications are that the current process works well.

c. Volume and Quality of Proposals

19 proposals were received under the grant program in 1985, its first year of operation. Of these, eight were approved and 11 rejected. In 1986, 18 proposals were received, with five approved (though one was later cancelled), six rejected, two funded through other means and five left pending. Twelve proposals were received in 1987, of which four were approved (including one transferred by the credit program), six rejected, one funded by other means and one left pending. To date, 32 proposals have been received in 1988; only six have been approved, seven rejected, and the rest are pending. To date under the grant program 28% of the proposals received have been approved and 30% rejected; 38% have been left pending. The great majority of proposals have come from local NGOs or community groups. Only an estimated 7% have come from international NGOs.

Under the credit program in 1987 (the program's first year), 30 proposals were received of which seven were rejected, 12 approved and 11 left pending. Of the last, only one was finally approved in 1988; two were transferred to the grant program, and three others were carried over to 1988, of which one was cancelled and two are still pending. The others apparently were dropped. Thirty new proposals (in addition to the four carryovers) were received in 1988, of which to date 14 have been approved, two cancelled, and the rest are pending. None have yet been rejected. As with the grants, most credit proposals have come from community groups directly or from those sponsored by local NGOs. About 20% have come from groups sponsored by international NGOs. For the credit program, about 45% of proposals received have been approved

and only 12% rejected. The following table summarizes the above information:

|                       | <u>Received</u> | <u>Approved</u> | <u>Rejected</u> | <u>Pending</u> | <u>Other Pending</u> |
|-----------------------|-----------------|-----------------|-----------------|----------------|----------------------|
| <b>Grant Program</b>  |                 |                 |                 |                |                      |
| 1985                  | 19              | 8               | 11              |                |                      |
| 1986                  | 18              | 5               | 6               | 5              | 2                    |
| 1987                  | 12              | 4               | 6               | 1              | 1                    |
| 1988                  | 32              | 6               | 7               | 19             | -                    |
| <b>Credit Program</b> |                 |                 |                 |                |                      |
| 1987                  | 30              | 12              | 7               | 11             |                      |
| 1988                  | 34              | 14              | -               | 20             | -                    |

The high number of pending proposals probably indicates a lack of sufficient information and/or inability of groups or organizations to prepare adequate proposals. HAVA provides some training and assistance to groups in preparing proposals and tries to determine and meet the needs of NGOs as expressed in their applications. However, this does not appear to be an area of great concern to HAVA, since it does not consider itself to be basically a funding program. However, if HAVA is to meet its objectives of using the program as a model and means to train and develop the groups and NGOs, it should give greater attention to their institutional development, including their ability to prepare adequate proposals.

Recommendation - HAVA should provide more specific guidance and technical assistance in proposal development to its applicants--and, if possible, to the wider community--particularly to NGOs which can then pass these skills on to current and future community groups with which they are involved.

#### 7. Sub-project Monitoring

HAVA has undertaken a large monitoring responsibility--one that is larger than was originally anticipated. This is due to several factors. First, as discussed previously, HAVA has undertaken to work directly with beneficiary groups or, while working nominally with the member NGOs, has assumed primary responsibility for following the actions of those groups rather than relying on the NGOs to do so. This is due principally to HAVA's conclusion that many NGOs are not up to the task. Second, HAVA consciously has tried to undertake activities throughout Haiti rather than seek to concentrate in areas easily accessible

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to the capital. Third, HAVA has accepted the responsibility for administering the relatively large infrastructure projects financed by USAID/H's Title II emergency program. These projects were different in scope and nature from the ones usually supported by the HAVA Fund, and thus they required somewhat different monitoring approaches. This added dimension of handling special programs is being continued through HAVA's having accepted the responsibility for administering the USAID/H grant to the FWC.

To date HAVA appears to be meeting its monitoring responsibilities. All four members of the HAVA Fund division make field visits, which are scheduled to take place at each of the major steps involved in the preparation and execution of the projects by the beneficiary groups. A representative of the Fund is located in the northern part of the country to facilitate this work. Furthermore, special coordinators were hired to address the responsibilities of administering the infrastructure projects funded by USAID/H and the programs funded by CEBEMO and the EEC. There are plans to increase the staff of the Fund to be able to provide more technical assistance to the groups, and that increase in staff also should permit better monitoring of the subprojects as well as undertaking evaluations of the progress of the groups and the impact of the subprojects. However, this step is subject to the availability of budget resources.

Of course there are improvements that need to be made. There should be greater systematization (and computerization) of information arising from the field visits. A system is needed for comparing the relative progress among groups and sub-projects and for providing status reports to the Executive Committee on the various parts of the program--in part to compel the staff to organize its information concerning the core program, as it must in providing reports to USAID/H on the special programs which it handles on USAID's behalf. However, the key issue facing the monitoring work of HAVA is the extent to which it should be assuming direct responsibility for the conduct and monitoring of the sub-projects. This is part of the larger issue, discussed previously, of whether HAVA should be placing its emphasis on preparing and assisting NGOs to administer sub-projects or letting itself become the direct motivator and implementor of such projects.

#### 8. Use of External Assistance

HAVA's creation was brought about by the actions of several international NGOs active in Haiti. Furthermore, nearly all of HAVA's financial resources have been obtained from external sources or from GOH funds generated by programs of USAID/H. Thus one could say that HAVA owes its very existence to external assistance. However, that would overstate the importance of external influences in the development of HAVA and its programs. In contrast to NGO associations elsewhere, HAVA has not had

resident external advisors to help it organize itself and its programs, and the supervision of its activities by the donor agencies has been relatively general. In short, despite its reliance on external funding, HAVA has been largely in charge of its own development and performance and has relied largely on Haitian personnel and experience in its efforts.

This is not to say that HAVA has not been open to technical advice from external agencies. It has. For instance, it received assistance from PACT and the Pan American Development Foundation in organizing workshops for its members in accounting, in the use of computer programs, in planning and analysis and in staff training programs; its own staff has attended training sessions in fundraising conducted by those organizations; and it has utilized studies of such topics as the use of reimburseable services which were financed by those organizations.

