

**OFFICE OF PRIVATE AND VOLUNTARY
COOPERATION**

BUREAU FOR HUMANITARIAN RESPONSE

**RESULTS REVIEW
FY 1999**

AND

**RESOURCE REQUEST
FY2002**

APRIL 1, 2000

The attached results information is from the FY 1999 Results Review and Resource Request (R4) for the Office of Private and Voluntary Cooperation (PVC) and was assembled and analyzed by PVC.

The R4 is a "pre-decisional" USAID document and does not reflect results stemming from formal USAID reviews. Additional information in the attached can be obtained from Adele Liskov USAID/BHR/PVC.

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R4 Part I OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE
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1. PROGRESS IN IMPLEMENTING PVC's STRATEGIC PLAN

PVC is in the final phase of implementing the current Strategic Plan (1996-2000). The vision articulated in the strategic plan has, to a large degree, been accomplished or is well on the road to completion:

- Organizational assessment and development has rapidly been institutionalized into PVO operations as a result of PVC efforts.
- All of PVC's grantees have local level partners as compared to only half in 1996.
- PVOs have made substantial progress in building the institutional and technical capacity of local partners as well as maintaining high performance service delivery in USAID priority sectors.
- Sustainability planning has been integrated into most if not all cooperative agreements and PVO projects are beginning to show achievements in post-grant sustainability.

In developing its current strategic plan, PVC chose a single cross cutting strategic objective --- capacity building, rather than only emphasizing multiple program-linked sectoral objectives.

The emphasis on building the capacity of US PVOs envisioned capacity transfer to local counterparts as an essential component of sustainable development. Moreover, this strategic approach also anticipated issues that the Agency would grapple with in the coming years ---- downsizing, limited staff and budgetary resources and the increased need to program development assistance through other mechanisms. Indeed, the past five years have witnessed a steady increase in the amount of development assistance programmed through US PVOs, as well as increased use of local NGOs as development partners to implement Mission strategic objectives. PVC anticipates that this trend will accelerate.

As this document demonstrates, as a result of selective PVC inputs, the PVO community has become a highly credible development partner and has taken on the task of building the operational and technical capacity of NGOs and local partners. Strengthening the capacity of the US PVOs to take on a changing and expanded role in development assistance required PVC to adopt an office-wide strategy. Two primary criteria underlie PVC's program strategy: (1) that the programs the office supports are innovative and (2) that those innovations have the potential to influence the PVO community as a whole. PVC placed special emphasis on:

- Innovation: PVC has selectively used resources to fund creative approaches aimed at qualitative changes in PVO operations. Among the most urgent goals was enhancing the financial survivability of PVOs in an era of diminishing resources. Collectively these investments have created a "learning laboratory" that has field tested new

service delivery and sustainability approaches that can be scaled-up or replicated by PVOs and local partners.

- Credibility and visibility of PVO Partners: The credibility of PVOs as development partners ultimately rests on their ability to demonstrate results. Through its emphasis on building and strengthening operational competence and technical ability, PVC has enabled its PVO partners to engage public sector international organizations (PAHO, UNICEF etc.) in a policy dialog on key development issues as full partners.
- Assessment tools and technical standards that improve service delivery quality: PVC developed new assessment tools that allowed the PVOs to accurately assess specific organizational or implementation needs. By coupling these tools with an emphasis on standards for state-of-the-art technical approaches, PVC ensured that organizational capacity was tightly bound to operational ability to deliver better services.

Finally, the progress in implementing the strategic plan is the result of engaging the PVC staff in a far-reaching effort to analyze and improve program performance. Over the past four years PVC has learned the importance of developing an analytic foundation to support program decisions. This has resulted in utilizing the R4 process as a strategic management and planning tool.

2. MOST SIGNIFICANT PROGRAM ACHIEVEMENTS

In addition to tackling the SO and IR level indicators, PVC also conducted an important series of special studies, evaluations and assessments to provide additional information and verification of the performance of selected SO level indicators. The following information draws upon these studies and compliments information on the SO level indicators found in Part II of the document. This information mirrors the three clusters of SO level indicators -- capacity building, service delivery and sustainability.

