

A.I.D. EVALUATION SUMMARY - PART I

PD-ABN-156

IDENTIFICATION DATA

A. Reporting A.I.D. Unit: <b>USAID/NICARAGUA</b>  Evaluation Number: 95/2		B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan? Yes <input checked="" type="checkbox"/> Slipped <input type="checkbox"/> Ad Hoc <input type="checkbox"/> Evaluation Plan Submission Date: FY: 95 Q:2		C. Evaluation Timing  Interim <input checked="" type="checkbox"/> Final <input type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/>	
D. Activity or Activities Evaluated (List the following information for project(s) or program(s); if not applicable list title and date of the evaluation report.)					
Project No.	Project/Program Title	First PROAG or Equivalent (FY)	Most Recent PACD (mo/yr)	Planned LOP Cost (000)	Amount Obligated to date (000)
524-0313	PVO Co-Financing	1991	12/97	21,000	21,000

ACTIONS\*

E. Action Decisions Approved by Mission Director - Actions Required:  <p style="text-align: center;"><b>See Attachment "A"</b></p>		Name of Officer Responsible for Action	Date to be Completed
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APPROVALS

F. Date of Mission Review of Evaluation: <b>October 18, 1995</b>				
G. Approvals of Evaluation Summary and Action Decisions:				
	Project Officer or Program Officer	Evaluation Officer	Representative of Borrower/Grantee	Mission Director
Name (Typed)	Frank Valva	Paul Greenough		George Carner
Signature	<i>Frank Valva</i>	<i>Paul Greenough</i>		<i>George Carner</i>
Date	11/16/95	11/16/95		12/11/95

**ABSTRACT**

**H. Evaluation Abstract:** The project is designed to increase the adoption of preventative health and family planning practices among the target population, to expand employment opportunities for lower income families, and to promote sustainable natural resource management among farmers. The Mission awarded a contract to Development Associates to establish a Project Management Unit (PMU). Sixteen sub-projects have been signed through a combination of grant and cooperative agreements, and ten sub-projects\* are under consideration. The methodology used for this interim evaluation consisted of review of project documentation and interviews with persons involved in the design, monitoring, implementation, and evaluation of PVO Project-funded activities. The basic purpose for performing the evaluation was to determine the effectiveness of the overall project design, the PMU's capabilities, early impacts, and to assist the Mission in making further decisions with regard to this endeavor.

The major findings and conclusions are:

- Certain important design assumptions did not prove valid particularly with regard to donor coordination.
- There are cases in which PVOs require more than three years to meet sub-project objectives.
- More integration is needed with USAID projects.
- A PVO umbrella type mechanism might offer valuable services to the PVO community.
- The PMU should continue providing needed services.
- PVOs are very effective in the ability to have a direct impact on the lives of beneficiaries. In the area of child survival, the project is making a significant contribution in reducing maternal/child deaths through its interventions.
- A lack of medicines and commodities to have been provided by the Government of Nicaragua limits the potential impact in child survival programs.
- Cases of overemphasis on project design have impaired impact.
- The Local PVOs' and PVOs' capacity building activities contributing to the effectiveness of the sub-projects' implementation have had positive impacts.
- The Co-Financing project has not placed sufficient attention on creating or strengthening Local PVOs on a national level.
- PMU institution building exercises have been effective in the area of financial administration but weak until recent in the other technical areas, specifically the natural resources management (NRM) area.
- Adequate systems are in place to monitor and track implementation, except in the NRM area where more information could be collected.
- Attempts to make material changes through Detailed Implementation Plans is a problem.
- Long processing time for sub-project approval is having negative consequences for the project.
- The current system for review of LPVO sub-projects under the Title III program is working poorly.
- There are a few cases in which a PVO could handle a grant of a larger size.
- The signed sub-projects are proceeding as scheduled, except in the NRM area where problems have been identified.

\* As of this date, only one sub-project remains under consideration.

**COSTS**

**I. Evaluation Costs**

Name 1. Evaluation Team Affiliation	Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U.S. \$000)	Source of Funds
Ronald Bobel Alicia Grimes Maria Gutierrez Valencia Management Systems International	524-0313- C-00-5058-00	\$38,000	Project
2. Mission/Office Professional Staff Person-Days (estimate): N/A	3. Borrower/Grantee Professional Staff Person-Days (Estimate): N/A		

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## SUMMARY

### J. Summary of Evaluation Findings, Conclusions, and Recommendations (Try not to exceed three (3) pages)

Address the following items:

- Purpose of Evaluation and methodology used
- Purpose of activity(ies) evaluated
- Findings and conclusions (relate to questions)
- Principal Recommendations
- Lessons Learned

Mission or Office:

USAID/Nicaragua

Date This Summary Prepared:

November 1st, 1995

Title and Date of Full Evaluation Report:

Mid-Term Evaluation of PVO Co-Financing Project (06/95)

The PVO Co-Financing Project was initiated at a time of transition in Nicaragua. A new democratic government was taking on the task of reorienting the economic structure of the country toward free enterprise and more open markets. The public sector had neither the human resources or the financial condition to address the social needs of the country nor the deteriorating condition of the natural resource base. With the re-initiation of the U.S. economic assistance it was concluded that an effective way to address these problems was through the community of PVOs in the United States, many of which have long experience working in the developing world in general, and in Nicaragua in particular.

