

PVC PROGRAMS

Introductory Remarks/Presentation by Tom Kennedy, Moderator

MR. KENNEDY: What I'm planning to do this morning is to introduce the new Program Development and Management Division within PVC, and then provide a more detailed presentation of the new strategic framework, specifically the first strategic objective and the associated intermediate results, which Judy also discussed previously.

The presentation is essentially divided into four components: a background and overview of the new strategic framework; what PVC has learned from the prior strategy; challenges that will be addressed under the new strategy; and, as mentioned, the first strategic objective and the associated intermediate results. This will be followed by a presentation on the Cooperative Development Program, the Ocean Freight Program, and the Capable Partners Program.

I should point out that the new Program Development Management Division, also affectionately known as PDM, replaces the Matching Grant Division. Under PVC's reorganization, it now incorporates the Cooperative Development Program and the Ocean Freight Program. Two new programs are incorporated into this new division. These are the Local NGO-Strengthening Program and the Capable Partners Program.

I should note that all existing Matching Grant Cooperative Agreements will continue to be managed by PVC until the projects are completed.

As Judy had mentioned, the RFA for the local NGO-Strengthening Program is still under review, so any specific discussion of that RFA will have to wait until it is issued. PVC is committed to answering any questions that you may have about the RFA once it is issued, but to keep the process transparent and to ensure a level playing field, we will post written answers to any questions that you may have on the PVC website. We will issue guidance on this when that RFA is issued. We appreciate your patience.

Let me begin with a background and overview of the new strategy. Historically, PVC focused on supporting the development efforts of U.S. PVOs and strengthening their organizational and technical capacity.

As a result of the USAID-wide reorganization, as well as trends that have evolved in the development community and lessons learned through our grant programs, we're placing greater emphasis on strengthening the capacity of the local, indigenous NGO sector, networks, and intermediate support organizations.

I should note that our cooperative agreements will be with the U.S. PVOs. We're not intending to do direct grant mechanisms with local NGOs.

This program will build upon PVC's Matching Grant Program, which in recent years has promoted PVO/local NGO partnerships as a means of building the capacity of individual NGOs to provide

development services. To achieve PVC's strategic objective of increasing the capability of its PVO partners to achieve sustainable service delivery, the Office relied heavily on cooperative agreements with PVOs and provided specialized technical assistance on a variety of sectoral and organizational issues. These agreements targeted institutional changes and technical strengthening within individual PVOs and their local partners. Field Missions were asked to concur with PVC-supported programs in their country, but these programs weren't necessarily integral parts of a Field Mission's Country Strategic Plan.

PVC, in the past, also used its annual RFA process to highlight its interest in particular issues or problems. The issues addressed by PVC in recent years have included organizational assessment, financial sustainability, partnering with local organizations, strategic planning, and results monitoring and reporting. In all of its agreements, PVC sought innovative solutions to these issues, which could be easily scaled up and replicated by other PVOs and their partners.

So there are four key lessons that PVC has learned under this last strategy. The first is that organizational assessments catalyze change. PVC has promoted organizational assessments as an effective tool for implementing operational and technical changes within PVOs and their local partners.

Second, technical standards increase performance. By assisting PVOs to deliver state-of-the-art technical interventions, PVC has helped improve the effectiveness and sustainability of PVO programs.

Third, networks foster problem-solving and self-reliance. PVC support of three networks has helped PVOs identify and address problems hindering program impact as well as to acquire the knowledge and skills to address implementation problems and/or policy issues.

Fourth, decision-making based on data and analysis. Resources are used most effectively when supported by an actively managed research and development agenda.

Three dominant themes arose from PVC's review of the overall assistance environment within which it works. First, NGOs – by which this office means groups organized voluntarily to deliver development services that contribute to poverty reduction or to achieve economic or other benefits for their communities – are of increasing importance. Encouraging their development is Agency policy.

Second, organizational development, which is sometimes called capacity building, institutional strengthening, or building social capital, can enhance the effectiveness of voluntary organizations, both PVOs and NGOs.

Third, PVOs, the main target of PVC's former strategy, are also placing greater emphasis on working with NGOs to expand their capacity to deliver services.

So these are the key issues around which PVC has framed its new strategy. The new strategy will look to PVOs to transfer skills to the NGO sector, thereby strengthening the strategic, technical and

managerial capacity of these groups, and the networks and intermediate support organizations that link these organizations.