The staff appears to appreciate that HAVA might benefit from additional technical and organizational advice from external agencies. However, they are cautious in seeking that assistance--especially on a long-term or in-country resident basis. (For instance, HAVA did not pursue the possibility of seeking funding for long-term technical assistance from PACT since it concluded that PACT was more interested in assisting in the moving of project funds and less interested in the educational and group support work which HAVA saw as its first priority.) Certainly care should be exercised in agreeing to substantial technical assistance, since the organization would have to devote staff time and resources to any such effort in order to be successful, and HAVA does not want to recreate the impression that it is basically oriented to the views and wishes of external agencies. However, the number and importance of the issues and problems facing HAVA would seem to demand a quantum increase in HAVA's institutional capability, and it seems doubtful that such an increase will be possible without substantial technical and organizational assistance from outside Haiti.

Recommendation - HAVA should review its attitude toward the utilization of technical assistance by external agencies in the planning and execution of its programs. In any future support for HAVA, USAID/H should analyze how external support might better be utilized to assist in HAVA's institutional strengthening.

#### C. NATURE AND EFFECTIVENESS OF PROGRAM

##### 1. Representation and Coordination of the NGO Sector

HAVA has made headway on this aspect of its work, but needs to put more attention to improving its communication with its own members.

a. Relationship with Member and Non-Member NGOs

HAVA is seen by its members as a forum--a means for exchanging information and experience and promoting concerted action. A 1988 membership survey indicated that most members saw this as HAVA's principal function; and the evaluators' interviews with member organizations confirmed that they see this as a major role for HAVA. Most of those interviewed indicated that HAVA is fulfilling these functions effectively, with the exception of the dissemination of information which most wanted improved. The Water and Sanitation and the Women-in-Development Committees are the ones which have achieved the most in fostering common actions. In addition, as noted earlier, HAVA has a service role--indeed, a minority of its members see providing services as HAVA's most important function. Most of those interviewed saw the services provided as being useful, although there was some expression of dissatisfaction that HAVA was not more aggressive in adding to its range of services.

However, HAVA's basic functions go beyond simply representing its members' common interests and providing a means for information exchange and coordination. With the adoption of the Charter in 1986, HAVA has also sought to promote participatory development concepts and practices among its members and to reach beyond its membership in order to work with a wider range of NGOs, community groups and others compatible with HAVA's goals and criteria. As already noted, an important factor motivating this approach is the perceived lack of a development orientation among Haitian NGOs, since most are engaged in short-term relief work rather than in long-term participatory development. While this is still true of the majority of both member and non-member NGOs, HAVA's emphasis on participatory development does not seem to have alienated the relief-oriented organizations--no members protested or resigned due to adoption of the Charter, and membership has grown since its adoption. There has been some discussion within HAVA as to whether members who do not conform to Charter principles should be allowed to participate. The consensus has been that they should be, since one of HAVA's missions is to educate and influence them toward a more developmental orientation.

HAVA's relationships with the NGO community in general appear to be good. Of the small sample of member organizations interviewed, most had a good opinion of HAVA, and indicated that it is quite well-accepted by the broader NGO community as well. However, there were several observations that more could be done with regard to outreach, determining NGO needs and disseminating information on HAVA and its objectives. HAVA's shortfalls in these aspects were attributed to the large amount of time which was consumed in preparing for the restructuring of the organization and in overcoming the internal tensions which had arisen within it. HAVA is aware of these deficiencies, and has

plans to try to improve its outreach. This should be a priority activity.

b. Relationship with the Government of Haiti

Virtually everyone interviewed sees HAVA as a potentially useful intermediary between NGOs and the Haitian Government. Its most important functions are considered to be those of monitoring the government's intentions, interpreting and disseminating information to NGOs on laws and decrees, and representing NGOs in negotiations with the government to avoid or ameliorate restrictive laws. Given recent political conditions in Haiti, the degree of optimism as to the potential effectiveness of such efforts varied. Several respondents noted that HAVA had already had some impact in defending human rights and the right of NGOs to work with the poor without interference, and that HAVA was instrumental in getting a jailed NGO field-worker released last year. The general feeling, however, was that it is important that relations with the government stress cooperation and collaboration rather than confrontation.

There has been a fair amount of collaboration between HAVA and the GOH although HAVA has not continued its participation in the government's Mixed Activities Coordinating Conference because that entity was not really doing anything. The GOH has provided support to HAVA in the recent past through agreements with USAID for the use of Title II funds. HAVA has also collaborated with government agencies in various activities such as literacy, disaster relief and water and sanitation. However, given the unstable political conditions facing Haiti, it cannot be assumed that a smooth relationship between HAVA and the GOH will be possible or easily achieved.

c. Relationships with Other Agencies

In addition to its relationship with USAID and other current and potential donors, HAVA also maintains institutional relationships with a wide variety of international organizations in its efforts to promote information exchange and grassroots development. HAVA has collaborated with various United Nations agencies, including the UN Development Program, the Disaster Relief Organization, the Food and Agriculture Organization, the International Labor Office and UNICEF. HAVA representatives have attended various international seminars, and have emphasized networking with other organizations sharing the same development goals. Two members of the HAVA Fund staff are scheduled to visit FOPRIDEH in Honduras to share experience in funding development projects.

## 2. Financial Support for NGOs

### a. Size and Nature of Programs

As already noted, the funding of projects is not HAVA's main purpose--the funding program is a means to educate NGOs and communities in participatory development. Consequently the HAVA Fund programs are rather small.

To date, the credit program, which has been in operation since 1987 with support from the Inter-American Foundation, has lent a total of \$54,335 for 26 projects. Amounts for individual projects have ranged from \$800 to \$3,450, with an average of just over \$2,000. All the approved projects have involved credit for small-scale agricultural production, processing or marketing at subsidized interest rates of 9% to 12%. All loans have gone directly to beneficiary groups; about two-thirds of the approved loans have gone to groups sponsored by NGOs, about 65% of which are Haitian. To date repayment schedules have been complied with. Two groups have completely repaid their loans and have requested additional loans to extend their activities.