A. PVO Organizational Capacity Built

As PVC nears the completion of its first 5-year plan there is ample evidence that the primary strategic emphasis on a cross cutting issue --- "capacity building" --- was both prescient and productive.

Prior to the development of the Strategic Plan, PVC did not have an approach or tool that could be used to assess organizational needs. Four years after the development and introduction of DOSA,¹ PVC has in place a systematic approach to capacity assessment and capacity building for more effective service delivery. As a result of PVC's emphasis on diagnosing organizational needs:

¹ Discussion-Oriented Organizational Self-Assessment (DOSA) contains an index of the direction and scope of PVO organizational change in six key areas: human resource management, financial resource management, service delivery, organizational learning, external relations, and strategic management.

- **more than 80% of PVC's grantees have conducted organizational assessments**
- **47% of PVC's grantees are using DOSA to assess their organizational capacity²**

PVOs and their NGO partners are aware of the importance of following up capacity assessments with concrete, targeted steps to build essential operational and technical capacity. Perhaps the most significant finding is that PVOs are following up capacity assessments with organizational changes:

- **More than 90% of respondents used these capacity assessments as the basis for organizational changes.** The areas of organizational capacity-building most emphasized by PVOs were:

Operational Changes:

- Strategic planning (72%)
- Human resource management (66%)
- Staff training (56%)
- MIS (53%)

Technical Changes:

- Monitoring & evaluation (69%)
- Sustainability planning (49%)
- Program design (46%)
- Technical standards (44%)

PVC's programs have been instrumental in building institutional capacity, with the Matching Grants (MG) program as the primary vehicle for fostering organizational change. The recent PVC study³ concluded that developing a PVO's capacity to deliver microenterprise services often requires institutional reorganization, refocusing and retooling at headquarters as well as substantial inputs at the field level.

- 50% of the PVOs currently funded by PVC used the MG to start offering microenterprise services for the first time. Most frequently (79%) of the PVOs used MG funding to build technical expertise in headquarters to develop and backstop these activities.
- A large number of the PVOs used MG funds to improve the quality of programs ---- 86% used MG funding to create changes in field loan products, while 57% created changes in lending methodology.

How enhanced capacity results in extended services:

Catholic Relief Services (CRS) using MG funds to initiate and develop its microenterprise program went from having 94 microenterprise clients in 1988 under its first Matching Grant to 67,807 microenterprise clients in 1999.

FINCA International, a specialized microfinance PVO, utilized MG funds to expand its outreach beyond its traditional Latin America focus and develop microenterprise programs in Africa, eastern Europe and central Asia. FINCA's client base outside of Latin America has expanded from 780 clients in 1994 to 59,239 in 1999.

PVC's program was found to act as the catalyst and enabler for this type of intensive internal capacity building to occur. Together, this evidence signals an appreciation on the part of PVOs of the validity of the capacity-building emphasis within PVC, and of the direct relationship between capacity building and enhanced service delivery.

² R4 Survey February 2000

³ *The Assessment of PVC's MG Impact on Microfinance*, Detwiler and Ashe, March 2000

The dynamics of organizational change

PVC reanalyzed data from the past three years on a set of items in the DOSA on which there is three-year data. The DOSA item analysis was useful in understanding the dynamics of change within organizations. For example, 63% of the cohort:

- **improved the performance of their Board of Directors**
- **improved their use of results-based indicators**
- **diversified funding sources**

Case studies of three organizations in the DOSA cohort were conducted to take a closer look at the operational and technical changes that occurred within an organization as a result of the yearly organizational assessments. These case studies highlight that insights gained through an organizational self-assessment often ripple and ramify in profound way. In the case presented below, the realization by PVO “H” that they could not agree on who its stakeholders were— engendered a broad and very diverse set of changes. These changes are presented in three “stages” to illustrate the effects over time.