Now, having learned these lessons, we face challenges under this strategic framework that remain to be addressed. The challenges confronting NGOs vary in importance across national and regional boundaries, and the economic, political and social context in which they work.

However, these challenges can be summarized in four categories. The first is organizational, financial and managerial weakness. Many NGOs are constrained by financial, managerial and organizational limitations that restrict their ability to improve or expand services. For example, PVOs have reported that NGO partners, while strong on program implementation, have the least skills in measuring effects and impact. This includes weakness in analyzing and in interpreting data, as well as conducting baseline and follow-up surveys. In addition, high rates of staff turnover can contribute to organizational instability and shortage of middle management. NGOs can also suffer organizational inertia, as founders/directors retire or are unwilling to delegate to a second generation of leaders.

Second, external dependency. Dependency on external donor funds is a critical issue for many local NGOs. Not only does this raise difficult questions about financial sustainability, it can also negatively impact NGO legitimacy and credibility in the eyes of governments and local populations. Donor dependency may also threaten local ownership, as NGOs primarily respond to donor reporting requirements and lose touch with communities at the grassroots level.

On the other hand, local NGOs frequently need to improve their ability to manage and account for the use of the funds they receive in order to attract more private resources.

Third, narrow focus and fragmentation. Many local NGOs are characterized by their focus on a narrow set of issues, or a particular community. This limited focus can lead to the inefficient use of resources as small organizations provide parallel services without achieving economies of scale. It can also lead to competition and misunderstanding between different organizations, thereby undermining the capacity of NGOs to influence policies at the local and national level.

Fourth, a weak enabling environment. Relations with state agencies are increasingly recognized as a major concern for NGOs that seek to scale up impact or sustain programs. However, in many countries, governments are suspicious of NGOs, regarding them as potential competitors in delivering services, or representatives of international donor interests. Weak, arbitrary or hostile legal and regulatory environments can curtail NGO operations.

To address such challenges and achieve the objective, PVC programs will take a comprehensive approach to NGO strengthening and the countries and the sectors in which they operate. The programs will focus on assessing the very site-specific factors and organizations that constitute the NGO sector. We will identify those organizations and approaches that have the greatest potential to strengthen and maintain an array of NGOs at higher levels of performance.

PVC intends to work in countries that are emerging from complex crises, or countries in which building the capacity of the local NGO community to provide services has the potential to substantially improve the enabling environment for civil society, and to lessen the potential for civil conflict.

However, unlike programs that focus on strengthening individual NGOs, this program seeks to strengthen the local NGO sector more broadly. The organizations that the programs seek to improve are those service delivery organizations that have constituencies at the local level, and the networks, and the intermediate support organizations that strengthen and link these NGOs to a broad array of partners.

This more comprehensive view of NGO strengthening includes assessing NGO constraints and opportunities in the regions and the sectors where they operate, selecting those organizations that will have the most impact on the local NGO sector, and identifying interventions that are cost-effective and sustainable.

The new strategy also commits PVC to manage a research development and outreach (RD&O) agenda that is designed to address cross-sectoral issues and identify best principles and practices related to strengthening NGOs. It also commits PVC to sharing its RD&O findings widely, and incorporating research results into our grant programs.

PVC believes that a more actively managed RD&O program will provide the foundation for a more coherent Agency-wide approach to strengthening local NGOs, better enable PVOs and NGOs to address related issues in a collaborative fashion, and assist the DCHA Bureau in identifying effective approaches to the longer-term task of strengthening NGOs in conflict-affected countries.

Finally, the new strategy continues PVC's tradition of leveraging private resources for development through capacity-building for smaller PVOs and by brokering partnerships among PVOs, NGOs, and local and U.S. corporations.

Let me turn now specifically to the strategic objective. PVC's new strategic objective, which Judy discussed previously, is "enhanced NGO capacity to deliver development services in select USAID countries".

The rationale behind this strategic objective reflects the direction the Office has taken as a result of the Agency reorganization and the evolution of the relationship between PVOs and NGOs. It also represents the progression of PVC's former strategy. However, there are substantial differences between the two strategies. This strategy takes PVC in new programmatic directions.

NGOs include a wide variety of groups engaged in a broad range of activities. However, those local NGOs, networks, and ISOs on which PVC's strategic plan focuses share a relatively narrow set of common characteristics. They are generally formally or informally organized around shared purposes; they are not part of the state apparatus; they are self-governing rather than externally controlled; and they are voluntary, both in the sense of being non-compulsory and in the sense of voluntary involvement in their governance or operations.

