

AGENCY FOR INTERNATIONAL DEVELOPMENT  
**PROJECT DATA SHEET**

1. TRANSACTION CODE: **A** (A = Add, C = Change, D = Delete)  
Amendment Number: **1**  
DOCUMENT CODE: **3**

COUNTRY/ENTITY: **NEPAL**

3. PROJECT NUMBER: **367-0159**

4. BUREAU/OFFICE: **ASIA** (04)  
5. PROJECT TITLE (maximum 40 characters): **PVO Co-Financing II**

6. PROJECT ASSISTANCE COMPLETION DATE (PACD): MM DD YY **07 15 97**  
7. ESTIMATED DATE OF OBLIGATION (Under B: know; enter 1, 2, 3, or 4)  
A. Initial FY **87** B. Quarter **2** C. Final FY **96**

8. COSTS (\$000 OR EQUIVALENT \$1 = )

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L.C	G. Total
AID Appropriated Total	435		435	16,000		16,000
(Grant)	( 435 )	( )	( 435 )	( 16,000 )	( )	( 16,000 )
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S. 1. PVOs				5,360		5,360
2.						
Host Country						
Other Donor(s)						
<b>TOTALS</b>	<b>435</b>		<b>435</b>	<b>21,360</b>		<b>21,360</b>

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION PURPOSE CODE	B. PRIMARY TECH. CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) HE/POP				835					
(2) ARDN				4,811					
(3) EHR				2,576					
(4) PSEE				1,703					
<b>TOTALS</b>				<b>9,925</b>		<b>6,000</b>		<b>16,000</b>	

10. SECONDARY TECHNICAL CODES (maximum 8 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code

B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

To strengthen the capacity of U.S. and local PVOs to work in Nepal in support of GON and Mission development objectives.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY **07 96**

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000  941  Local  Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment)

To add additional resources and revise selection criteria. All new grants will work toward one or more of USAID/N's strategic objectives: increasing private sector's contribution to income growth; improving child survival, family planning and malaria control; and increasing pluralism and democratic values and processes.

17. APPROVED BY

Signature: *Kelly C. Kammerer*  
Name: **Kelly C. Kammerer**  
Title: **Director USAID/Nepal**  
Date Signed: MM DD YY **07 27 97**

18. DATE DOCUMENT RECEIVED BY AID/W. OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

UNITED STATES OF AMERICA  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
MISSION TO NEPAL

PROJECT AUTHORIZATION AMENDMENT NO. 1

Name of Country : Nepal  
Name of Project : PVO Co-Financing II  
Number of Project : 367-0159

1. The PVO Co-Financing II Project (the "Project") for Nepal was authorized on July 7, 1987, involving planned obligations of not to exceed Seven Million U.S. Dollars (\$7,000,000) in grant funds over a ten year period, subject to the availability of funds in accordance with the A.I.D. OYB allotment process.

In FY 90, the Nepal program was approved as a recipient of funds under the Democratic Pluralism Initiative (DPI) program, and it was considered appropriate to channel a portion of these funds through this Project. On July 2, 1990, a Congressional Notification (CN) was submitted to the Hill advising the Hill of AID's intention to increase the life of project (LOP) funding for this Project to \$10,000,000. The CN expired without objection on July 17, 1990. The increase in the LOP funding was to allow the Project to finance DPI-related activities to be conducted by U.S. and local PVOs and carry forward other PVO activities.

Pursuant to Sections 103, 104, 105 and 106 of the Foreign Assistance Act of 1961, as amended, and to Section 2B of Delegation of Authority No. 652, I hereby authorize this amendment to the original Project Authorization, thereby increasing the authorized LOP funding by an additional \$6,000,000, from \$10,000,000 to \$16,000,000. With this addition to the LOP funding, the LOP funding allocation by appropriation categories has been now changed to \$14,840,000 Development Assistance (DA) and \$1,160,000 Population (PN). A CN for this increase in the LOP funding was submitted to the Hill on December 8, 1992 and expired without objection on December 23, 1992. These additional resources will allow the Project to provide support for activities which work toward achievement of one or more of the Mission's over-riding program objectives, i.e., increased private sector contribution to income growth; increased use of family planning, child survival, and malaria control services; and increased pluralism and well-established democratic values and processes.

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I. SUMMARY

A. Background

Recently, USAID/Nepal has intensified efforts to refocus its program and has formulated the three most suitable objectives for the portfolio. As a result of these efforts, the following principal objectives now guide the Mission's program. They are: (1) to increase private sector's contribution to income growth; (2) to improve child survival, family planning and malaria control services; and (3) to increase pluralism and democratic values and processes. All new Mission development activities are directed toward achievement of these objectives. Projects which were not directed toward these objectives have been curtailed, allowed to terminate, or are amended.

Under the PVO Co-Financing Project, 26 grants have been made to 16 different PVOs. One-third of these grants are now complete. Because of the success achieved in Nepal's development through Private Voluntary Organizations (PVOs) and their ability to reach targeted groups in an effective manner, USAID/Nepal has decided to continue assistance through the PVO Co-Financing Project. However, substantive adjustments in the kinds of PVO-conducted activities are considered necessary to concentrate USAID/Nepal support for activities working toward the major objectives. Thus, it has been agreed that the PVO Co-Financing Project will be amended to redirect its foci and to revise selection criteria for possible grants or cooperative agreements.

Firstly, USAID/Nepal may choose to request proposals for certain types of development activities. Hitherto, only unsolicited proposals were considered. Secondly, all proposals must be directed toward achievement of one or more Mission objective. Thirdly, activities must have a broad national or regional impact, rather than concentrated on a single locality. Fourthly, assistance must reach a large number of beneficiaries, and/or be replicable.