Level 1 Impact

- **Recognizing the Problem**

In year one of the DOSA administration, weaknesses were identified in the following areas: stakeholder participation throughout the project cycle; information sharing with stakeholders; and the collection of feedback from stakeholders (including constituents and the general public).

Level 2 Impact

- **Actions**

In year two of DOSA, the organization was forced to grapple with a recurring performance deficit. As a result of the year two administration, PVO H delved more deeply into a consideration of its relationship with stakeholders. It determined that it needed to focus, in particular, on two groups of stakeholders: donors and the clients of its partner organizations.

PVO H began to view its private donors as stakeholders – a significant change for the organization. It conducted a survey, which aimed to help PVO H better understand the nature of its communication with private, individual donors and to assess the degree to which that communication was responsive to stakeholder needs and expectations. PVO H also began working with partner organizations to help them get client input. These interviews are now standard operating procedures.

Level 3 Impact

- **Change**

In response to the survey findings PVO H has:

- Re-styled its publications, devising a different communication strategy for each donor. This resulted in a higher return on its investment in communication with donors
- Examined and is adjusting its activities in rural enterprise and rural microcredit lending --- particularly in marketing its microcredit program and marketing training, and bolstered the delivery of business training for clients.
- Re-tooled its approach to project design. There is a new commitment to needs assessment and client-based programming. Projects are now designed on the basis of partner organization’s and clients’ needs rather than on assumptions about what those needs are. The PVO is also more inclusive of stakeholders in the impact analysis of its work.

PVO H now reports greater success in engaging supporters more effectively in its work-- both monetarily and personally.

The changes that Organization H made are reflected in a cluster of conceptually related, interdependent DOSA items that appear to co-vary over time. The “cluster of change” that is linked to the theme “meeting stakeholders needs” is shown in the following table.

TABLE 1 PVO “H” – Percent change in scores on selected DOSA Items Over 3 Years

19%	Stakeholders in our programs are engaged in assessing (project) impact.
44%	Traditionally under-represented stakeholders are engaged in monitoring projects.
32%	Our projects: enhance local organizational capacity as captured through evaluation.
79%	Throughout the project cycle (design, implementation, monitoring, and impact assessment), we give adequate attention to political sustainability (how project-supported innovations will be accommodated within the framework of existing laws, policies, and political institutions).
16%	We <i>routinely</i> share information on our progress in achieving our mission through our communications with constituency.
45%	We <i>routinely</i> use feedback from the general public and our constituency to improve performance.
6%	We adapt our programs to the changing needs of our constituency.

The findings cited in Section A are particularly important to PVC for several reasons:

- DOSA was developed as a mechanism to enable PVC to assess longitudinally its impact on the organizational capacities of PVOs supported by PVC programs. It was not originally developed as a capacity-building intervention, nor is it used by PVC as an intervention. The DOSA team interacts with each PVO in the cohort no more than 8 hours over the course of a year to facilitate the assessment and debrief the PVO staff. Thus the changes cited above are, for the most part, the result of the assessment methodology’s capacity to catalyze change through use.
- With 47% of the PVOs funded by PVC using DOSA, it is reasonable to expect that organization capacity has been built among the larger PVO population.
- Two recent evaluations⁴ of PVC funded capacity building support projects verify and lend support to PVC’s impact on the PVO community. In both evaluations longer term, sustained inputs lead to more rapid and intense organizational change.

Annex A contains a more detailed report on PVC's capacity building efforts. This annex was developed for the Agency’s working group on capacity building.

B. PVO Technical Capacity Built

In addition to the data on the SO level service delivery indicators cited in Part II of this document, PVC conducted several additional studies to document the results of

⁴ Evaluation of the (1) Sustainability Development Services program, Norum and Biddle; (2) the Global Excellence in Management Program. Norum and VanSant. PVC, 1999

investment in PVO networks on technical capacity and on the ability of PVOs to implement more effective field programs.