PVC's approach to strengthening local NGOs under this strategic objective means, among other things, that it expects to support activities designed to strengthen the capacity of a wide variety of organizations that are crucial to the effectiveness and sustainability of NGOs in the delivery of services to their constituencies.

Such activities might include building networks among NGOs, strengthening ISOs whose purpose, as Judy mentioned, is to provide support services to NGOs, or improving the enabling the environments within which NGOs work. These programs will be designed to increase the strategic, technical, managerial, and advocacy skills of NGOs, networks, and ISOs. Emphasis will also be placed on building linkages among local NGOs, and with a variety of other local groups, including governments and businesses. Such linkages are expected to contribute to sustainability.

PVC will look to the PVOs as the principal facilitators of this NGO-strengthening for two reasons. First, PVOs have a comparative advantage based on the experience and expertise gained from a broad range of longstanding, collaborative relationships with NGOs; many developed under previous PVC grants. After many years of developing in-country partnerships, PVOs understand the value of such relationships and the trust, transparency, joint decision-making, and mutuality necessary in making them. As a result, PVOs are uniquely positioned to assist local NGOs in strengthening their leadership capacity, legitimacy, and organizational vitality.

Second, as PVC's consultations have indicated, PVOs recognize the importance of their facilitating the operational work carried out by the local NGOs. With PVC support, many PVOs have become learning organizations capable of changing and adapting to constantly shifting environments, and developing new and innovative program models to the point where they set the standard in a number of sectors. As such, these PVOs can draw on their pre-existing knowledge base of local organizations and conditions to design effective programs that accelerate the organizational and programmatic capacity of local NGOs, networks, and ISOs, and increase the scale of impact of these services.

As I noted, in order to increase the effectiveness of this program, PVC will also incorporate a proactive research development and outreach agenda to identify what interventions work best to achieve USAID priorities in a variety of development areas. We will share lessons learned and promote the adoption of the most effective interventions among PVOs, NGOs, and interested parts of the Agency.

A targeted focus on the NGOs also means that PVC expects to promote a more comprehensive agency approach to working with and through such groups to resolve development problems. With its focus on select countries, PVC expects to develop a closer collaborative relationship with Field Missions and a more coordinated relationship with other DCHA offices.

Because local NGOs engage in a wide variety of activities, PVC anticipates its efforts in strengthening such organizations to cut across developmental sectors. Because of the voluntary and participatory nature of NGOs, PVC believes that strengthening the local NGOs will promote the growth of civil society.

In addition, advocacy on behalf of underrepresented groups is a critical function of some local NGOs. Advocacy that supports particular program approaches or public policies may be a necessary component of effective service delivery.

PVC has found that networks can be an effective means of helping U.S. PVOs identify and address problems hindering program impact and to acquire the knowledge or skills needed to address implementation problems and/or policy issues. Indeed, approximately 70 percent of NGO partners implementing PVC grants are members of local networks.

While the value of these networks as a vehicle for improving the technical and management practices of their membership is not disputed, existing local networks are widely recognized as fragile and in need of significant management and organizational assistance.

Finally, a positive enabling environment encourages local NGOs, networks, and ISOs to develop ties with community-based organizations, associations, and other groups, including local governments and business. Coalition-building also promotes networks of trust and cooperation among members and participants, which enhances problem-solving skills, increasing efficiency, and improves impact in the long term.

Under the Matching Grant Program, PVC encouraged its PVO partners to build relationships with the local and international business community in order to ensure the sustainability of PVO activities initiated through PVC support. As a result, in 2002, approximately 30 percent of the PVOs with PVC grants had at least one commercial for-profit partner. Reducing NGO dependency on external donor funds and diversifying financial sources remains a key aspect of the proposed new strategic framework.

Program scale-up and sustainability, the nature of effective partnerships, and the incorporation of conflict management or mitigation issues into effective NGO-sector strengthening programs are areas that PVC's new strategic framework supports. PVC has an office in the Bureau for Democracy, Conflict and Humanitarian Assistance. We are also, as noted, placing greater emphasis on working in countries that have strategic importance to this Bureau.

Now, under this strategic objective, PVC has three intermediate results. The first intermediate result is “strengthened operational, technical, and financial capabilities of indigenous, nongovernmental organizations, networks, and intermediate support organizations”.

PVC's choice of this intermediate result reflects the internal changes that NGOs, networks, and ISOs have adopted to improve their performance as a result of technical assistance for organizational strengthening and organizational assessments conducted in cooperation with their PVO partners and through PVC support.