B. Purpose and Activities

The current life-of-project (LOP) is ten years, until September, 1997. Current resources available for grants and cooperative agreements total \$10 million. All funds have been obligated and committed. To undertake additional activities through PVOs, additional resources are necessary. The amendment will increase the LOP funding by \$6 million, to a new LOP of \$16 million. No time extension is required.

Under the amendment, it is estimated that three or four major grants or cooperative agreements (of between \$800,000 to \$1 million each) and eight small grants (of around \$60,000 each) will be made to PVOs working toward one or more of the Mission's major objective. Grants of \$5,200,000 are expected to leverage projects requiring over \$7 million in resources, as all PVOs are expected to project 25% of all costs from sources other than the United States Government.

It is expected that at least one major grant and three smaller grants will be for activities which increase the private sector contribution to income growth. Activities may include: microenterprise and small business development, productive loan programs, credit union development, and development of farmer groups and/or associations. It is estimated that one major grant and one or two minor grants will be for activities which increase the provision of child survival, family planning, or malaria control services. Activities may include: Vitamin A deficiency control, respiratory and vector borne disease control, marketing of contraceptives, AIDS prevention and health cost recovery systems. An estimated one or two major activities and two or three smaller activities will focus on increasing democracy in Nepal. Activities may include: adult literacy programs, special advocacy programs, capacity building of PVOs in the areas of human rights, civic education, and activities directed particularly toward the education of women, voter education, and community action programs.

While environmental projects are not specifically mentioned as a separate focus area, the Mission considers Nepal's natural environment as being one of the Kingdom's greatest sources of potential income. The environment is a cross cutting issue, and therefore, the Mission foresees either amending existing grant agreements in this area, or making one or two small grants to environmentally focussed PVOs, who will propose environmental activities which relate to income generation or health concerns.

Activities in the project not funded under individual grants or cooperative agreements, such as contractor management support, accounting assistance, small audits and evaluations, and a limited amount of related studies and publication of worthwhile material will be funded directly through the project.

Resources required for this amendment are summarized below. It is expected that all commitments will be made by the end of FY 95 and all obligations by the end of FY 96. Expenditures will be completed by September, 1997.

	<u>Activity</u>	<u>Amount</u>
1.	Increasing Income	2,100,000
2.	Health Services	1,400,000
3.	Democracy	1,500,000
4.	PVO Support Services	1,000,000
	Total	<u>\$6,000,000</u>

The total of \$6,000,000 increases the LOP to \$16,000,000.

### C. Results

It has been A.I.D.'s experience that PVO umbrella projects such as the amendment proposes, allow Missions to become involved with beneficiary groups not easily reached by other programming approaches. While the precise results can not be predicted at this time because those results will depend upon the mix of PVOs/NGOs which receive funding, the activities will certainly support the overall achievement of the Mission's objectives. The activities will reach grassroots Nepalese with needed services, education and democratic processes. Activities selected will follow criteria based on Mission's goals as set out above. Based on the historical performance of PVOs in providing effective development assistance in Nepal, progress will be enhanced by support of PVO initiatives through an amended PVO Co-Financing Project.

PVOs, both international and indigenous, provide targeted services at a level of intensity and dedication hard to match. By providing "umbrella" PVO programs which reach the largest effective number of people, USAID/Nepal can assist more groups, communities, and individuals with a relatively smaller number of grants and reduced administrative responsibilities.

While the ultimate goal of the project is to achieve Mission and GON development objectives, the means by which this can be achieved is by strengthening community-based or tied NGOs.

Institutional strengthening appears essential for long-term viability and sustainability of NGO assisted development. Yet, measured by time and resource allocation, this strengthening has frequently been undervalued in PVO projects. Many similar projects have focused on discrete, measurable objectives. However, assisting the development of local groups is often a prerequisite for attaining such objectives. It is conceivable that the existence of competent and autonomous community groups/local NGOs may well be of more lasting value than the specific physical achievements called for in the project.

## II. BACKGROUND

### A. Progress and Current Activities

Since initiation of the PVO Co-Financing Project (PVO Co-Fi), 26 separate grants have been made. These are shown in Annex C. Of these activities, 16 are ongoing and 10 have been completed. A total of \$10,225,569.13 has been identified as the current LOP activity funding requirements. Obligations for FY 92 funding were \$3,823,000.

The grants and cooperative agreements funded under PVO Co-Fi range from grants of over \$1 million (two) to grants under \$50,000 (seven). The grants can be loosely grouped in the following categories: integrated rural development (five), bio-diversity and environment (five), education and research (five), health (two), and democracy and pluralism (nine). The

grants have been both short- and long-term, carrying out one discrete activity or an entire, lengthy program. Grants were given to 16 different organizations of which five are indigenous and 11 are international/U.S. PVOs.

The effectiveness of PVOs in providing development assistance is difficult to measure when there is such a diversity of activities undertaken. Performance indicators and measurements are different for each type of activity. Most activities are still ongoing (ten of 26 are completed), which also makes it hard to prejudge effectiveness at this stage. However, reports, evaluations, and reviews present a very positive picture of the overall effectiveness of the PVO grants. The best single source for a summary review of accomplishments and status is the Project Implementation Review (PIR), done every six months for all projects. (PIR reports are on file and available in the USAID/Nepal library and in the PPD office files.) In general, PVO development efforts are progressing well, with basic purposes being met and planned accomplishments being achieved. However, PVO activities have not been focussed on specific areas and selection criteria were not well defined during initial selection periods (1988-1990). Concerns over sustainability have only recently come to the forefront.