The small grant program began in 1985 with \$50,000 in AID funding. This amount was fully allocated by 1986; since then funds for grants have been drawn from PL-480 Title II funds. Since 1985 an approximate total of \$64,000 has been allocated for 22 grant projects, ranging in size from \$600 to \$5,000; the average is just under \$3,000. About 40% of the grants have gone to Haitian NGOs, 27% to international NGOs and 32% to local groups--beneficiary associations, community federations or cooperatives--without any NGO involvement. Through 1986 all grants were given to NGOs; during the last two years seven projects without NGO sponsors have been approved. The grants have been for more varied purposes than the loans. They have included agriculture, livestock, microenterprise and infrastructure projects. The more recent projects have been mainly for agriculture. In addition, a separate Title II grant funded four large projects (agriculture, drainage, street repair and construction of a home for delinquents) in 1986-87, in the amount of \$323,765. The amount allocated in grants had declined steadily each year, from a high of \$35,560 for eight projects in 1985 (all with USAID funds) to less than \$10,000 in 1988 for five projects. This is explained by both a drop in funding--the Title II grants terminated in August 1988--and by establishment of the credit program, which may have met some of the demand.

At the time of our evaluation a new project agreement was planned with USAID to channel funds through HAVA for a Women's Factory Workers' Center (FWC) which had originally been funded by AID through OEF International. If actually funded by USAID, this arrangement will channel \$150,000 to the FWC during an 18-month period.

b. Impact on NGOs

The basic impact on NGOs which HAVA is trying to achieve is to develop their motivation and capacity to undertake participatory development projects. It was not possible during our brief time in Haiti to make a real assessment of whether this is being achieved. Interviews with HAVA's staff indicated that some NGOs do appear to be learning from this process, but that it is really too soon to see definite results.

Among the organizations contacted, only three had had any involvement with HAVA Fund projects. One of these and one other organization had sponsored large Title II projects. Of these four, one recipient of a small grant had a rather negative view of its involvement with HAVA, complaining that it was too bureaucratic and required too much paperwork. One of the Title II sponsors acted only as pass-through (HAVA monitored the project directly), and perceived no benefit from its involvement. (It also had sponsored a community group for a small grant, and provided supervision and monitoring for the project, which may have helped develop its capacity to some degree.) A third NGO is involved with some HAVA-supported credit projects. It participates in field visits with HAVA's staff, and has varying degrees of responsibility for implementation and monitoring in different projects. This organization is satisfied with its relationship with HAVA and appears to agree with HAVA's basic concept that responsibility belongs to the community and the NGO is only a facilitator. Finally, the other NGO involved in a Title II project also appears to have applied a participatory approach, and had positive reactions to HAVA's approach.

A factor which has important implications for the degree of impact which can be expected is HAVA's growing tendency to fund community groups independent of any NGO. While there are and will be benefits for these beneficiary groups, this trend raises the issue of whether this is the most effective strategy for an association of NGOs. As has been mentioned, some NGOs perceive that HAVA is becoming an operating agency, in effect competing with its own members. Aside from this, there is the question of whether HAVA, with its limited resources, can really accomplish its goals through such direct action, or whether it could more effectively multiply its efforts by working through NGOs which can reach many more beneficiaries than HAVA can by working directly. This topic has been discussed above.

Recommendations -

(1) HAVA should concentrate on working with NGOs to improve their ability to work with community groups rather than working directly with the beneficiary groups. It could do this through community pilot projects specifically involving

one or more NGOs in which HAVA's staff provides technical assistance and training in participatory development methodologies but the responsibility for working with the community rests with the NGO.

(2) HAVA should consider allowing NGOs a reasonable amount of overhead for implementing projects. In the case of credit programs, HAVA's funding might be on a loan basis, allowing sufficient interest spread to cover implementation costs of the NGO and itself.

c. Impact on Beneficiaries

While there was insufficient time and data to do an assessment of impacts on the beneficiaries, observation of a few field projects did indicate that HAVA's staff is applying participatory techniques in the projects observed, and good results were reported by their beneficiaries. However, while it is obvious that there is enormous need and demand for the type of assisted credit that HAVA has been supplying, it is equally obvious that HAVA will never be able to meet more than a minute portion of the need through its current program. Therefore, as noted above, it would be more effective to provide concentrated assistance to a wide range of NGOs to help them undertake such an effort.

(1) Conditions of Credit Program

A specific problem mentioned by the beneficiaries was the low ceiling on loans (\$3,000) to groups. HAVA is aware of this problem and sometimes subdivides groups to allow for more generous loans. A further question arises with regard to the highly subsidized interest rates (9% to 12%) that HAVA is charging. These rates make it attractive for NGOs operating sub-project programs with their own funds to move their groups to the HAVA credit lines and consider them "graduated." Thus, there is a risk of creating a permanent dependency of the beneficiary groups on subsidized financing rather than graduating them into the formal credit system or promoting greater financial self-sufficiency. Furthermore, neither HAVA nor an NGO can indefinitely sustain or expand credit programs that do not cover their costs. It would be preferable to charge market interest rates, with the only subsidy being intensive technical assistance to prepare the groups to move into the commercial credit system, to organize cooperatives or to otherwise achieve self-sufficiency.

Recommendation - Beneficiary credit programs should have more realistic ceilings and charge market interest rates to help cover costs, promote sustainability and promote self-sufficiency of the beneficiaries. Technical assistance should promote the ability of a group to move into the formal system or otherwise organize to achieve economic sustainability.

## (2) Gender

About 35% of the credit fund beneficiaries are women; no figures were available for the small grants program. This is a respectable proportion for an agricultural program, although efforts should be made to increase it if possible. Women participated substantively in the projects observed. One was a women-only group organized to market agricultural products, and women also participated in an agricultural production project. HAVA has placed considerable emphasis on reaching women, both in its stated priorities and in practice. Field staff, although male, demonstrated sensitivity and ability to work effectively with rural women. If the Factory Workers' Center project is funded through HAVA, this should also increase HAVA's ability to work with low-income urban women, an area which has been relatively neglected.

Members of HAVA's women-in-development committee also have worked with groups of women to help them develop projects which would qualify for HAVA Fund support, and has tried to interest NGOs in working with women. However, the future of this committee is unclear due to the recent restructuring, and there is currently no coordinator for it.

Recommendation - Provision should be made to continue the work of the women-in-development committee either by hiring a staff coordinator or reinstating the volunteer committee, and to focus the efforts of both the coordinator and/or the committee and HAVA Fund staff toward engaging the interest and developing the capacity of NGOs to work with low-income women. The expertise gained from HAVA's direct project experience should be transferred to NGOs to the extent possible. Existing field projects should serve as training sites for NGO personnel.