This intermediate result is designed to continue PVC's support for organizational strengthening, technical assistance, and organizational assessments among NGOs, networks, and ISOs, and to significantly

expand the number of these organizations that are able to improve their capacity across the full range of management challenges.

The second intermediate result is “expanded linkages among nongovernmental organizations, and between nongovernmental organizations and public and private sector institutions”. Organizational assessments and internal management reforms play a key role in bringing about quality improvements of individual NGOs.

Experience with the PVO community has shown that the sustainability and scale-up of good programs requires external investments as well. Such investments include improvements in the legal and regulatory frameworks within which NGOs must work, the NGO networks that support the technical and management improvements of members, and the linkages that NGOs establish with governments and the business community. Transferring the lessons and skills learned by the PVO community to NGOs is the focus of this intermediate result.

To operate effectively and to sustain their programs, NGOs need legal and regulatory frameworks that recognize their legitimacy, permit them to raise resources, and do not arbitrarily limit their operations. A positive environment is also one that enables NGOs to develop mutually reinforcing links with each other and with support organizations.

These linkages help increase the effectiveness of NGOs in their interactions with government through better information and by building solidarity between different groups and actors on common issues. Since NGOs are frequently limited in capacity and reach, multi-organization initiatives that mobilize different groups around common concerns may expand NGO impact at the local and national level.

A positive environment encourages NGOs to develop ties with community-based organizations, associations, and other groups, including local governments and businesses. Coalition-building also promotes networks of trust and cooperation among members and participants, which enhances problem-solving skills, increases efficiency, and improves impact over the long term. Hence, through this intermediate result PVC will give increased attention to improving the enabling environments within which NGOs must work.

Under its previous strategy, PVC encouraged the PVOs and their local partners to involve local governments in their activities, particularly under the Child Survival Grant Program. Such involvement contributed to the longer-term sustainability of programs initiated with PVC support.

It also assisted in the dissemination and adoption of better health practices by local governments and national ministries. Good working relationships of this type must also be pursued by NGOs if they are to work effectively.

Accordingly, through this intermediate result, PVC will adapt its experience of promoting local government and business relationships with PVOs to its work with NGOs. These issues will be incorporated in the strategic planning work PVC carries out in association with collaborating missions,

the grants to PVOs, to strengthen NGOs, and in new programs in countries of high priority to the Bureau.

Program needs and designs are expected to vary substantially among countries and regions, and within countries. Thus, the intervention chosen will depend largely on a country- or site-specific situational analysis. The potential range of interventions is likely to be wide, and might cut across sectors.

While program advocacy or public outreach is expected to play an important role in any configuration of interventions, the primary target for this program is the NGO sector that provides services at the community level. Organizations whose sole purpose is to influence public policy is not the local NGO strengthening program's primary target.

PVC estimates that both the first and second intermediate results are necessary in order to achieve the ultimate objective of enhancing the capacity of indigenous NGOs, networks, and ISOs to deliver development services. While both intermediate results are considered necessary, PVC recognizes that the circumstances in each country or region will vary, as will the emphasis placed on each intervention. Thus, a more comprehensive situational analysis is critical for choosing the target and intervention mix.

It's anticipated that a strong situational analysis, one that is both qualitative and quantitative, is a prelude to the development of effective implementation strategies. An examination of the state of the NGO sector in the proposed countries, and their relationship and interaction with local governments, businesses, and other donors, will inform what will be done in the design of programs.

An analysis of the magnitude of the problems to be addressed, as well as the types and quality of work currently being done by local NGOs in the selected technical sectors will strengthen the rationale for the program. In addition, identification of potential and actual conflicts that may affect program implementation is crucial to effective program planning, design, and implementation.

The third intermediate result is the “wider and more effective learning and dissemination by development partners and PVC of tested innovations, best practices, lessons learned, and standards”.

USAID has been encouraged to foster organizational learning among NGOs, undertake cross-cultural comparisons, and support systematic documentation of what does and does not work. This advice reflects PVC's own conclusion that its resources are used most effectively when supported by an actively managed research, development and outreach program.

Accordingly, PVC's third intermediate result, under this objective, is “the wider and more effective learning and dissemination by development partners and PVC of tested innovations, best practices, lessons learned, and standards.” PVC will manage this intermediate result to ensure that it contributes to the first two intermediate results.