#### B. Mission Focus and Concentration

Over the last two years, USAID/Nepal has been engaged in an intensive effort to determine the most appropriate over-riding program objectives, for AID's assistance efforts, given limitations in resources and given Mission expertise and experience. Through a rigorous and sometimes painful process, the following strategic objectives have been established as the key areas of assistance focus for USAID/Nepal:

1. Increased Private Sector Contribution to Income Growth
2. Increased Use of Family Planning, Child Survival, and Malaria Control Services
3. Increased Pluralism and Well-Established Democratic Values and Processes

Any new or amended activity that is undertaken by USAID/Nepal must work towards the accomplishment of one or more of these objectives. For the Mission to fully implement a program aimed at these objectives, certain projects or components of projects are being terminated, others are being significantly modified, and new activities initiated. As one of the projects being modified, PVO Co-Financing is being amended to increase its impact in strategic areas of major importance to the Mission. This amendment, in an arena of reduced staff and resources, will enable USAID/Nepal to continue as a key supporter of private voluntary organizations and make focused contributions to Nepal's development.

PVO Co-Financing is a supportive initiative, being redesigned to better complement the Mission's programs in the income generation, family planning and child survival, and democracy sectors. Rather than provide separate PVO grants to each of the technical offices (agriculture/rural development, health/family planning, and program/project development), it has been determined that it is more effective to channel assistance through a single project.

### III. PROJECT DESCRIPTION

#### A. Goal and Purpose

The basic goal and purpose of the project remain unchanged. The goal is to improve the lives of socio-economically disadvantaged persons/groups and to increase their capacity to participate in their own development. The purpose of the project is to strengthen the capacity of U.S. and local PVOs to work in Nepal in support of the GON development objectives and USAID/Nepal's strategy and program. Since the project was approved in 1987, both GON objectives and USAID/Nepal's strategy have undergone major shifts. These shifts are reflected in the amended project.

The GON, as articulated in the Eighth Five Year Plan, is relying much more heavily on the private sector and local community to provide the direction and resources for Nepal's development. The advent of democracy and greater popular participation is evident in government's recognition that they can not achieve social goals on their own and that they must, consequently, relinquish much decision making to local group. Communities are determining the nature of development activities and resource uses, with a greatly reduced role of central government. Local government is in its infancy and communities look to outside sources in seeking to organize themselves to improve themselves and their surroundings. Action groups, including PVOs (most often called NGOs or non-governmental organizations), are being called upon to take leadership roles within communities and within certain development sectors in making key decisions and in carrying out implementation of various programs. This greatly enhanced role of the NGOs will be sustained only if the NGO community is responsive and effective. This healthy climate of volunteerism should be fostered, since it is the strongest, and in some communities, the only source of local services. Therefore, support which strengthens NGO capacities is strongly endorsed by the GON and is necessary for NGO success.

In an attempt to revitalize a flagging relationship with NGOs, the GON recast the SSNCC into a new organization the Social Welfare Council (SWC), loosening its close ties with the Palace and placing it under the Ministry of Education, Culture and Social Welfare. The legislation which established the SWC is still to be tested and its regulatory function can not be carried out as the organization is now staffed. The NGOs are presently operating with a great deal of freedom as they have during the

past year, while reorganization of the SSNCC was occurring. It is envisaged that the SWC will become a coordinating body rather than a regulatory one, however this will not be fully determined until the implementing by-laws are established.

USAID/Nepal's strategy is also undergoing significant change. The previous section describes the Mission's focus and concentration effort. The following section lays out the basic criteria for activity selection. The Mission's strategy or approach to PVO assistance is also being revised. With limited financial and human resources, fewer grants will be made under the project. It is estimated that three or four major grants and eight small grants will be made over the next five years. These will be made to PVOs who serve as grantees, trainers, and administrators for small, local PVOs. These umbrella PVOs (large grantees) may not necessarily be directly involved in local community development or in provision of services to any one community or set of individuals. Their coverage will be regional or national in scope and not restricted to one geographic location, while they may support indigenous NGOs who are working in a smaller area. Activities supported by USAID/Nepal must work towards our over-riding objectives. This strategy will enable the project to support a large number of local PVOs, but without the administrative burden of overseeing each individual activity that is being assisted and without a large number of contracts being executed through USAID/Nepal. Solicitation of proposals will allow USAID/Nepal to work with NGOs in refining development efforts. Recent evaluations of AID's first generation of PVO umbrella projects, have shown that this cooperative planning has led to greater success than with the NGO submitting a proposal without AID input.

## B. Activity Selection Criteria

A new Mission Notice (superseding Mission Notice No. 91-46) will be issued which states the selection criteria for any new grant or cooperative agreement. Principal features are noted below.

### 1. General Principles

Overall, USAID/Nepal's strategy is to enhance the capabilities of local PVOs to assist in Nepal's economic and social development. The strategy of enhancement is to work towards greater self-reliance, independence from outside bodies, self-sufficiency and financial sustainability with local resources. Thus, our support is limited in its timeframe and targeted towards improved local capabilities using local resources.

PVO grants will be made only for activities which work toward achievement of one or more of the Mission's strategic objectives.

Activities must have national applicability and potential for replication throughout the country. Activities, except those

which serve as a test or pilot for a given approach, must not be geographically limited in scope. USAID/Nepal may solicit proposals from selected PVOs, as well as continue to receive unsolicited proposals.

One grant to a PVO, which in turn provides support or sub-grants to local PVOs, is preferable to multiple small grants to numerous PVOs.

## 2. Selection Criteria

Certain PVO activities will receive preference as programming areas. These include: development of business and income-generating activities; agroenterprise strengthening and new industries introduction; private sector provision of health services; PVO support for agriculture input marketing and related service delivery systems; democratic pluralism initiatives, adult literacy and basic business literacy.

PVO activities which support local NGOs involved in self-sustaining programs are most likely to obtain USAID/Nepal assistance. Integrated rural development (IRD) activities of a broad, comprehensive nature are unlikely to receive grants through this project unless they are focused to targeted markets and product production.