The goal of the project is to address the vast social needs of the country and the deteriorating condition of the natural resource base. The purpose of the project is to increase the adoption of preventative health and family planning practices among the target population, to expand employment opportunities for lower income families, and to promote sustainable natural resource management among farmers.

The Mission decided to work through a Project Management Unit (PMU), selected through competitive procedures, which began operations in 1992. The PMU was to assist the Mission evaluating and selecting separate proposals and monitoring the implementation of all the sub-project activities.

The areas being funded under the PVO Co-Financing project are: health with a concentration on child survival with eight sub-projects signed; environmental resource management sector with four sub-projects signed; and microenterprise sector with four sub-project activities signed. In addition USAID expanded the project to provide direct assistance to Local PVOs through the Title III Program.

The purpose of the interim evaluation was to determine whether the project was proceeding as planned to achieve its intended outputs and what changes may be required to achieve results. This was to be done in terms of project management structures designed to guide the implementation of each activity and each activity's progress to date as a means to identify PVO Co-Financing Project problems, strengths, and weaknesses.

The evaluators addressed six critical themes, which were refined as the evaluation developed, including: assumption underlying the original Project Paper and their continued relevance and validity; early impact on beneficiaries and natural resources; the contribution of project activities towards building local capacity to sustain activities beyond the project agreement completion date (PACD); monitoring mechanisms to assure that the project is being implemented as designed and on schedule; proposal screening design and approval process and its effect on achievement of the project's purpose; relationship between grant size and absorptive capacity of the PVOs and the PMU and the administrative burden on the Mission.

In order to assess the effectiveness and impact of the project, the evaluation team examined documents from USAID implementation plans and compared them to actual progress, reviewed project documentation and interviewed persons involved in the design, monitoring, and implementation of PVO Co-Financing Project-funded activities.

## **CONCLUSIONS AND RECOMMENDATIONS:**

- Certain design assumptions did not prove valid particularly with regard to donor coordination. USAID should integrate PVO activities into other projects in the functional areas covered in the Co-Financing Project.
- The PMU is an essential ingredient for the success of the Project; other options are not available at this time. USAID/Nicaragua should maintain the PMU mechanism through the PACD of the Project in mid-1998.
- Subgrant implementation periods of three years are generally insufficient. USAID should allow PVOs to extend subgrants to longer than three years when justified.
- A PVO umbrella organization could provide information and other services -and a lobbying voice - for its membership. The PMU should conduct a simple demand analysis to determine the interest in, and viability of, a Nicaraguan PVO umbrella organization to represent the non-political PVOs. The analysis should focus on PVOs participating in the current project.
- Overemphasis on project design process has impaired impact, especially in NRM sub-projects. The PMU and USAID/General Development Office should place less emphasis on perfecting initial design and more on assisting PVO partners to achieve impact.
- Developing a sustainable funding mechanism (including participation by the private sector) will be necessary to finance future NRM projects. An option would be the creation of a National Environmental Fund (NEF) to fund grants to local PVOs or USPVO-LPVO partners. The PMU should investigate the concept of a "National Environmental Fund" as a source of sustainable funding for PVO projects in the environment and other sectors.
- A more sophisticated monitoring system will be necessary to measure project results at each level of objective. USAID/General Development Office and PMU should develop a monitoring system to monitor impact at each objective level. USAID should encourage the PVOs to publish their data and findings.
- The project cannot become any larger unless more authority is delegated to the PMU and its staff is increased. The Mission's technical offices do not have the capacity to monitor the sub-projects nor to take on the proposal approval process. The evaluators do not recommend expansion of the project unless more authority is delegated to the PMU, and its staff increased to handle the increased authority.
- Most PVOs will not be financially sustainable by the end of the project. Future USAID assistance should be provided to the more experienced US-based PVOs and local non-governmental organizations (LNGOs). Such assistance should focus on the financial sustainability of the sub-projects to encourage their continued consolidation and expansion.
- The current process for the review of sub-projects under the Title III Program is working poorly and leads to long delays in the review and approval of LPVO proposals. LPVOs will continue to need assistance in preparing proposals for using Title III local currency. The PMU should assess the likely assistance requirements of the PL-480 Title III Secretariat to better serve the LPVOs preparing proposals for Title III funding, and acquire short-term local expertise, paid with Title III funds, to meet this demand. The PL 480 Secretariat should have primary responsibility for the approval and the administration of the LPVO Title III sub-projects, using the PMU as the technical and financial advisor.