PVC's experience in building the capacity of voluntary organizations over the past few years does provide insights on effective interventions and approaches. The donor community has recognized the

growing importance of PVOs, NGOs, networks, and ISOs as development partners, and increasing amounts of development funds have been channeled to them. However, further progress in this regard requires the emergence of stronger, more independent, and self-reliant NGO sectors. This, in turn, means strengthening the capacity of local NGOs, networks, and ISOs, and linking them in networks that enhance their problem-solving capacity, aggregate their interests, and magnify their ability to address issues that have a negative effect on their beneficiaries.

In addition to linking NGOs, networks, and ISOs together, it is also important to link them to local government and the business community to enhance their sustainability and impact. By addressing these problems, PVC's new strategy seeks to create more vibrant civil societies in select countries.

The program anticipates results that will contribute to, first, strengthened operational, technical, and financial capabilities of local NGOs, networks, and ISOs; secondly, expanded linkages among local NGOs, networks, and ISOs, and between these organizations and public and private sector institutions; third, wider and more effective learning dissemination by development partners of tested innovations, best practice, lessons learned, and standards; fourth, improved quality of services provided by local NGOs, networks, and ISOs to their constituencies as measured by their use of state-of-the-art technical approaches and programmatic results; fifth, generation of a wide variety of partnership models that operate effectively under different conditions, i.e. those that lead to greater self-sufficiency of the NGOs, networks, and ISOs; sixth, advocacy for the enactment of key policies and program recommendations that lead to scale and replication; and finally, increased capacity to address or recover from civil conflict.

PVC's partnership with the PVO community has generated great successes over the years. We're looking forward to continuing the successful partnership under this new strategy.

Presentation by Thomas Carter

MR. CARTER: I'm here this morning to make a presentation on PVC's Asterisk Program. On the first page of virtually every document that PVC issues, you will see a small asterisk. If you go down below to the definition of a PVO, it says, "Also includes cooperative development organizations." This is also a presentation where you don't need to take notes. There is no RFA about to be issued, so I don't have to be terribly careful about what I say. The third, sort of, warning I would give you is that I've worked with cooperatives for close to 30 years now and I have a bias, and I will not attempt to hide that.

The Cooperative Development Program arises from, and is inspired by, the success of the U.S. cooperative experience. I think many Americans don't realize the role that cooperatives have played in our own economic growth. They've been extremely important to the development of American agriculture, and they play significant roles in a wide variety of areas.

Many people belong to credit unions, electric cooperatives, housing cooperatives, and don't really make the connection. There are a lot of brand names that you may be familiar with that are cooperatives.

Sunkist is a cooperative. Florida Natural, Welches, Ocean Spray and Land 'O Lakes are also cooperatives.

When successful, cooperatives embody the principles that the development community recognizes are important to the success of development efforts. Cooperatives are, by their very nature, if successful, sustainable because they are a business, a business that differs from the normal business in that it is owned by those who use it.

It's equitable. The income of a cooperative is distributed amongst its members in proportion to their use. If it's a successful cooperative, it attains scale, which is necessary to business success. Most successful cooperatives are parts of networks, networks that join cooperatives with similar business interests, similar advocacy interests.

Most important, cooperatives are participatory. I don't mean participatory in the sense that cooperative members are occasionally asked to sit down on the village earth and plot out a map and say what their needs are. They're participatory in the sense that the members own and control the cooperative. It is their votes that determine the leadership, the direction and the policies of the cooperative. This is, in my opinion, true participation.

Cooperatives have been involved in international development for quite some time. As far as my own knowledge of the history goes, it began shortly after the end of World War II. The Credit Union National Association, the National Rural Electric Cooperative Association, what is now the National Cooperative Business Association, then the Cooperative League of the USAS (CLUSA), were among the founding members of CARE.

CLUSA played an active role in raising resources and using them to support the rehabilitation of Italian cooperatives. When that money proved more than they needed for the job, in around 1950 or 1951, they opened an office in India. This began what was to be about 30-odd years of support to the Indian cooperative movement.

From the 1950s onwards, a number of U.S. cooperative organizations worked with the then Technical Cooperation Mission. In 1962, when the USAID legislation was passed, an amendment introduced by Senator Humphrey required USAID to draw on U.S. cooperative expertise.

The Cooperative Development Program, or USAID's formal support for cooperative development, began in 1962. From the mid-1970s, it has assisted U.S. cooperative development organizations to help transfer U.S. cooperative experience and methods throughout the world.