Proposals for assistance can be both solicited by USAID/Nepal and unsolicited. Proposals should provide the following information.

- Identification of the particular problem or need to be addressed through the grant.
- Experience and performance by the PVO in working on the problem area or need.
- Description of the overall goal and purpose of the specific grant being requested.
- Full description of the activities to be carried out, clearly stating what will be done, how it will be performed, how performance will be measured, when the activities will be done, who will do the work.
- Detailed information on sub-grantees or if the sub-grantees are not identified, detailed criteria for their selection and the relationship/responsibilities of the grantee to the sub-grantee.
- Statement of the results of the grant and end of activity status.
- Detailed budget with full details on all costs, including those not funded by USAID/Nepal.

USAID/Nepal resources greater than 25% of total costs will be preferred. Minimal contributions to the cost of grant activities from resources other than USAID/Nepal and the U.S. Government are 25% of total costs. Levels greater than 25% are preferred. Only in rare and special circumstance will any exceptions to this 25% contribution requirement be made.

All proposals from PVOs must comply with the requirements and guidance of AID Handbooks 3 and 13. Any organization receiving grant funds under this project must be registered and certified as a PVO before any disbursements are made. (The mechanics of the selection process is described in Section IV B, Administration and Management.)

### C. Potential Grants

Over the next five years, three to four major grants and eight small grants or cooperative agreements made under an amended PVO Co-Financing Project will work toward one or more of the Mission's strategic objectives: (1) increasing income through the private sector; (2) decreasing infant and child mortality and unwanted fertility; and (3) increasing pluralism and democratic values. Grants will conform to the selection criteria laid out in the previous section. An illustrative list of possible types of grants is provided. Although numerous proposals have been received from local and international PVOs, these were submitted prior to revisions in the Project. The potential grants are shown in the probable categories and are only illustrative in nature. In the area of Income Generation, possibly two major grants and four small grants could be awarded. In the area of Health, possibly one or two larger and one or two smaller grants could be awarded. In the area of Democracy, perhaps one or two large and three or four small grants could be awarded. Some of these grants may overlap. For example, it is conceivable that a grant could support basic literacy and entrepreneurship training and then include agro or trade related income generating activities. Included in such support might be democracy strengthening activities such as leadership training and group decision making or organization skills.

**1. Increased Private Sector Contribution to Income Growth (Income Generation)** - Grants to PVOs which support activities related to income generation will necessarily have a production or service delivery orientation. They are, at least in some portion, revenue earning and at least partially self-sustaining. The kinds of activities which groups may participate in are: microenterprise and small business development, revolving productive loan fund programs, development of new products and/or services, development of credit unions, and development of farmer groups and/or associations.

A PVO providing support in one or more of these areas may or may not itself be directly involved in the income generating activity(ies). The PVO may simply be giving training, technical assistance and financial help to the group, PVO, Organization or Association which is implementing the activity(ies).

Association which is implementing the activity(ies).

Microenterprise and small business development may involve entrepreneurs who are attempting to establish or expand some types of business activities. This may include the establishment of a new enterprise involved with production, processing, trading/marketing, or provision of new services. The groups/individuals being assisted by the PVO may be individuals, an association of individuals working together for mutual benefits, a credit union, a business firm with many owners, or a community/segment of a community. The major feature of such a grant is the development or expansion of business opportunities that can be enhanced through PVO assistance.

Productive loan programs or credit unions could be supported by a PVO - or be a PVO itself (some types of credit unions could qualify as PVOs). Support for organizations which supply credit for productive (i.e., income generating) activities could qualify for assistance. Lack of credit is seen as a major constraint to income generation throughout Nepal.

PVO support for development of new products and/or services are also activities that could be assisted through the Project. New product development, such as processing of local goods and growing of new products, could be supported through a grant to a PVO which in turn provides direct technical assistance, training, and possible "seed" support to other PVOs, groups, associations, or individuals.

Development of farmer groups and/or associations is also an area of potential activity for a PVO. Farmer groups, which work toward specific economic goals, are seen as a potentially powerful tool in building local capacities and pursuing market opportunities. Yet there are few such associations and those are very weak. PVOs (probably experienced international PVOs) could possibly assist with institution-building, identification of market opportunities, training for specific skill requirements, or creation of organizations/associations as the need arises.

Possible grantees, from which proposals have been or will be submitted (but have not been reviewed), include Private Agencies Collaborating Together (PACT), the Canadian Center for International Studies and Cooperation (CECI), Hoste-Hainse, SEARCH, World Council of Credit Unions (WOCCU), and the Woodlands Mountain Institute. These proposals range from three years and \$700,000 to one year and \$20,000 and all roughly fit the selection criteria.

**2. Increased Family Planning, Child Survival and Malaria Control Services (Health/Population)** - PVOs which assist with various health-related activities in these areas may be provided grants under this project. It is expected that grant proposals will be submitted mainly for support of activities related to local health delivery systems, probably for such specialized activities as Vitamin A deficiency control, respiratory disease control, vector borne disease control and private marketing of

contraceptives, and health cost recovery efforts.

It is envisioned that PVOs would work with community health volunteers, community groups, local health practitioners, health product vendors, adult literacy training and perhaps small local PVOs. Possible grant recipients include the Nepal Red Cross Society (NRCS), Center for Development and Population Activities (CEDPA), Contraceptive Retail Sales, Save the Children Federation/U.S., Hellen Keller, Int'l., and the Population Council. Grant activities would necessarily complement programs undertaken as part of the Child Survival/Family Planning Services Project (367-0157). No proposal has been submitted, but CEDPA grant is due to expire in mid-1993.