### d. Sustainability

The major issues with implications for sustainability have already been discussed: the need to involve NGOs more effectively in carrying out HAVA's model for participatory development, and the need to charge market interest rates to promote sustainability of credit programs and self-sufficiency of the beneficiaries.

## 3. Training and Technical Assistance Support for NGOs

### a. Size and Nature of Programs

A wider range of services is offered by HAVA to NGOs and/or beneficiary groups than by the other umbrella organizations visited. HAVA provides training and technical assistance, as well as opportunities for information exchange and coordination,

through its Theater and Animation, Legal Services, Technical Services and HAVA Fund programs, as well as through a special training program for those involved in projects funded by the European Economic Community (EEC). A brief description of each of these programs follows, except for the HAVA Fund, which has already been discussed.

The Theater and Animation program provides training to both community groups and NGO personnel in popular theater and animation techniques which focus on facilitating communication within and among groups and thus promoting participation and organizational growth. The purpose is to transfer skills to groups which will facilitate the analysis of problems and the formulation of solutions.

The purpose of the Legal Services program is to provide community groups with information on the laws and their rights and responsibilities under them so that they can fully participate in their society. In addition to training sessions with community groups, community-based paralegals are trained and legal defense and counsel are provided to the extent possible.

The Technical Services program encompasses the areas formerly covered by the sectoral committees, which are now to be covered by paid staff coordinators. The coordinators should organize seminars and training sessions on specific sectoral issues, provide technical assistance to the extent possible, assist NGO staff or others in the preparation of project proposals in specific sectoral areas, assist HAVA Fund staff in assessing sector-specific projects, and promote information exchange and coordination among those working in specific sectors. Theoretically, there are seven sectors: agriculture, women-in-development, non-formal education, water and sanitation, community health and microenterprise and disaster assistance. However, to date only water and sanitation has a staff coordinator; there is a volunteer coordinator for disaster assistance. There are plans to hire coordinators for the agriculture and microenterprise sectors in the near future. Prospects for the remaining areas are dubious because of funding constraints. As noted earlier, efforts should be made to cover these areas with volunteer coordinators or committees in the meantime, so that their activities can continue.

The EEC training program has held a series of training seminars for both NGO and community participants in EEC-funded projects. As of June 1988 participants from all EEC projects had been trained in financial management, with a second series planned for new projects in the fall. Similar training seminars on development approaches are underway, with about 40 trained as of June.

Overall, HAVA and its various programs have held 52 training or issue-oriented seminars in the past three years, apart from the EEC program. The approximate breakdown is as follows:

Theater and Animation (two years) - 26  
Legal Services - 2  
Technical Services - 16  
HAVA Fund - 6  
General HAVA orientation/issues - 2

In addition, the water and sanitation committee and/or coordinator has held 13 working meetings between May and August 1988 to provide advice and assistance to over 60 NGO and community project participants. HAVA is coordinating the efforts of 20 NGOs and collaborating closely with UNICEF and the national water authority.

HAVA does not have a program to provide individual technical assistance or training for particular NGOs based on analyses of the needs of each NGO. There is disappointment among some NGOs about this, and some attribute the situation to a lack of responsiveness on HAVA's part to the needs of its members. The new Board of HAVA intends to review this situation as one of its early priorities. Obviously, should HAVA seek to organize or provide such individualized assistance to NGOs, it will need to devote even more staff and financial resources to the program.

b. Impact on NGOs and Beneficiaries

As with HAVA's funding programs, most of the training seminars involve both NGO and community participants. HAVA has concluded that this mixture enriches the discussion and brings out conflicting perceptions between project promoters and beneficiaries which improve the prospects for participatory development. In contrast with the situation with funding, this appears to be an effective approach; and it can help NGOs develop more effective programs.

Direct assessment of the impact of the programs was not possible, but most of the NGO representatives interviewed expressed favorable opinions of HAVA's training seminars (most had attended at least one). The water and sanitation and legal services programs were mentioned as especially useful and successful. As noted above, the water and sanitation coordinator is working with a large number of NGOs as well as other agencies, and has succeeded in promoting the use of a standard type of water pump. Coordinated training programs are in place for well drilling, pump maintenance and environmental sanitation. The coordinator reported that acceptance by the NGOs of the program's approach and their willingness to coordinate their activities had increased substantially in the last two years. The legal services program has trained representatives of about 25 NGOs and other

organizations in 1988. The growing number of requests for information and training demonstrates the need for it, and expansion is being considered if more funds can be secured. Unfortunately, the persons in charge of this program were not available during the visit of the evaluation team to Haiti so we were not able to discuss the program with them.

The women-in-development committee has coordinated efforts by a number of organizations to hold four seminars on women-in-development issues during the past three years. They have been instrumental in raising consciousness of the need to include women-in-development efforts. Week-long activities during Women's Week in 1987 and 1988, sponsored by the women-in-development committee, included distribution of posters and radio coverage of various activities, including presentations by beneficiaries and a fair for women's farm produce.

### c. Sustainability

Conditions in Haiti are unlikely to permit charging participants for these services; therefore, they must continue to be supported by donors if they are to continue. However, making credit programs self-sustaining and placing more emphasis on other reimburseable services could permit a greater shift of existing resources toward these training efforts, which are at the heart of HAVA's philosophy of development education and participation. Apart from financing, the main issue facing the sustainability of HAVA is the degree to which HAVA will attempt to work directly with beneficiary groups rather than assist NGO members to work with beneficiary groups since the former approach will entail much higher costs and need for staff.

## D. RELATIONS WITH AID

### 1. Performance in Meeting AID Objectives

USAID/H's objective in assisting HAVA is to strengthen HAVA as an institution so that it can better represent, coordinate and strengthen NGOs working in Haiti. Although it has used HAVA as an administrator and monitor of some selected grant programs, USAID/H does not see HAVA as a way to reduce its own administrative burden of dealing with NGOs or even as the main channel for USAID to provide financial and technical support to NGOs in Haiti. This is not to say that USAID/H is not interested in the way in which HAVA handles its sub-project fund or the impact being achieved by that fund, but USAID/H's interest in that fund basically is one of strengthening HAVA's institutional capability. As a reflection of that focus USAID/H's assistance to HAVA has been heavily focused on the core support of its operations.