PVC funds one special purpose (CorCom⁵) and two sectorally focused networks (CORE and SEEP⁶). The underlying assumption behind network participation is that communicating closely with a network of peers will: (1) offer a forum to explore issues and new ideas, (2) help PVOs acquire new knowledge and skills, and (3) inform and validate a new course of action. These benefits enable individual PVOs to cope more easily with the difficulties of changing course, shifting to new paradigms, or adopting new business practices.

The importance of networks as mechanism to leverage resources --- political, financial, and technical --- cannot be overestimated. Networks not only amplify the social and political influence of PVOs, but are a powerful learning tool that enhances the capacity of PVO headquarters to implement quality programs. Documentation of the impact of these networks indicate that they were particularly effective in the following areas:

➤ **Generating increased commitment to new ways of doing business and to proven approaches**

- Networks have been an effective and inexpensive mechanism to activate new initiatives.
 - 55% of the CorCom members increased the comfort level of their organizations in working within a new paradigm i.e., partnerships between PVOs and corporations. The skills and knowledge gained in network trainings allowed network members to stimulate discussion and debate within their organizations and to forge consensus around this new approach.
 - **66% of the CorCom members either incorporated partnership models into their strategic and marketing plans or took concrete steps towards initiating corporate partnerships.**
- Networks have developed consensus and commitment to new program models and techniques. For example:
 - SEEP brokered a collaboration between Cooperative Development Organizations and microfinance PVOs that built commitment to the recommendations from a PVC study⁷. These recommendations point the way for these institutions to increase their capabilities to reach poorer populations by drawing on each others' strengths.

PVO comments

*CorCom "... encouraged me to think about diversifying our source of income ... it brought that idea forward and give it meaning" "
".. taught us how to approach companies"*

⁵ Corporate Community Investment Service (CorCom) which has been reformed as the Corporate Community Alliance

⁶ Child Survival Collaborations and Resources Group (CORE); Small Enterprise Education and Promotion Network (SEEP)

⁷ PVC, June 1999 "Bridging the Gap: Cooperative Development Organizations & PVOs in Microfinance" Frankel, Ashe & Almeyda

- CORE developed and **promoted the use of standardized indicators** and technical materials. CORE's Safe Motherhood/Reproductive Health working group has systematically developed indicators for this intervention that will be used by member PVOs.

➤ **Increasing the use of state-of-the-art technical materials**

Technical discussions among network peers have resulted in increased sharing of field-tested materials and in adoption of new technologies and approaches. For new PVOs, joining a network gave them ready access to a wealth of technical, country and other information.

- Prior to the CORE network, many PVOs simply did not have the kind of access to information, human and financial resources, and technical assistance that they have now.
 - **78% of CORE members have used project tools, lessons, materials, and models developed by other PVOs.** Single purpose PVOs or those with specific technical expertise (i.e., Helen Keller) increased access to state-of-the-art technical information of the entire network.
- The SEEP network has had an important impact on promoting best practices in microenterprise and has encouraged sharing and collaboration between SEEP members and PVOs.
 - 71% of the PVOs surveyed use SEEP's Financial Ratios Guide on a regular basis with 46% indicating the guide has led to a significant change in the PVO's strategy or approach.
 - 92% of the PVOs say they regularly share SEEP materials with their developing country partners.

➤ **Increasing PVO visibility and participation in international policy discussions**

The importance of networks as powerful mechanisms to increase PVO visibility and leverage resources --- political, financial and technical --- is enormous.

- **As evidence of its growing visibility and technical credibility, CORE leveraged 10 million dollars of support from the Global Bureau to carry out a polio initiative.**

The network has been invited to meet with UNICEF and WHO, both of which see vast potential in tapping the combined presence of the 35 PVO members in 140 countries. This participation was critical for moving forward the PVO agenda on community based Integrated Management of Childhood Illness (IMCI).