### **3. Increasing Pluralism and Democratic Values (Democracy)**

- PVOs can provide significant assistance in strengthening democracy at the national level. Both indigenous and U.S. PVOs have been supported through PVO Co-Financing, but this has been primarily limited to short-term, one-time efforts. Support of PVOs could be for activities directly implemented by the grantee or for a grantee who supports numerous small, indigenous PVOs that implement democratic initiatives.

It is envisioned that recipients might include advocacy PVOs, capacity-building/training-oriented PVOs, or PVOs carrying out specific, short-term democracy activities. Advocacy PVOs might pursue activities in the areas of human rights, women's and children's rights, public interest law, civic education, and the rights of disadvantaged castes and ethnic groups. Also, support of PVOs helping to form parent-teacher associations, civil liberties unions, and trade or farmer associations could be considered. Capacity building/training-oriented PVOs might receive support for activities related to formulation of community action groups, general training in democratic systems and principles, general community participation groups and adult literacy. Specific, short-term programs, implemented through a PVO(s), could also be supported. These might include information seminars, election/voter education campaigns, certain polling exercises, education on bills or referenda, or lobbying systems.

Several PVOs have already received grants and other forms of support for democracy-related activities. These include The Asia Foundation, SEARCH, SCOPE, LEADERS, IIDS, CWD, and NWA. These and other PVOs may be eligible for future grants or cooperative agreements. At present, no proposals for democracy activities are outstanding.

#### **D. PVO Support Services**

In the past, many grants to PVOs did not include funds for Mission backstopping, for the performance of certain accounting procedures, audits, evaluations, publication of any material worth disseminating (reports, research findings) or needs assessments for particular target groups. Mission staffing patterns require additional project/grant personnel backstopping. Even small grants, if over \$25,000 per annum, must be audited.

In many instances, it would be more effective for USAID/Nepal to contract with an audit firm or evaluation firm to do several audits or evaluations under a single agreement. Publications may become useful after a project or grant is completed. This is often not apparent at the time a grant is awarded. Some PVOs do not yet have full in-house accounting capabilities or systems in place.

AID experience in other parts of the world, particularly in Africa, has indicated that PVO projects need to make specific efforts to see that NGO coordination takes place. It can happen on many levels, from informal exchange of information to ad hoc committees of NGOs dealing with common problems or formal consortia and associations. The project need to avoid the sense of competition amongst that NGOs which might decrease their willingness to share information openly and cooperatively. In Nepal several federations of NGOs have recently formed. This spirit of cooperation seems to stem from certain political advocacy and funding needs, however, the project can support this spirit of cooperation by reinforcing collaboration and inter-agency exchanges of information by supporting periodic PVO "roundtables" to address common problems and share approaches. These roundtables should include a wide range of PVOs and not be held exclusively for those receiving funding.

The large umbrella grantees will be expected to assist their subgrantees in seeing that proper accounting and management systems are in place. However, for the direct smaller grants, the PVO Co-Financing Project will set aside funds so that these services can be financed through the project, as necessary. Such funds could be used for both future and current grants, especially for small grants under which it is not economical to budget large costs for administrative activities not necessarily related to the grants' overall purpose.

Each grantee will be responsible for scheduling an annual audit by an independent non-federal audit firm approved by RIG/A/Singapore as required by the Handbook 13. The cost of this audit should show in the budget of their proposal.

If outside evaluations are needed, USAID may contract with a single firm which will perform several evaluations with trained staff experienced in reviewing grant performance. This would speed up the process, reduce costs, and make such evaluations more useful, insofar as they could be grouped to compare similar interventions.

Rarely is there provision for publication of worthwhile materials that are produced by grantees. Research findings, methodologies that are practical and found effective, work experiences and other important development materials are often "lost" because there is no provision for their dissemination. Support through the project could be made available if material worth sharing is generated by grantees as part of their grants. Adult literacy, for example, is an area important to the furtherance of democracy and is directly related to income

generation and health. Materials are continually being developed within technical fields which would be appropriate for post literacy training follow-up. Funding for printing such materials would be an appropriate use of project funds.

E. Resource Requirement

As an illustrative budget, the following figures have been estimated to show possible uses for grants and support from FY 1993 - FY 1997. Basic assumptions used in these calculations are that four major grants and eight small grants will be made, with expenditures spread out evenly over five years. PVO support services are estimated at \$200,000 per annum, also spread over five years. Obligations are made over four years only. No inflation or contingency figures are shown, as grants are awarded without inflation or unidentified costs.

PVO Co-Financing Amendment

Expenditure Budget (in \$ 000's)

<u>Activity</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>
<u>Total: \$6 million</u>					
<b>1. Income Growth</b>					
Major grants (2 @ \$900,000)	200	400	600	400	200
Small grants (3 @ \$100,000)	50	80	90	60	20
<b>2. Health/Population</b>					
Major grants (1 @ \$1,200,000)	200	400	500	100	-
Small grants (2 @ \$100,000)	40	60	60	40	-
<b>3. Democracy</b>					
Major grants (1 @ \$1,200,000)	200	400	400	100	100
Small grants (3 @ \$100,000)	50	80	90	60	20
<b>4. Support Activities</b>					
All	200	200	200	200	200
<b>Total</b>	<b>940</b>	<b>1620</b>	<b>1940</b>	<b>960</b>	<b>540</b>

Obligation Budget (in \$ 000's)

<u>Activity</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>
<u>Total: \$6 million</u>				
1. Income Growth	550	1000	325	225
2. Health/Population	400	350	350	300
3. Democracy	700	300	250	250
4. Support Activities	250	250	250	250
<b>Total</b>	<b>1900</b>	<b>1900</b>	<b>1175</b>	<b>1025</b>

F. Expected Results

Working with PVOs as a major vehicle for improving incomes, health and population services, and democracy will enable USAID/Nepal to reach local communities and grassroot organizations in an administratively effective manner and with a broad coverage through a relatively inexpensive means. PVOs, both international and indigenous, provide targeted services at a level of intensity hard to match. By supporting "umbrella" PVO programs which reach the largest possible number of people, USAID/Nepal can assist more groups, communities, and individuals with a relatively smaller number of grants and reduced administrative responsibilities.