Most of USAID's support for NGOs in Haiti is provided directly to them or to sectorally oriented organizations of NGOs,

several of which, in the opinion of USAID/H, are more competent in their administration and more capable of handling funds. In addition, USAID/H conducts a large Special Development Activities program which deals directly with beneficiary groups. The main reason for this approach by USAID/H is that, because of its concern with the political and administrative failings of the GOH, it provides most of its assistance to Haiti through NGOs; and thus it needs to provide greater amounts of resources and wants to maintain greater control over the use of those resources than would be feasible should it deal mainly through a membership organization such as HAVA.

The degree to which HAVA is meeting USAID/H's objective is set forth in the previous descriptions of HAVA's development. The personnel of USAID/H seem to be satisfied with the progress shown by HAVA. To some extent this satisfaction is based on the conclusion that there is no other likely candidate to fulfill HAVA's role as the vehicle for strengthening the NGO sector. Perhaps the main issue facing the accomplishment of USAID/H's institutional strengthening objectives is the need to clarify whether HAVA should be evolving toward an entity running its own development programs with beneficiary groups or should be focused on providing assistance to NGOs in their work with such groups and in strengthening the institutional capability of those NGOs. Another issue, or at least topic of concern, would be whether USAID/H's use of HAVA to implement selected activities (such as the emergency Title II program infrastructure projects and the grant to the FWC) are distracting HAVA from working on its main objectives of strengthening itself as a member association of NGOs and the NGOs as development organizations.

## 2. Appropriateness and Effectiveness of AID's Guidance/Monitoring

HAVA does not obtain approval from USAID/H for its individual actions--either for the making of subprojects (except under the Title II special projects activity) or the modification of the standards and procedures guiding its operations. HAVA does provide USAID/H with quarterly status reports and periodic financial reports (including copies of the independent audits performed for it). However, those reports do not seem to be utilized by USAID/H nor does it seem that USAID/H has been significantly involved in HAVA's affairs in the last couple of years despite its having recently added \$104,000 to its OPG in support of HAVA's core costs. (Unfortunately, the person in USAID/H who is responsible for the program with HAVA was not present in Haiti during the visit of the evaluation team. Thus we were unable to obtain his impressions of HAVA or his suggestions on the topics being addressed by this evaluation. Other personnel in the Mission were not particularly familiar with the details of the program or of the changes which had been taking place in HAVA.) It would seem that there are enough important issues

facing the consolidation and strengthening of HAVA as an institution and its role as a representative and coordinator of the NGO sector that USAID/H cannot assume that adequate progress is and will be made without its continued financial support and involvement in the effort.

Recommendation - USAID/H should consider being more involved with HAVA in the discussion of major issues facing the organization and in planning for its further institutional strengthening.

#### E. MAJOR CONCLUSIONS

HAVA has had many accomplishments since USAID/H became involved in its programs in 1984. The more important of these accomplishments have been:

1. HAVA has expanded its membership by nearly 400% to be the largest association of NGOs in Haiti, and largely has overcome its original reputation as an organization created by foreign NGOs and responsive primarily to their needs.

2. HAVA has obtained financing from diverse sources, including European development organizations.

3. HAVA has established itself as the most likely organization for the NGO sector to use in its dealings with the GOH.

4. HAVA has been able to survive an internal crisis of some magnitude and undertook a restructuring designed to correct deficiencies in its original organization.

5. HAVA has mounted both grant and credit programs to the satisfaction of the donor organizations which financed them.

6. HAVA has developed a philosophy or approach to development which is based on its own experience and local conditions, and has maintained in large measure its independence of action despite its dependence on external sources of support for its programs.

7. HAVA has developed good contacts with beneficiary groups and is careful in the handling of the projects it supports.

Nevertheless, there have been shortfalls in HAVA's performance. The more important of them are:

1. HAVA has not been able to organize an effective, reimburseable services program as a significant means of raising revenue for its activities.

2. HAVA has not yet been able to reduce significantly its reliance on AID-associated funding to meet its operating costs.

3. HAVA's system for providing information to its members has not yet met the expectations of those members.

4. HAVA has not yet created a system for collecting information and performing the analyses which are necessary to establish multi-year plans and to conduct evaluations of its own performance and that of the NGOs it is assisting.

5. HAVA has not developed a fund-raising strategy either for external or domestic sources of support.

6. HAVA has not installed a system of budgeting which permits it to present its overall consolidated program on a yearly basis or to analyze the cost-benefit relationships of the major components of its activities.

Apart from overcoming the shortfalls listed above, the main issues facing HAVA are the following:

1. There needs to be a review of the extent to which HAVA's working directly with beneficiary groups is compatible with its objective of assisting member NGOs and with the probable staff and budgetary resources which it will have to meet its responsibilities.

2. It is not clear that HAVA can count on continued financial support from the GOH without USAID/H's leverage on the GOH to provide that support.

Attachment 1

LIST OF INTERVIEWS AND FIELD VISITS  
HAITI

Interviews

USAID

Linda Morse, Deputy Director, USAID  
Jean-Claude Lucas, SDA Program, USAID  
Marie Pierre-Louis, Project Officer, FWC, USAID  
Arthur Schaefer, Program Officer, USAID  
Pierre Richard La Fontant, USAID

Executive and Project Evaluation Committees

- Bernard Etheart, former Vice President, Executive Committee;  
current member of Committee for the Evaluation of Projects (CEP),  
HAVA: Director, Comité Haitien de Développement (CHADEV)
- Bill Tarter, current President and former Member-at-Large,  
Executive Committee, HAVA; Director, World Concern
- Michelle Douyon, Vice President, Executive Committee, HAVA  
Executive Director, Fonds Haitien d'Aide la Femme (FHAF)
- Francoise Roumain, Executive Committee, HAVA; Personnel Director,  
CARE
- Elias Tamari, Executive Committee, HAVA; Director, Save the Children
- Arlin Hunsberger, Member of CEP, HAVA; Project Director, Pan  
American Development Foundation (PADF)
- Clothilde Manuel, Former CEP member, HAVA; Director, Women Factory  
Workers' Center (FWC)
- Linda Borrer, former CEP member, HAVA; Organisation d'Aide Chrétien  
Parole et Action

NGOs

Peter Graeff, Mary Lou Filippi & Maureen Libby, Service Chrétienne  
d'Haiti  
Odel Eleazard, Program Director, Christian Children's Fund  
Didia Thys, Catholic Relief Services  
Phillipe Becoulet, GTIH  
Jacob Doussin, Service de Prochains Haitiens  
Robert Libouron, Centre Canadien d'Etudes et Coopération  
Internationale (CECI)

HAVA Staff

Jose Ulysse, Grant and Credit Officer  
Jean Vincent, Field Officer  
Christile Philippe, Coordinator, Water & Sanitation  
Magalie Marcelin, Coordinator, Theater and Animation  
Rose Lore Génécé, Office Manager  
Georgea France, Executive Secretary  
Claudette Colbert, Bilingual Secretary

### Field Visits

1. One-day trip to Bellevue de Montagne to observe meetings with Women's marketing group, Duvier (approximately 30 women); and Blanchard Community Council meeting on agricultural credit program.
2. One-day trip to Service de Prochains Haitiens
3. Two-day trip to area of Pigeon to visit activities of the Christian Reform World Relief Committee (three committees).