A cooperative development organization, which is the type of organization that is eligible for Cooperative Development Program grants, is either a U.S. cooperative or a U.S. organization involved in development that is organically linked to the U.S. cooperative movement.

Between 1971 and 2001, cooperative development organizations have managed about \$1.1 billion in USAID awards. I know that pales by comparison with what the PVO community as a whole has done, but it's not insignificant.

In the Year 2000, Congress passed the Support for International Cooperative Development Act 2000, which reiterated and expanded the Humphrey Amendment. One of the things that that legislation required was an implementation report from USAID, something that was done in a collaborative way, involving the Agency and U.S. cooperative development organizations.

The report was a requirement that triggered a process of joint reflection and introspection. Some of the major outcomes that occurred include: first, the recognition that cooperative development is a particularly effective way to address sectoral and crosscutting objectives. By their nature, cooperatives are participatory, sustainable, and equitable.

Secondly, successful cooperative development, as is true of much development, entails long-term partnerships with adequate time and resources to build institutions. It's not particularly compatible with a project time horizon.

Third, there are a number of conditions that are important to the success of cooperative development.

Fourth, the Cooperative Development Program's resources are modest, relative to the total cooperative development organization portfolios. Therefore, they should be used to meet unique needs that add to the quality of the overall cooperative development effort.

Fifth, major emphasis should be given to financing the development, testing, evaluation, and diffusion of responses to major cooperative development themes, issues, and challenges. Among these are cooperative law and regulation, cooperative governance, business strategy and planning, leadership and professional development, member education, member loyalty, resource mobilization, particularly avoiding dependency – cooperatives are self-help, not donor-helped institutions – alliances, and designing to expand.

The Cooperative Development Program seeks to leverage overall cooperative development quality and impact by financing cooperative development organization learning and innovation. In other words, we're trying to finance the development of intellectual capital.

We just extended the Cooperative Development Program grants, which normally run five years, for an additional two years as sort of a transition. As part of this, the cooperative development organizations have individually undertaken activities consistent with addressing major cooperative development challenges.

America's Association of Cooperative and Mutual Insurance Societies has begun a board development activity that is designed to shift the roles of participating boards from actual management -- which is not

their role -- to policy governance. ACDI/VOCA is developing a whole set of financial planning and management tools, and both training and technical assistance methods to effectively transfer these.

The Cooperative Housing Foundation (CHF) is working to equip the secondary organizations they work with to achieve scale in cooperative housing. Land 'O Lakes is working on developing the capacity of organizations with which it works to effectively advocate policy reform, both for cooperatives and in the dairy sector.

A similar type of activity is being undertaken by the National Cooperative Business Association, which is involving the Ghana National Cooperative Movement in an effort to reform cooperative law in Ghana.

The National Rural Electric Cooperative Association, recognizing the difficulty that privatization poses for rural electrification in much of the Third World, is working to create alliances with independent power operators, where they will effectively undertake the rural electrification component of these agreements.

The National Telecommunications Cooperative Association, is working with a number of governments and with international organizations, including USAID and the World Bank, to help governments develop and adopt policies, laws, and regulations that promote universal access, particularly access in rural areas, to telecommunications.

The World Council of Credit Unions is adapting credit union products and services for Islamic societies, for areas affected by HIV/AIDS, and for rural conditions.

Our vision is self-reliant, cooperative enterprises that meet the evolving needs of their members and contribute to the quality of member lives, their communities and the nation. This is an effort that our cooperative development organizations are well equipped for and do an excellent job in pursuing. It's also one in which they, and I'm sure, USAID, would welcome PVOs to participate in and contribute to.

Presentation by Kevin Rafferty

MR. RAFFERTY: I've been asked to make a few brief comments about the Ocean Freight Reimbursement Program, a program which I've managed for the last 15 years at PVC.

For a lot of you out there that aren't familiar with the program, it was started back in 1961 under USAID Regulation 3, and it has continued ever since. The program reimburses registered U.S. PVOs to transport commodities overseas on commercial ocean vessels in support of their privately funded development and humanitarian assistance programs.

The grant program encompasses a wide range of private voluntary organizations. We have small organizations, medium size organizations and large organizations. A lot of the organizations here in this room that have a Matching Grants, Cooperative Development Grant or Child Survival Grant, originally started in the Ocean Freight Program. Over the years, they have developed into bigger organizations since their first Ocean Freight Grant. We often say that the Ocean Freight Program is a vehicle for small organizations to get their feet wet in the grant-making process and to give them an opportunity to participate in our programs.