Dr. Yehuda Benguigui-Regional Advisor, IMCI, PAHO

The CORE group provides an effective way to reach a large number of NGOS/PVOs, ... and provides a cohesive way to communicate between PAHO, WHO and other agencies. Strengthening such coordination between partners at all levels will contribute to the achievement of the goals of reduction of childhood mortality and morbidity."

C. Increased Organizational and Technical Capacity is Linked to More Effective Program Implementation.

PVC is acutely aware that improvements in organizational capacity are of limited importance unless they translate into more effective delivery of services, or in policy changes that positively impact vulnerable groups. PVC's six indicators that measure service delivery effectiveness at the SO level all show either improvement or maintenance of the current situation. For example,

- PVOs maintained performance in delivering childhood immunization services in spite of well-documented declines in worldwide immunization rates.
- Over the past three years, microenterprise PVOs supported by the Matching Grant program have increased lending to women by 87.5%, increased lending in rural areas by 12.5%, and increased poverty lending by 62.5%.

A more detailed discussion on the service delivery indicators is in Part II of this document.

D. Survivability -- Evidence that the programs are addressing the complex issue of sustainability.

PVC committed itself to a field review of post-grant sustainability once during the life of the PVC Strategic Plan (1996-2000). In February-March, 2000, an exploratory study was conducted to assess sustainability of child survival grants in Bolivia and Bangladesh. The study included 14 PVOs and their NGO partners (a total of eight in Bolivia and six in Bangladesh) with grants that started on or before 1985 and ended by 1997. In general, results indicate strong evidence of sustainability in both countries. Major findings include the following:

- Through alternative sources of funding, many project activities were continued after BHR/PVC funding had ceased.
 - Of eight PVOs in Bolivia, five continued activities in the project area for an average of two years with other sources of funding.
 - Of six PVOs/NGOs in Bangladesh, four continued most child survival services with private funds.
 - There was little significant cost-recovery in Bolivia where government policy does not support it. In Bangladesh, three out of four organizations providing direct services reported from 3-40% recovery of recurrent costs.
- The capacity built through the child survival grants resulted in greater organizational capacity of PVOs and their local partners, including technical and managerial capacities, and institutionalization of lessons learned.
 - In Bolivia, three PVOs/NGOs used their child survival grants to begin work in the country for the first time. All three have remained and expanded their programs.

- Thousands of government workers in both countries have received training in both curative and preventive health care and in management.
 - One PVO helped adopt the IMCI strategy to the community level and field tested the strategy for national implementation in Bolivia.
- Community structures created or reinforced under the grant continued to function.
 - Community committees and volunteers continued to work in 6 areas where PVO/NGO projects had operated (three in Bolivia and three in Bangladesh).
 - Five PVOs demonstrated sustained impact in communities from two to four years after the PVO-initiated activities had been discontinued.
 - A new baseline study in Bolivia with substantial overlap with old communities found that Oral Rehydration Therapy (ORT) use had been sustained: 47% at baseline, 77% at end of project and 71% two years after the end of the project
 - A survey in Bangladesh five years after the end of the project revealed that 79% of children were fully-immunized in the project area compared to 56% in adjacent communities.

The findings from this study will be used to develop a cost-effective approach for the PVOs to measure sustainability within their programs, and for PVC to determine how to track sustainability achievements across PVC programs.

Reinforcing the sustainability data from the child survival program, the microenterprise study concluded that from 1997 and 1998, there was a trend toward increasing operational and financial sustainability⁸ of the PVOs.

- There was a 16% increase in the number of institutions that graduated from no measure of sustainability to either operational or full financial sustainability.
- Out of the 60 PVO affiliates, nine institutions, or 15% of the sample, graduated from having no measured sustainability to reaching operational sustainability. Two other affiliates, or 3.3%, were able to achieve financial sustainability in 1998 from having had no measured sustainability in 1997.

This data indicates that the affiliates of PVC's microenterprise PVOs are making progress towards achieving financial self-sufficiency.