September 6, 1988

Dear Members,

The Haitian Association of Voluntary Agencies (HAVA) is pleased to inform you that its Annual Assembly on September 2, 1988 resulted in the composition of a new Executive Committee within HAVA for the year 1987-1988. The newly elected members were the following :

|                 |   |                             |                             |
|-----------------|---|-----------------------------|-----------------------------|
| PRESIDENT       | : | Bill Tarter                 | (WORLD CONCERN)             |
| VICE-PRESIDENT  | : | Michèle Douyon              | (FHAF)                      |
| SECRETARY       | : | Danièle Charles             | (IRD)                       |
| TREASURER       | : | Pierre Boursicaut           | (COMPASSION INTERNATIONALE) |
| MEMBER AT LARGE | : | Françoise Roumain           | (CARE)                      |
| MEMBER AT LARGE | : | Elias Tamari                | (SAVE THE CHILDREN)         |
| MEMBER AT LARGE | : | Pasteur Suffrant S. Vincent | (PAROLE ET ACTION)          |

In addition, the Committee of Evaluation of Projects (CEP) also underwent a new composition of its members, which the Assembly elected as follows :

- Mr. Bernard Ethéart : Director - Comité Haitien de Développement (CHADEV)
- Mr. Didier Thys : Project Manager - Catholic Relief Services (CRS)
- Mr. Arlin Hunsberger : Director - Pan American Development Foundation (PADF)

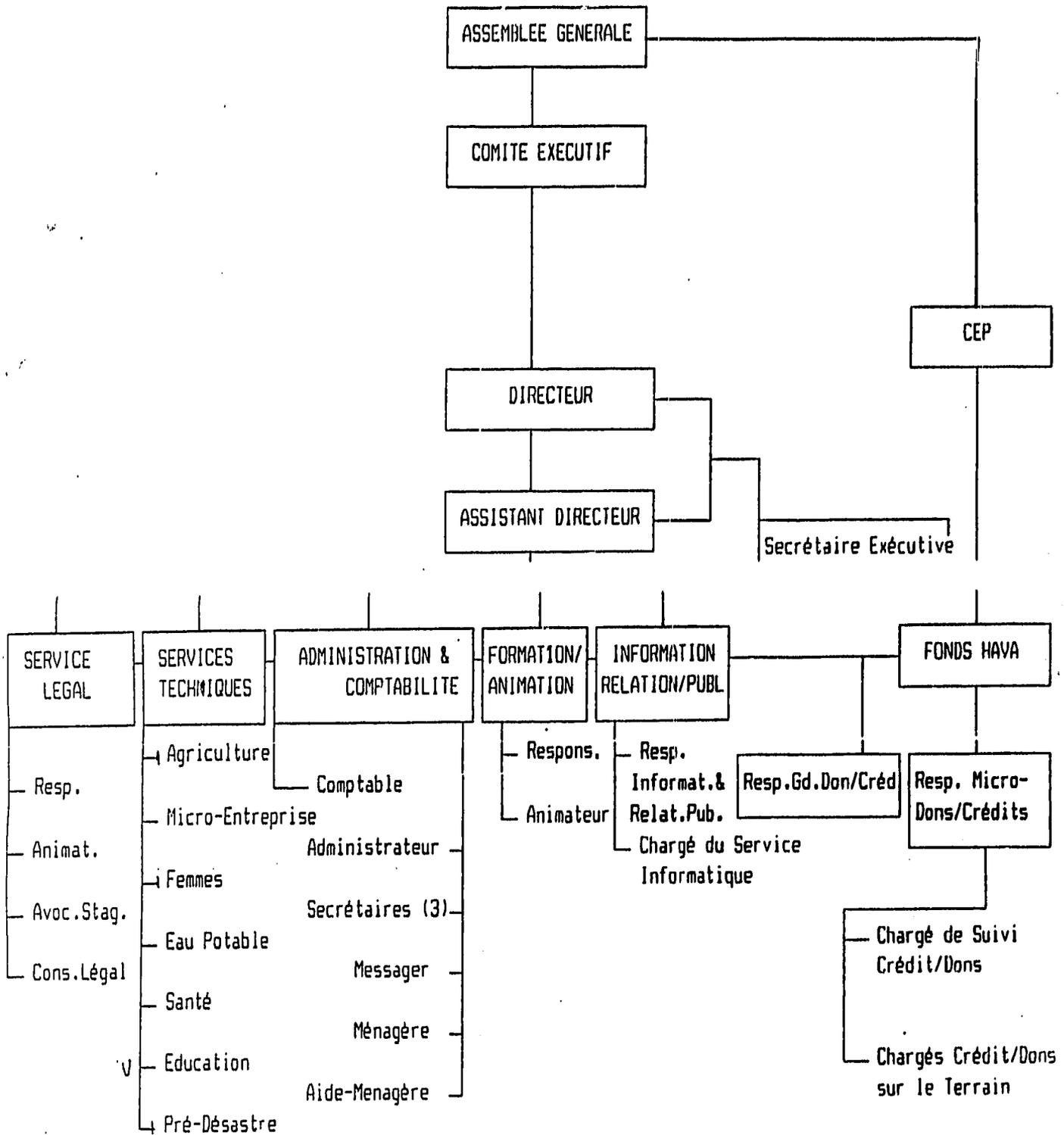
We trust you will join us in extending our sincere appreciation to former Members of both the Executive and the CEP Committees for their constant support and collaboration throughout their length.