The Program is a very competitive. I received many more applications than I can fund. Over the years the competition for these funds has been very strong. Because of that, we limit the grant awards for the Program to a maximum of \$150,000.

This year, the Program is not issuing a Request for Applications because we have shifted from an annual program to a bi-annual, two-year program. This is the off year. We will compete the program again next year.

For those of you that don't know, only U.S.-registered PVOs are eligible for the grant. You have to have an established NGO – a consignee in country – to receive and distribute your goods. You also have to be able to provide us with documentation showing that the goods will be received in country duty free. You're only allowed to ship approved commodities to those countries on our Eligible Country List. This Program is a very small, but it is a worldwide program.

We are going to be issuing a Request for Application for the Program later on this year, probably in the summer or early next fall, for funding for Fiscal Years 2004 and 2005. All the PVOs that are registered with us will get that Request for Application.

I want to close by saying that I noticed from the attendee list that a lot of my grantees are here today. I will be here for the rest of the day and would like to get together with you to talk about Ocean Freight.

Presentation by Adele Liskov

If you've picked up a thick packet with an elastic around it outside, this is the RFA that has just been released for the Capable Partners, or CAP, Program. It was released yesterday.

I want to announce that we are going to have a special RFA conference for CAP, because this is a new mechanism for us and part of our new strategy. The details of the conference are announced in the cover letter. I'll just give you the date, it's November 19th from 2:00 to 4:00 p.m., in the USAID Information Center, which is on the Mezzanine Level in the Ronald Reagan Building.

There will be only one recipient. This is not a program of grants to U.S. PVOs. This really represents, I think, one prong of a two-prong approach under our new strategy and our strategic objective of local NGO strengthening. Of course, we continue to do strengthening in some of our other programs that you have just heard about, but the new thrust of our strategy, which is local NGO strengthening, basically has two aspects to it. One is the NGO Strengthening Grant Program that Tom laid out, for which an RFA will be coming out in the coming month or so. The second approach is part of our responsibility and role within the Pillar Bureau. As we have said quite a lot this morning, this means that we expect to play more of a field support role now. PVC has built up such a level of experience/lessons learned/expertise based on the good work of many of our partners over the years, that we have a lot to offer.

CAP represents our program to work with Missions based on the ideas, expertise and the proposals that we will receive for this program. I want to give just a little background on how CAP was born. Some of our grantees are familiar with specific technical assistance programs that we offered to them in the past. Years ago, when I first joined the Office, we had a program for chief executive officers of PVOs. It was called a CEO-PVO Program. That was followed by the Global Excellence in Management, or GEM, program, which helped our partners, and others understand and practice effective partnering with local NGOs. This was a big thrust of our strategy at the time in order to get more and more of our partners to partner with local NGOs. There was also something called Sustainable Development Services, which was helping certain PVOs and cooperatives to focus on financial planning and sustainability. About two and a half years ago, some of these programs were coming to an end. At that time we thought it was really important to assess how these programs really worked, and just what we've learned from these programs. The end result was a decision to have a more cohesive, comprehensive approach, to packaging together what we've learned over the years from these piecemeal programs. We decided to design a program that related more to Field Mission demand and to put ourselves out there to Missions as a support to their programs in NGO strengthening.

There have been gaps in NGO strengthening that have, in some respects, been closed by some Missions. I think that this whole area has been recognized much more broadly in the Agency as important and critical.

CAP is an RFA. It's outlined in the document. I won't go into any aspects of it because

I want to make sure that we have a level playing field in terms of answers to specific questions. There may be other organizations besides PVOs who are interested and will be attending this conference on the 19th. We will, at that time, go into much more detail.

I'm going to leave it at that, and look forward to the many questions you will have. This is an exciting program. I have really enjoyed working on it. It's been a long labor, as some of you know, and it really does meet the objectives of our strategy. This does represent something very new that we will be doing.

Question-and-Answer Session

MS. BURPEE: My name is Gaye Burpee. I'm from Catholic Relief Services. I would like you to just clarify something for us, and that is, when I think of a PVO, I think of an international NGO. When I use the word "NGO," I'm thinking of a local NGO. I would like you to clarify about whether or not that is the way you've been using those terms, and then I would also like you to define ISO.

MR. KENNEDY: First of all, to answer your first question, yes. That is how we define U.S. PVO and local NGO. So that is correct.