⁸ Operational sustainability is defined as the capacity of an institution to cover all of its operating costs with its own revenues. Full financial sustainability is the capacity of an institution to cover all operating costs plus the cost of obtaining funds and of the cost of inflation, with its own revenues.

E. Impact of PVC capacity building on USAID objectives.

PVC's investments in building the capacity of the PVO community and in strengthening the ability of these PVOs to improve the operational and technical capacity of their local partners has a significant bearing on future Agency directions. As increased development assistance is programmed through US PVOs, PVC's experience in working with the PVO and NGO community provides the Bureau and the Agency with the analytic foundation to make decisions about the most effective approaches to delivering development assistance through the private sector.

Impact on Mission objectives

Southern NGOs have become increasingly significant development partners for USAID Missions. Indeed, 75% of USAID missions have a stated objective of strengthening local NGOs. In light of this strengthening relationship, the role of US PVOs in strengthening the capacities of local NGOs has become more critical.

In 1996, only 50% of the PVOs had local partners that were integral to the delivery of services. In 1999, as a result of PVC's programming approach, all PVC grantees have local partners, and the majority of PVOs have strengthened these partners:

- **52% of PVO grantees conducted a formal assessment of the capacity of their NGO partners.** One quarter of the PVOs used Appreciative Inquiry, a PVC-developed capacity assessment tool. The exceptionally rapid spread of this tool reflects its immediate relevance for the PVO community, as well as PVC's effectiveness in disseminating it to them.
- **93% of PVOs made plans to strengthen the capacity of local NGO partners,** and 82% of the PVOs actually set aside the resources to do so.
- **66% of the NGOs report making changes as a result of capacity assessment. Two thirds of the PVOs conducted follow-up assessments of the effectiveness of organizational change processes among the NGO partners.** The areas in which local NGOs made organizational changes reflect somewhat different priorities from their PVO mentors, but reflect well-considered priorities and goals. The prevalence of various changes is as follows:

Operational Changes:

Strategic planning (72%)
Financial management (70%)
Staff training (68%)
Information systems (66%)

Technical Changes:

Sustainability planning (68%)
Monitoring & evaluation (62%)
Technical standards (64%)
Program design (60%)

Together, these figures demonstrate that PVOs and their NGO partners are aware of the importance of following up capacity assessments with concrete, targeted steps to build essential operational and technical capacity. In addition, the increased use by the PVOs

of the PVC-developed DOSA and Appreciative Inquiry (AI) instruments indicates the importance of sending clear, unambiguous signals on programming priorities, and of providing a systemic approach and tools to assess organizational capacity.

Impact on the Bureau's Disaster Assistance Capacity

From a humanitarian perspective, capacity building is any intervention designed to reinforce or create strengths upon which communities can draw to offset disaster-related-vulnerability. PVC's capacity building efforts have increased the ability of PVOs and their local partners to deliver humanitarian assistance. These efforts represent significant contributions toward the Bureau's and the Agency's mandate to respond to urgent needs in times of crisis.

A survey⁹ of PVC active grants in 1999 indicate that:

- 47% of the PVOs and 27% of their NGO partners have projects in the area of emergency relief, food aid or refugee relief/resettlement. Three quarters of this assistance was targeted to Hurricane Mitch; secondary locations included Bosnia, Kosovo, and Rwanda.
- **60% of PVOs and 48% of their NGO partners reported that their ability to deliver aid in these areas improved as a result of the technical and organizational capacity building done under PVC cooperative agreements.**

PVC cooperative agreements strengthened the capacity of PVOs and NGOs in the areas of program design and technical standards, resulting in much greater capacity to deliver disaster assistance. In addition, NGOs disaster response capacity was improved as a result of strengthening NGO financial management, information systems and strategic planning skills.

Additional country specific information on how PVC investments in capacity building have affected the Agency's capacity to delivery disaster assistance can be found in Annex B Success Stories.