Since no new grants have been selected for support under this amendment, the results of the major grants and smaller grants cannot be measured. As the PVO Co-Financing Project is a support activity for those offices responsible for activities working toward the Mission's three major objectives, the success of the grants can be measured on the basis of the Mission's overall efforts to increase income, improve health and population service delivery, and increase pluralism and democratic values. As the individual grants have not yet been identified, specific accomplishments and indicators cannot be determined yet. These will be determined when proposals are selected, grants monitored and evaluated, and the Mission's overall program is reviewed.

IV. IMPLEMENTATION PLAN

A. Implementation Schedule

This amendment does not require the formal approval of the Government of Nepal. The PVO Co-Financing Project was acknowledged by the Social Service National Coordination Council, but no project agreement was signed. Therefore, the Implementation Schedule shows only approval of the Mission Director, as per his delegation of authority.

<u>Activity</u>	<u>Action</u>	<u>Timeframe</u>
Project Amendment Approved	USAID/N	February, 1993
Selection Criteria Circulated	PPD/PD	March, 1993
Grant Proposal Reviews	PPD/PD, Tech. Officers	March, 1993 and onwards
Additional Funds Allocated	AID/W, USAID/N	April, 1993
Grants Approved	PPD/PD, Tech. Offices, FM, D	April 93- September 1995
Evaluations Performed	PPD, Contract	Various
Project PACD	USAID/N	July 15, 1997

B. Administration and Management

The administration and management of individual small grants or cooperative agreements will not be altered by this amendment and will be handled by designated Project Officers from the various USAID/Nepal Offices. The determination of which Office is responsible for grant administration/management is made jointly by the Office Chiefs and Deputy Chief, PPD. The designation of Project Officer for a grant is made by the Office Chief.

The Project Officer designated, now called Project Manager, has responsibility for monitoring all USAID/Nepal-related aspects of the grant. This includes verifying performance, securing quarterly reports, preparing Project Implementation Reports, preparing any required implementation documentation, and tracking funds usage. The Project Manager will be backed up by an alternate Project Manager (also selected by the Office Chief).

The Project Development Division (PPD/PD) is responsible for umbrella grant management (in the case of the health and population umbrella grant, responsibility will be shared with the designated health project officer). The Agriculture and PPD umbrella grants are likely to be multi-disciplinary and will be managed by PPD/PD staff. Should any umbrella grant be highly technical, for example exclusively related to environmental concerns, that umbrella grant shall be managed by ARD. This determination will be made in joint consultation between the Office Chief and the Division Chief of PPD/PD. An assistant to the PPD/PD Chief will be hired through the project to carry out the daily and routine administration of the umbrella grants and to provide support to the technical offices for the smaller grants. PPD/PD is responsible for ensuring that PIO/Ts are executed, that the Contracts Office has all needed information to draw up a grant agreement/cooperative agreement, for coordinating proposal reviews, for making any grant agreement amendments, for compiling PIRs, and for providing administrative support needed by the Project Manager.

The administration and management of sub-grants is the responsibility of the umbrella grantees. Umbrella PVOs will ensure that subgrantees track, record and regularly report fund usage using standard accounting procedures. Sub-grants amounting to \$25,000 or more will subject the sub-grantee to prior audit which should be arranged by the grantee PVO. In cases in which the sub-grantee is inexperienced in accounting and reporting, the grantee is required to give the necessary training before disbursing funds to the sub-grantee. The grantee is in all cases responsible for the fiscal accounting of the sub-grants and will submit combined quarterly reports on the grant's progress. The grantee is also responsible for ensuring that the sub-grantee is properly registered with the Social Welfare Council or at the district level and that the requirements of either GON are honored. The sub-grantee guidance attached in Annex D is illustrative of the responsibilities for administrating, monitoring and managing of the sub-grants. At the time of the

drafting of this amendment, the exact role and authority of the Social Welfare Council had not been determined. Implementing regulations and practical procedures for the exact relationship between the SWC, donors, INGOs and NGOs were yet to be determined. It is the spirit of this paper to cooperate with the SWC while facilitating the Mission of the INGOs and NGOs outlined in this paper.

The Contracts Office is responsible for executing all grants/cooperative agreements and any amendments thereof. The Financial Management Office is responsible for maintaining financial records on all grants, allocating financial resources as per grant agreements, and clearing any financial documents.

C. Monitoring and Evaluation

Monitoring of grants is basically the responsibility of the Project Manager. All grantees are required to provide quarterly reports on all grant-related activities, both past and future. It is expected that Project Managers will make at least one visit per quarter to the PVO offices and/or field sites. Progress reports will be prepared by USAID/Nepal semi-annually and shared with Mission staff through the PIR reviews.

Evaluations of PVO grantee performance will be performed on activities which extend beyond one year. The depth of such evaluations will be determined on a case-by-case basis by PPD and the concerned office. At that same time, it will be determined what skills are needed to perform the evaluation and where those skills may be found.