Sincerely,

Kathy Mangones  
Executive Director

KM:mbc

ORGANIGRAMME DE LA HAVA  
Mai 1988





HAVA EMPLOYEES AND THEIR FUNCTIONS

| NAME                  | FUNCTION                                       |
|-----------------------|--|
| Kathy Mangones        | Executive Director                             |
| Elizabeth Silvéra     | Assistant Director                             |
| Danièle Magloire      | Program Coordinator                            |
| Jose Ulysse           | Grant and Credit Officer                       |
| Georgea France        | Executive Secretary                            |
| Christile Philippe    | Coordinator, Water and Sanitation<br>Committee |
| Schubert Marhone      | Accountant                                     |
| Rose Lore Génécé      | Office Manager                                 |
| Claudette Colbert     | Bilingual Secretary                            |
| Michèle Benjamin      | Trilingual Secretary                           |
| Marieille Blot        | Trilingual Secretary                           |
| Youseline Barbot Jean | Bilingual Secretary                            |
| Jean Sténio Pierre    | Messenger                                      |
| St. Anne Favard       | Cleaner  |
| Gabriel Léon          | Field Officer, Credit Program                  |
| Franck Désir          | Coordinator, Legal Aid Section                 |
| Willy Jean-Baptiste   | Animator, Legal Aid Section                    |
| Magalie Marcelin      | Coordinator, Theatre Section                   |
| Jean Vincent          | Field Officer                                  |
| Perrine Mahoudeau     | Project Coordinator, PIU/CEE                   |

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CRITERIA FOR PROJECT SELECTION

1. PARTICIPATION

- 1.1. Have the targetted communities participated in the identification of needs?
- 1.2. Have the targetted communities participated in the program planning?
- 1.3. Will the targetted communities participate in the program implementation?
- 1.4. Does the requesting agency have a participatory approach to development?
- 1.5. Does this project demonstrate a participatory approach?

2. SOCIO-ECONOMIC IMPACT OF THE PROJECT

- 2.1. Will the project promote an increased awareness, among the targetted beneficiaries, of the socio-economic conditions in a community?
- 2.2. Is the project part of an integrated development process in which education plays a Key role?
- 2.3. Will the project enable the targetted beneficiaries to increase their sustainable economic self-sufficiency?
- 2.4. Will the project lead to increased self-directed decision making?
- 2.5. Will the project promote necessary changes in the socio-economic structures of the community, where applicable?
- 2.6. Will the project have positive impact on other local groups with similiar needs?

### 3. EDUCATION

- 3.1. Will the project include or be directly linked to an educational component?
- 3.2. Does the project encourage the transfer of knowledge and skills to the beneficiaries?
- 3.3. Does the project encourage increased technical independence in the community?
- 3.4. Does the project include a conscientization program?

### 4. USE OF LOCAL HUMAN AND MATERIAL RESOURCES

- 4.1. Does the project proposal demonstrate that the requesting agency identified existing human and/or material resources in the target community during proposal formulation?
- 4.2. Will the project utilize existing material resources in an optimum manner?
- 4.3. Will the project utilize existing human resources as effectively as possible?
- 4.4. Are the outside resources, as identified in the project proposal, appropriate for the community?
- 4.5. Will the project work with or through local and/or traditional social organizations?
- 4.6. Does the project recognize the value of local knowledge and skills?

### 5. LONG TERM OBJECTIVES AND PROJECT CONTINUITY

- 5.1. Is the project activity part of a long term plan and/or development process?
- 5.2. Does the project design make provisions for the transfer of project management to the beneficiaries?
- 5.3. Does the project design make provisions for project continuity after the end of the funding period?

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6. RELIEF

- 6.1. Will the project clearly be that a short term activity?
- 6.2. Is the short term relief activity linked to long term development goals?

7. INNOVATION and/or REPLICATION OF PROJECT

- 7.1. Does the project propose an innovative approach?
- 7.2. Could the project serve as a model for replication?

HAVA FUND PROGRAM SPECIFIC CRITERIA FOR PROJECTS

1. Grant Projects

Criteria

- 1.1. Will the grant be used for a discrete program activity?
- 1.2. Will the project contribute to the institutional development of a small indigenous group or PVO?
- 1.3. Is the Projected activity a part of an integrated development program within a community?
- 1.4. In the case of employment generation, is the form of compensation compatible with appropriate development goals and objectives?
- 1.5. In the case of road construction, will the project directly benefit participants through improved access to outside communities?

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1.6. In the case of an irrigation program, does the project include a training component whereby the water users become the managers of the system?

1.7. Does the requesting agency have the management capability to effectively implement the proposed activity?

## 2. CREDIT PROGRAM

2.1. Is the projected activity economically viable?

2.2. Does the group have experience in implementing the collective programs?

2.3. Will the activity lead toward the increased independence of the group?

## ELIGIBILITY TO REQUEST GRANT OR LOANS

1. The HAVA Fund is open only to agencies whose submitted project:

1.1. Demonstrate they are in accord with the principles and objectives defined in the HAVA Charter.

1.2. Submit projects which exhibit no discrimination with regard to race, religion, sex, or political affiliation.

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2. Access to the Grants Programs

2.1. Any of the following groups may have access to the grant programs:

- HAVA member agency
- a non-HAVA member agency or group "sponsored" by a member agency
- a non-member agency with an established track record

2.2. A HAVA member agency requesting grant funds should:

- be a member in good standing
- be active in HAVA activities
- participate in the workshop on the HAVA Fund objectives

2.3. A non-member agency requesting grant funds should:

- be a member in good standing of the FVO' community or the community in which they are established
- participate in the workshop on the HAVA Fund objectives

### 3. Access to the Credit Program

The Credit Program is specifically targetted toward facilitating the access to credit and the management capabilities of grass roots community groups; therefore established national or international PVOs may only serve as a pass-through for the credit funds.

3.1. Any of the following agencies or groups may have access to the credit program;

- HAVA member agency
- a non-member agency or group "sponsored" by a member agency
- a legally constituted non-member agency with an established track record
- a non-member group sponsored by a legally constituted agency with an established track record

In addition to the general conditions enumerated above on page , a prerequisite for any agency or group requesting loan funds is participation in the full training cycle for the credit program.