ATTACHMENTS

K. Attachments (List attachments submitted with this Evaluation Summary; always attach a copy of the full report.)

The full evaluation report is attached: *Evaluation* of PVO Co-Financing Project.

COMMENTS

L. Comments by Mission and Borrower/Grantee on Full Report

See Attachment "B" which records the Mission review of the evaluation and the decisions taken.

**ATTACHMENT "A"**

E. Action Decisions Approved by Mission Director - Actions Required	Name of Officer Responsible	Date to be Completed
<p>1.- A new Scope of Work (SOW) will be developed for the Project Management Unit (PMU), regardless of the implementing agent. In drafting the SOW, alternative and cheaper ways of managing the subgrants will be considered. The SOW will include specific policy and performance guidelines for monitoring of subgrants and technical assistance for existing sub-projects. The new PMU SOW will also include a transition schedule for turning over the PMU/Title III activities to the Secretariat.</p>	F. Valva	12/30/95
<p>2.- A PMU mechanism will be kept in place until the project PACD. Before the current contract expires, an options paper will be developed with the Contracts Officer laying out the requirements for competition and (HI) developing the possibility of a no-cost extension to the current contract.</p>	K. Hilliard	Completed
<p>3.- The position of Chief of Party (COP) at the PMU will be deleted as a separate position. One of the three specialists will be named as COP in addition to his role as technical specialist.</p>	F. Valva	6/30/96
<p>4.- In order to ensure that sector activities are coordinated between the PVO Co-Fi grantees and Mission-managed projects, the Mission Results Teams will meet on a quarterly basis with the PVO grantees. Sectoral technical meetings convened by the PMU shall include Mission staff and PVO grantees.</p>	J. Sleeper K. Hilliard J. Homziak	On going
<p>5.- The Mission will consider a no-cost extension of sub-projects on a case-by-case basis and grant extension only when justified by program activities and not for budgetary needs. The technical office will draft an Action Memo to the Director to extend the Project PACD to give the Mission the flexibility it needs to respond to PVO grantees' needs to complete the implementation/results phase.</p>	F. Valva	As requested
<p>6.- The PMU will send PVO evaluations and other studies to the Mission's Strategic Management and Assessment Office to be forwarded to CDIE.</p>	I. Zúñiga	When available
<p>7.- The Mission will look for ways to streamline the process used to program Title III local currencies in support of LNGO efforts and specifically to assure that LNGO funds are committed to agreements over a 12 month period.</p>	F. Valva J. Sleeper	6/30/96

# ATTACHMENT B

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Amemb. Managua USAID  
Unit 2712, Box 9  
APO AA 34021



AGENCIA PARA EL DESARROLLO INTERNACIONAL

Pista Sub Urbana  
Apartado Postal C - 167, ZP 13  
Managua, Nicaragua

MEMORANDUM

November 28, 1995

To : Files

From : Frank Valva, Project Officer *Valva*

Through: Paul Greenough, Evaluation Officer *Paul Greenough*

Subject: Mission Review of PVO Co-Financing Project

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The PVO Co-Fi Project Committee, comprising members of the Directors' Office, Human Investment, Strategic Management & Assessment, Contracts Office, Enterprise & Rural Development and Democratic Initiatives met on October 18, 1995, to review the following recommendations of the project evaluation.

**1. USAID should maintain the PMU mechanism through the PACD of the Project**

The Committee agreed that management of the PVO sub-grants exceeds the Mission capacity, and that a Project Management Unit (PMU) mechanism be kept in place until the Project PACD. HI estimates that maintaining an institutional contractor at the desired level until the PACD will cost an estimated \$1.8 million. An estimated \$700,000 will remain unexpended at the end of the current contract, necessitating an additional \$1.1 million thru the PACD, raising the LOP level from \$21.0 million to \$22.1 million.

The cost of the PMU is directly related to the number and mix of expatriate staff. The Committee agreed to delete the position of Chief of Party as a separate position and to name one of the three specialists as COP in addition to his role as technical specialist. The NRM and Microenterprise specialists will remain filled by expatriates, while the Health specialist position will be filled by a Nicaraguan local hire.

As noted above, approximately \$700,000 will remain at the completion of the current contract with the PMU. The Committee differed sharply on the need to re-compete the contract. As a result, the Committee agreed to develop an options paper for Mission Management consideration, with the Contracts Officer laying out the requirements for competition and HI developing the possibility of a no-cost extension to the current contract.