Annex A

PROJECT DESIGN SUMMARY  
REVISED LOGICAL FRAMEWORK

Life of Project:  
From FY 1987 to FY 1991  
Total U.S. Funding 16 million  
Date Prepared: February 16, 1993

Project Title & Number : PVO Co-Financing II, 367-0159

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes:</p> <p>To improve the health/lives of socio-economically disadvantaged persons/groups and to increase their capacity to participate in their own development.</p>	<p>Measures of Goal Achievement:</p> <p>For target groups:</p> <ol style="list-style-type: none"> <li>1. Reduced unemployment and underemployment and increased income growth</li> <li>2. Increased participation and use of services, e.g., education, health, family planning, banking and agriculture extension services; group cooperation and action.</li> </ol>	<ol style="list-style-type: none"> <li>1. GON and PVO statistics on target population. Some probable indicators</li> <li>- % of children staying in school</li> <li>- No. of credit unions of saving associations formed</li> <li>- No. of community level self help groups formed.</li> </ol>	<p>Assumptions for achieving goal targets:</p> <ol style="list-style-type: none"> <li>1. That target individuals/groups will assume responsibility for and actively participate in their own development; and,</li> <li>2. That the GON will provide steadily improving access to public resources necessary for sustained development.</li> </ol>

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NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project Purpose:</p> <p>To strengthen the capacity of U.S. and local Private Voluntary Organizations (PVOs) to work in Nepal in support of USAID/Nepal's strategic objectives (drafted February, 1993).</p>	<p>Conditions that will indicate purpose has been achieved: (End of project status):</p> <ol style="list-style-type: none"> <li>1. Increase in PVO activities which assists the most socio-economic disadvantaged groups to:               <ol style="list-style-type: none"> <li>(a) engage in increasing incomes;</li> <li>(b) gain access to credit and savings institutions and markets;</li> <li>(c) improve their health and family planning;</li> <li>(d) learn group action and leadership techniques engage in democratic discussions and organization procedure in carrying out community based projects;</li> <li>(e) gain basic literacy, numerousy and business education.</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. USAID/Nepal, and PVO reviews of project and sub-project progress;</li> <li>2. Baseline data surveys before sub-project implementation and subsequent analysis of changes over sub-project life; and,</li> <li>3. Project mid-term and final evaluation.</li> </ol>	<p>Assumptions for achieving purpose:</p> <ol style="list-style-type: none"> <li>1. That volunteerism will remain a strong U.S. and Nepali tradition which receives corresponding manpower and financial support from both the private and public sector;</li> <li>2. That PVOs will continue to focus on development goals, as they increase their capability;</li> <li>3. That one GON will continue to provide a policy and procedural environment which allows PVOs to operate independently; and,</li> <li>4. That the SWC will see as its major role the coordinating of PVO activities in Nepal.</li> </ol>

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Outputs:</p> <ol style="list-style-type: none"> <li>4-6 umbrella grants and 6-8 small grants implemented;</li> <li>Institutional capacity of INGO and NGO's strengthened.</li> </ol>	<p>Magnitude of Outputs:</p> <ol style="list-style-type: none"> <li>10-14 grantees utilizing approximately \$ 5 million in assistance;</li> <li>INGO's and NGO's receiving increasing support from private funding; groups they have supported becoming financially independent.</li> </ol>	<ol style="list-style-type: none"> <li>PVO quarterly reports;</li> <li>On site inspection; and,</li> <li>USAID/Nepal sub-project reviews.</li> </ol>	<p>Assumptions for achieving outputs:</p> <ol style="list-style-type: none"> <li>PVOs submit viable proposals for sub-projects which are approved by USAID/Nepal.</li> </ol>

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS										
<p>Inputs:</p> <p><u>USAID/Nepal</u></p> <p>Funds for co-financing sub-projects (maximum 75 percent of sub-project cost).</p> <p><u>PVOs (or other non-AID)</u></p> <p>25 percent of sub-project costs, including cost for required technical and management inputs into sub-projects.</p>	<p>Implementation Target (000's):</p> <table border="0"> <tr> <td>Increasing Income</td> <td>\$2,100</td> </tr> <tr> <td>Health/FP</td> <td>1,400</td> </tr> <tr> <td>Democracy</td> <td>1,500</td> </tr> <tr> <td>Support Services</td> <td>1,000</td> </tr> <tr> <td>Total</td> <td><u>\$6,000</u></td> </tr> </table>	Increasing Income	\$2,100	Health/FP	1,400	Democracy	1,500	Support Services	1,000	Total	<u>\$6,000</u>	<ol style="list-style-type: none"> <li>Proposal budgets;</li> <li>USAID/Nepal and PVO financial report;</li> <li>USAID/Nepal financial reviews/audits.</li> </ol>	<p>Assumptions for providing inputs:</p> <ol style="list-style-type: none"> <li>Planned resource levels will be available in the required functional accounts; and,</li> <li>PVOs and USAID/Nepal maintain co-financing arrangements.</li> </ol>
Increasing Income	\$2,100												
Health/FP	1,400												
Democracy	1,500												
Support Services	1,000												
Total	<u>\$6,000</u>												

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Resource Requirement Notes

Most grants with international PVOs will probably be for three years, at about \$300,000 - \$400,000 per annum each in USAID/Nepal support. The PVO will be required to contribute 25% of costs from sources other than the U.S. Government. Therefore, the estimated project cost will be o/a \$900,000 total. Smaller grants are estimated to cost \$30,000 per annum, averaging three years. Also, local PVOs will be expected to contribute 25% of activity costs.

1. Income Growth - Two major grants would be partially funded during the first year and one minor grant may be signed each year - in FY 93, FY 94 and FY 95. Costs are spread out over three years per grant.

2. Health/Population - The major grant should be funded in FY 93 and one minor grant may be signed each year (in FY 93 and FY 94). Costs for each grant are spread out over three years.

3. Democracy - As with Income Growth, one (possibly two) major grant and three small grants may be signed, spread over three years, each lasting an estimated three years.