Strengthened capacity enables a flexible humanitarian response

"During the initial assessment (following Hurricane Mitch), we were much more knowledgeable about what to ask in regard to health status, environmental impact, agriculture situation related to nutrition, etc. The skills and knowledge gained in the Matching Grant helped us to determine which communities were most in need and prioritize"

"While we would have involved the community on some level regardless, I think the MG helped us to take a community-based approach from the very beginning (when it's easiest to simply provide handouts because it's an emergency)"

--Salvation Army World Service Office

Enhanced technical capacity strengthens intersectoral cooperation:

With PVC support, **Save the Children** has a strong worldwide team of health professionals. The cross fertilization between the technical development and emergency programs staff has improved overall organizational capacity –i.e., the commodity-assisted programs funded via FFP have had the technical input of health sectoral staff who are now taking part in more comprehensive project design activities

⁹ R4 survey February 2000

2. FACTORS THAT HAVE MOST INFLUENCED PROGRESS

Four approaches emphasized by PVC have been most influential in accelerating progress:

(i) Focus on innovative approaches that can be replicated

PVC used its cooperative agreements to fund programs and approaches that had the potential to influence the PVO community as a whole. The grants programs thereby became learning laboratories for innovations, new tools, and interventions that can be extended to the larger PVO/NGO community. PVC also recognized the importance of partnering with a broad range of PVOs if the office is to continue to provide leadership to the agency in programming through the private sector. PVC has funded a series of programs that feature PVOs partnering with large corporations to provide better societal outcomes, as well as organizational benefits for both partners.

While these single program examples are compelling success stories, **PVC is more concerned with developing program approaches that have wide applicability, and with providing the PVO community with a clear understanding of the costs and potential of such models. The following three examples illustrate this approach, and demonstrate the power of partnerships between PVOs and commercial organizations. They also show how these partnerships increased access to services for previously un-served or under-served populations, or created economic opportunities for local populations.**

- Project HOPE/Malawi developed a collaborative program with private tea plantations to provide preventive health services for women and children under five. Seeing the success of this effort, Malawi's largest agriculture firm replicated the model, and is now reaching a population of more than 200,000 agricultural workers and their families. Project HOPE then replicated the model in Guatemala. There, Project HOPE helped the agricultural estates and its other partner agencies (Ministry of Health and Social Security Institute) to provide services to the families of approximately 85,000 resident and migrant workers. USAID Nicaragua is interested in replicating the model as a means to rebuilding health infrastructure in disaster-stricken areas.
- The PVC Cooperative Development Program funded Land O'Lakes (LOL) and its partner, HealthPartners, a Minnesota-based, U.S health care cooperative, to work with Ugandan dairy cooperatives to assist them in opening a health cooperative providing community-based health services to their members. After their initial success in Uganda, LOL expanded operations into Tanzania, and conducted a seminar on dairy development and health for cooperative representatives from Uganda, Kenya, Zambia and Malawi to explore further expansion.
- Freedom from Hunger (FFH) has used Matching Grants funds to transform from a PVO focused on food security to one that combines microlending with health,

nutrition and business education. This ten-year evolution required a new board of directors, new staff and a new set of methodological tools. FFH is now recognized as the leader in the development and dissemination of the Credit with Education methodology. FFH formed a unique partnership with the World Council of Credit Unions (WOCCU) to implement this methodology in Togo and the Philippines. Credit with Education has attracted considerable interest in the microfinance field and the model is being replicated by other PVOs.

- Two years ago, PVC reported on an innovative ACEDI/VOCA program in Armenia that created a local agricultural constancy firm that utilized the skills of unemployed university and technical staff. The firm is now self-sufficient. ACEDI/VOCA has since replicated the model in Azerbaijan and is exploring how the model can be applied in other NIS countries to build entrepreneurship.

It is important to note that mature PVOs with broad, in-depth technical expertise as well as international recognition and credibility are uniquely suited to develop and test new approaches and to take the programmatic risks inherent in these newer models for development.