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The cost of managing the sub-grants continues to be a major concern. The committee agreed that a new scope of work (SOW) will be developed for the PMU, regardless of the implementing agent. In drafting the SOW, alternative (and cheaper) ways of managing the subgrants will be considered.

**2. USAID should integrate PVO activities into projects in the functional areas covered in the Co-Fi Project.**

The Committee accepted the findings of the Evaluation and agreed to insure that sector activities are coordinated between the PVO Co-Fi grantees and Mission-managed projects by the Results Teams. It was agreed that, rather than create more meetings, the Mission Results Teams will meet on a quarterly basis with the PVO grantees. Sectoral technical meetings convened by the PMU shall include Mission staff and PVO grantees to ensure coordination of related activities.

**3. USAID should allow PVOs to extend subgrants to longer than three years when justified.**

The Mission will consider a no-cost extension of subprojects on a case-by-case basis and grant the extension only when justified by program activities and not for budgetary needs. Extending sub-projects may necessitate extending the PACD. The technical office will draft an Action Memo to the Director to extend the Project PACD to give the Mission the flexibility it needs to respond to PVO grantees' needs to complete the implementation/results phase. The design/grant-making phase is essentially over and the project has fully entered the implementation phase, which will terminate at the completion of the sub-grants.

**4. The PMU should conduct a simple demand analysis to determine the interest in, and viability of, a Nicaraguan PVOs umbrella organization to represent the non-political PVOs. This analysis should focus on PVOs participating in the current project.**

The Committee agreed that USAID should not promote local umbrella organizations which might imply a future commitment of resources.

**5. The PMU and USAID/HI should place less emphasis on perfecting initial design and more on assisting PVO partners to achieve impact.**

The design phase of PVO grantee proposals is essentially completed. There is no need to use Mission resources to revise Mission Orders or to streamline a process that has been completed. Under the re-engineered system consideration of PVO proposals will be conducted by the Results Teams.

**6. The PMU should investigate the concept of a National Environmental Fund as a source of sustainable funding for PVO projects in the environment and other sectors.**

The Committee agreed that such an investigation was not appropriate for the PMU. The responsibility of developing sustainable sources of funding lies with the individual PVOs and has been amply discussed with them by the Mission and the PMU in groups and individually. The Mission is, however, sponsoring a workshop conducted by the Global Bureau on organizational management for sustainability specifically for PVOs.

**7a. USAID/HI and PMU should develop a monitoring system to monitor impact at each objective level.**

This recommendation has already been fulfilled because the PMU already has a monitoring system in place for each sector. The idea of supporting cross-cutting studies and evaluations under the PVO Co-Fi project was also rejected because such studies and evaluations should be done by the appropriate Results Team, using different sources of funding.

**7b. USAID should encourage PVOs to publish their data and findings.**

The PMU will send PVO evaluations and other studies to SMA to be forwarded to CDIE.

**8. We do not recommend the expansion of the Project unless more authority is delegated to the PMU, and its staff increased to handle increased authority.**

The Committee agreed to reject any increase in the PMU staff. The technical office, (HI) will write a revised scope of work for the PMU which will include specific policy and performance guidelines for monitoring of subgrants and technical assistance for existing subprojects.

**9. Future USAID assistance should be provided to the more experienced US-based PVOs and LNGOs. Such assistance should focus on financial sustainability of the subproject to encourage their continued consolidation and expansion.**

The Committee agreed that there will be no funds available for expanded financial support to the PVOs under this Project. Future support to PVOs will be considered within the context of the Results framework and determined to be appropriate and necessary for achievement of sectoral objectives. Future proposals shall include sustainability plans.

10. The PMU should assess the likely assistance requirements of the LPVOs that will be preparing proposals for Title III funding, and acquire short-term local expertise, paid with Title III funds to meet this demand.

The Secretariat should have primary responsibility for the approval and administration of the LPVO Title III subprojects, using the PMU as the technical and financial advisor.

The Committee agreed that the Title III Secretariat will exist much longer than the PMU. Because the Secretariat is a fairly new organization with young staff, a transition period will be required to pass over responsibility to them. The new PMU SOW will include a transition schedule for turning over PMU Title III responsibilities to the Secretariat. The Mission will also look for ways to make use of Title III local currency more efficient and specifically to obligate LINGO funds within one year.

Drafted:FValva:11/15/95 - DOC: U:\SMAPUB\DOCS\EVALUATE.PES

Clearances:

SMA/PROG/IS:IZúñiga: in draft Date: 11-01-95

D/HI:KHilliard: in draft Date: 11-01-95

D/ERD:JSleeper: gas Date: 11/30/95

DDIR:MSilverman: MS Date: 11/30/95