4. Support Activities - Support activities include expert assistance contracts, accounting, audit support, evaluation support, and publication printing/distribution. Rough estimates were used to determine support requirements. Two Personal Services Contracts, locally hired, for about \$50,000 each per annum are included. Accounting assistance of around \$40,000 in a single contract is shown. Auditing of PVOs, if not included in the grant, is budgeted at \$35,000 per annum. Evaluations and publications are estimated roughly at \$35,000 per annum. Consortia and technical assistance for roundtable and training for NGOs is budgeted at \$40,000 per year. If this total of \$250,000 per annum is more than required, then these funds can be used for additional grant support.

OBLIGATION THROUGH FY 92

ARD

NAME-OF PVO/NGO	PACD	LOP	OBLIGATION	MORTGAGE
SCF (Gorkha)	08/24/92	400,000.00	400,000.00	0.00
SCF (Siraha)	07/14/95	450,000.00	450,000.00	0.00
WMI I	12/31/90	222,100.00	222,100.00	0.00
WMI II	04/30/94	600,000.00	600,000.00	0.00
WWF (ACAP)	03/31/91	100,000.00	100,000.00	0.00
WWF (NECTARI)	09/30/90	50,000.00	50,000.00	0.00
CARE/Nepal	10/31/93	899,700.00	899,700.00	0.00
Winrock Int'l.	07/31/95	2,000,000.00	2,000,000.00	0.00
Tracey Parker	08/31/93	72,168.56	65,782.76	6,385.80
IUCN	07/31/95	520,875.00	250,000.00	270,875.00
UMN	08/31/93	130,175.00	130,175.00	0.00
T O T A L	- -	5,445,018.56	5,167,757.76	277,260.80

HFP

CEDPA	07/14/93	368,254.00	368,254.00	0.00
NRCS	06/15/96	164,027.00	140,436.67	23,590.33
SCF (367-0144)	- -	227.00	227.00	0.00
T O T A L	- -	532,508.00	508,917.67	23,590.33

PPD

Jo Kirk	11/14/92	17,423.00	17,423.00	0.00
PACT	03/31/93	350,000.00	350,000.00	0.00
SCF (Orphans)	09/30/94	425,000.00	425,000.00	0.00
TAF (DPI)	06/30/94	620,029.62	620,029.62	0.00
TAF (FESP)	02/28/94	328,033.00	328,033.00	0.00
TAF (JSTC)	08/31/93	95,903.00	95,903.00	0.00
WEI (LEP I)	08/31/90	600,000.00	600,000.00	0.00
WEI (LEP II)	08/31/95	1,200,000.00	1,200,000.00	0.00
USIS/Leo Rose	- -	30,013.38	30,013.38	0.00
SEARCH (VE)	04/16/91	123,004.57	123,004.57	0.00
SEARCH (NGOs)	09/30/92	13,561.00	13,561.00	0.00
NLS	09/30/91	6,037.00	6,037.00	0.00
NWA	09/30/91	25,000.00	25,000.00	0.00
IIDS	09/30/93	26,038.00	26,038.00	0.00
SCOPE	09/30/94	241,000.00	241,000.00	0.00
HID	11/30/93	147,000.00	147,000.00	0.00
T O T A L	- -	4,248,042.57	4,248,042.57	0.00

O V E R A L L

OFFICE	LOP	OBLIGATION	MORTGAGE
ARD	5,445,018.56	5,167,757.76	277,260.80
HFP	532,508.00	508,917.67	23,590.33
PPD	4,248,042.57	4,248,042.57	0.00
T O T A L	10,225,569.13	9,924,718.00	300,851.13

Annex D

Sub-Grant Agreement

(These guidelines will be included in the Standard Provisions of the umbrella grant agreement)

Subagreements (May 1986)

(This provision is applicable when subgrants or cooperative agreements are financed under a grant.)

A. Awards shall be made only with responsible recipients who possess the potential ability to perform successfully under the terms and conditions of a proposed agreement. Consideration shall be given to such matters as integrity, record of past performance, financial and technical resources or accessibility to other necessary resources. Awards shall not be made to firms or individuals whose name appears on the AID Consolidated List of Debarred, Suspended, and Ineligible Awardees. AID will provide the grantee with a copy of this list upon request.

B. All subagreements shall as a minimum contain in addition to provisions to define a sound and complete agreement, the following provisions as well as any that are specifically required by any other provision in this grant. Whenever a provision within this grant is required to be inserted in a subagreement, the grantee shall insert a statement in the subagreement that in all instances where AID is mentioned, the grantee's name will be substituted.

1. Subagreements in excess of \$10,000 shall contain provisions or conditions that will allow for administrative or legal remedies in instances where subrecipients violate subagreement terms and provide for such remedial action as may be appropriate.

2. All subagreements in excess of \$10,000 shall contain suitable provisions for termination by the recipient including the manner by which termination will be effected and the basis for settlement. In addition, such subagreements shall describe conditions under which the subagreement may be terminated for default as well as conditions where the subagreement may be terminated because of circumstances beyond the control of the subrecipient.

3. All subagreements over \$10,000 issued by recipients shall include a provision to the effect that the recipient, AID, or their duly authorized representatives, shall have access to any books, documents, papers and records of the subrecipient which are directly pertinent to the specific program for the purpose of making audits, examinations, excerpts and transcriptions.

4. Subagreements, the principal purpose of which is to create, develop or improve products, processes or methods; or for exploration into fields that directly concern public health, safety or welfare; or subagreements in the field of science or technology in which there has been little significant experience outside of work funded by Federal assistance, shall contain a notice to the effect that matters regarding rights to inventions and materials generated under the subagreement are subject to the regulations contained in the provisions of this grant. The subrecipient shall be advised as to the source of additional information regarding these matters.

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