### 6. MEMBER ACCESS TO TECHNICAL ASSISTANCE

A HAVA member may request technical assistance. In the event that the technical assistance requested is related to a specific sectoral activity, the request will be referred to the appropriate sectoral committee, chairperson or staff member. In the event that the assistance requested does not fall into a

domain covered by the Sectoral Committees, the request will be submitted to the Executive Committee for consideration.

#### 7. MEMBER ACCESS TO OTHER HAVA RESOURCES

- In keeping with HAVA's Statement of Purpose, members are encouraged to use the HAVA Office as a source of information regarding opportunities and procedures for contact and coordination with various government departments as well as with other member agencies.
- Member agencies are to contact the Information and Administrative Officer with questions on procedures and opportunities for such contact and coordination.
- The Information and Administrative Officer is to assist member agencies who request such information by sharing with them information on file in the HAVA Office, and by referring members to the Executive Director and/or the Sectoral Committees as appropriate and necessary.
- The Information and Administrative Officer is to keep a record of all requests for assistance received from HAVA members and to review these requests for assistance, together with a brief explanation of the assistance provided, is to be presented at the monthly Executive Committee Meeting.

Appendix F

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COUNTRIES WITHOUT AID-FUNDED UMBRELLA ORGANIZATIONS

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COOPERATION WITH THE NATIONAL DEVELOPMENT BANK

is concerned with the issue of NEDB. All government sponsored con-  
tacts as well as NEDB officials who were in contact with NEDB in-  
ternational organizations, to provide them with their experience with NEDB  
functions. These officials were contacted by telephone and asked the  
following questions: how NEDB established its office, and the ad-  
vantages, disadvantages and approximate size of the NEDB project;  
whether an umbrella organization existed, and whether the NEDB con-  
sidered itself an umbrella organization as a funding mechanism, and  
reasons for or against.

A. Department of Economic Affairs (Tom Connell, Program Officer)

NEDB funding is handled in different ways, principally through direct  
DFOs using either US or local currency funds and through several  
umbrella, in which the NEDB handles the grants and sub-contracts  
others. Most DFOs are in local currency. Since 1982 the Division  
has received NEDB for approximately \$5.7 million in dollar DE funds  
and the equivalent of \$20 million in local currency. The Division  
has not experienced any management problems with the DE funded  
projects, in which there are eight currently. However, the local  
currency projects have been much more heterogeneous, resulting too  
much time spent for the more, more. The Division feels a need to  
streamline the process and is now considering alternatives.

There is an existing umbrella organization (NEDBID). However, NEDB  
does not think that it is a viable, appropriate institution at this  
time for use as a multi-sectoral funding umbrella for NEDB because of  
the potential for conflict of interest among the members over access  
to funding and lack of broad coverage of the NEDB sector.

The Division is currently trying to analyze both structural and func-  
tional factors in deciding how to fund NEDB projects in order to meet  
both its policy and service objectives with regard to collaboration  
with NEDB. It appears that NEDBID will continue to handle projects  
directly, though it is transferring responsibility for a number of local  
advisors on NEDB projects. It has also contract out some projects as  
necessary, and may consider contracting with NEDBID to test its  
ability, for example in handling small NEDB private projects, since  
the Division is unable to use whatever input, like NEDBID has.

B. Regional Development Office, Eastern Caribbean  
(Larwin Hill, F.O. Officer)

The Division is currently working with two NEDB medical umbrella  
projects covering several countries each, in small enterprises \$10

million, through a network of voluntary organizations and in support of about 4 million, through "small" voluntary organizations and NGOs. It has also made a similar grant to the Pan American Development Foundation to assist a rural development project in St. Vincent and a similar grant to a local government project in St. Vincent and the Grenadines. In both cases there has been much activity recently, and the success of a decrease in funds here was reported only a few years ago.

The system is willing to accept a wide variety of local and national organizations, but doesn't like to support the program at this time. The current system works well from a management and organizational point of view, because the activities are so small, it is not practical for the Director to attempt to work with individual NGOs.

There is no administrative umbrella organization in the region. The projects are very diverse in nature and among the regions, even the limited sectoral committees have difficulty in getting good coordination. NGO activity in the region is still nascent. Some projects are funded through NGO funds, which can provide small grants with fewer conditions.

C. EC/UNEP (Lance Downing and Scott Grenier, Program Officer)

NGOs are funded through OFGs and cooperative agreements. The Mission currently is supporting five large NGO projects through OFGs for a total of about \$24 million. There is also a centrally-funded (\$2 million) occupation project with an NGO. In addition, about \$1 million a year in local currency goes to NGOs for a pan-regional education program. Other local currency funding is handled through the national education, not the Program Office, on a sectoral basis. The system is working well.

The disadvantages of this system are that the NGOs are weak in design and implementation capabilities and need a lot of technical assistance and training. There is a complementary OFG for planning assistance for the NGOs involved in health and child survival. The advantage is that because the OFGs are large and their number is very limited, managing them is not overly burdensome.

The Mission has not considered working through an umbrella organization; they see no need for it. They are trying to provide assistance to local NGOs by helping them with registration procedures and helping a directory of local NGOs.

D. EC/UNEP (Patricia Melendez, Program Officer)

The Mission is now funding NGOs through OFGs, and is very concerned about meeting the HR management needs needed and making better

Use of the umbrella FIC structure. It was noted that umbrella FICs are not legal entities, and that the US FICs are not legal entities in Ecuador. The umbrella FIC would be a legal entity in Ecuador.

There are at least 10 local development organizations FICs, plus US FICs, and an umbrella structure is the FIC or FIC umbrella organization.

The mission is in the process of developing a two-pronged strategy to work more effectively with FICs. It is planning to create a financial foundation with legal standing to fund FICs on a multi-sectoral basis and to take over participant training. While it would be funded by AID initially, it would have to seek other funding later. The mission is also considering endowing it with local currency funds. USMID's purpose in creating such an entity would be to build an institution which would replace AID when it phases out its involvement in Ecuador, and yet maintain a US presence. Concurrently, USMID is also working to establish a local FIC umbrella organization with which the foundation would work. This is in the early design stage. The umbrella would provide services such as technical assistance and training, information and coordination to FICs and serve as a voice for them in relation to the government. The foundation would evaluate and fund projects. It is not yet clear whether it would have any training/TA function except for the participant training program.