Now, an intermediate support organization is an organization that provides services to NGOs and other constituencies. So that may in fact be an organization that provides training and other services. It may not be a direct service provider itself, but it's one that actually provides other services for NGOs. This is what we might consider to be part of the broader network of development services in the community.

MS. BURPEE: Could a PVO be considered an ISO? I mean, the way that you defined it and the way that we work with our local partners, we serve as an ISO for our local partners. We provide training, capacity building, management, and organizational strengthening. I think you may not be using ISO in that way.

MR. KENNEDY: No. Our interpretation of an ISO would, again, be a locally constituted organization that provides these services.

Just to clarify one point, the focus of the old Matching Grant Program was on developing the capacity of U.S. PVOs and of some of their local affiliates or local NGOs that they were working with in the field. We actually had great success in this. I think many of you sitting here can attest to the success of your programs under the Matching Grant Program.

The key distinction here, under this new strategy, is that our cooperative agreements under the Local NGO-Strengthening Program will go to the U.S. PVO, but the focus is not so much developing the capacity of an individual NGO in a country to provide services, it's to strengthen the broader NGO sector.

So, how can working with these organizations, the local NGOs that are identified as potential partners, how can these potential partners have a greater impact, beyond just the local service delivery that they're engaged in?

QUESTION: From what I'm gathering, the Matching Grant Program is essentially dead. Is that true? Now we're going to the Strengthening Program. Is that right?

MR. KENNEDY: Well, no. We haven't scheduled the memorial service yet for the Matching Grant Program. The Matching Grant is being phased out. Last year's Matching Grant RFA was the last RFA

specifically geared for the Matching Grant Program, and we are going to continue to manage the existing Matching Grant Programs under PVC.

MS. LISKOV: Just to add to that, our second strategic objective, which Judy mentioned, is to work with newer, more nascent organizations that have not received a Matching Grant in the past. It is sort of a continuation of the Matching Grant Program, along the same successful lines that we've done in the past, but is really not going to be geared to the more mature organizations that in many respects could be recognized as having built capacity already.

QUESTION: What is the title?

MS. LISKOV: Well, right now, I don't think we have a clear title. It might be called the Matching Grant for Nascent Organizations, or something simple.

QUESTION: So far, you have been talking a great deal about strategies and objectives for the new programs, and I realize that the specific strategy hasn't yet been approved. So it seems like you can only speak about it in very general terms.

However, is there any way that you can maybe provide us, as we anxiously wait for the approval and the posting on the website, some specific examples of how you arrived at these objectives, like what you've done in the past?

It would be great for me -- I'm young and just starting out -- if you could point to specific programs and things that you've done that have worked. When you talk about supporting activities of local NGOs, what can you point to in the past that would make you think that that is going to be successful? It sounds really great, but I think the devil is going to be in the details and I'm interested to see how that is going to be implemented. Just give us a little something specific to go on until the actual strategy is released. That would be great.

MS. LISKOV: I'd be glad to. You might have an opportunity during the day to meet with some people from organizations who have been long-time or some-time grantees of the Matching Grant Program or the Child Survival and Health Program. These are the two, really, premiere programs that PVC has run for a number of years.

Part of the Matching Grant Program, because its was very cross-cutting, really half of it, went to capacity-building for micro-enterprise organizations. I think all that we have been talking about today, and Judy's remarks, what we were saying is that we are building on the successes of these two programs.

The Child Survival Program, which is now continuing -- in fact, it's so valuable, it's continuing very strongly in the Global Health Bureau -- has built a cadre of organizations that are sophisticated, high-level practitioners of child survival interventions. This is very different from their capabilities 15 years ago when they started with our Office.

Our mandate has been capacity strengthening of U.S. organizations for a number of years. The transition is difficult for both of us, but these organizations have formed a network. In fact, we supported the development of the CORE network, just like we did the SEEP network for Microenterprise. This has been a tremendous success in building capacity. It has also brought new organizations that want to be involved in these sectors up to speed through interaction with others and through the technical committees.

I think what we're saying is that we are building on many years of success. There are many challenges out there in local capacity that we feel we've been doing a good job of through U.S. PVOs, but it's an evolution because so many of the organizations have become facilitators through their partners and are not themselves doing the actual service delivery. We are sometimes catching up to the PVOs, sometimes raising the bar and providing guidance in being cutting edge and innovative.

I think these are the two programs that you might want to speak with people about. There is still information on these programs on the PVC website.