(ii) Concentrate on improving the quality of PVO programs

PVC has boosted the quality of the technical aspects of PVO programs by focusing on the development of technical guidance and standards. Closer collaboration with the Global Bureau and selective use of short-term non-direct-hire technical staff has resulted in PVC being able to address specific issues that presently constrain the PVO community's ability to deliver quality programs.

- PVC reviewed PVO technical interventions in acute respiratory infections (ARI). Only half appeared to be using the latest WHO standard treatment and algorithms for ARI. The remaining projects used out of date concepts or defined their own criteria for treating ARI .
- Since that time, PVC successfully raised the quality of pneumonia case management (PCM) programming. The combination of these inputs raised the quality of PVO programming in PCM. PVOs report that they have significantly changed the implementation of pneumonia case management activities, and that there is now a greater convergence with WHO standards.

PVC staff developed:

- Technical reference material for the RFAs.
- Detailed implementation guidelines on PCM.
- A technical review process that provided a forum for sharing best practices and country specific realities by outside technical consultant experts, contractors, PVC staff and peer PVO reviewers.
- A PCM Toolbox for field use.

(iii) Send policy signals to PVO community

PVC has consistently used its annual partners meeting to send clear signals to the PVO community on the office's policy and programming priorities in the area of PVO

strengthening. These areas include business planning, sustainability, corporate alliances, strengthening of boards, and network participation.

(iv) Increase the emphasis on program analysis and institutionalizing performance based approaches into portfolio management functions

PVC has consistently emphasized the importance of performance measures and reporting to its PVO partners. Rigorous monitoring and evaluation within PVC provides the office with the information it needs to assess and improve its programs. Within PVOs, monitoring and evaluation is a tool for better managing service delivery and operations. In using performance data to improve its programs and those of its partners, PVC has:

- Consolidated performance monitoring data, i.e., established common indicators within the Farmer to Farmer (FTF) program and developed consistent approaches to facility assessments.
- Operationalized a yearly analytic agenda to examine programming issues in greater detail.
- Used Intermediate Results monitoring in the R4 process as a management tool for monitoring performance.
- Assured that all PVC programs measure the capacity building effects on both the PVO and their local partners
- Upgraded performance monitoring in the office and with PVO partners and stressed the importance of transferring these skills to NGOs and local partners.

4. OVERALL PROSPECT FOR PROGRESS THROUGH THE BUDGET REQUEST YEAR

While the current plan has served PVC well, changes in both USAID and the PVO-NGO sector make it essential for PVC to reassess its program strategies and design. Building on a proven foundation and on recent learning about effective approaches to organizational development, PVC will in the coming year develop its next 5-year strategic plan addressing a series of programming priorities that have emerged over the last few years. Among the most significant of these future program priorities will be:

- **The need for PVOs to master organizational development technologies.** As more development assistance is passed through US PVOs, the pressure on PVOs to build their technical and organizational capacities to deliver high quality services and to manage grants will increase. Simultaneously, they will face growing responsibility to strengthen the capacity of their local NGO partners. Whether for northern PVOs or their southern counterparts, capacity assessment is a vital, catalytic first step in building organizational strength. Yet currently only about 50% of the PVOs with PVC assessed the capacity of their local NGO counterparts.
- **Mission demand for NGO organizational development.** Notwithstanding the major role local NGOs now play in development work, USAID missions report ongoing weaknesses in the service delivery capacity of NGOs in many countries.

PVC's 1999 survey¹⁰ of USAID Missions' relationships with local NGOs revealed that this relationship is increasingly important and close. The survey also revealed that improving the effectiveness and sustainability of those services remains a high priority for Missions. PVC's recent mission survey indicates that:

- 66% of the Missions answered "no" when asked whether 'many' local NGOs in the host country are organizationally strong and programmatically capable.
- 74% of the Missions expressed interest in acquiring tools to choose and evaluate appropriate indicators for measuring improvements in local NGO capacity and performance.

PVC's experience clearly shows that capacity assessment is a catalytic first step in building organizational strength – whether for northern PVOs or their southern counterparts. PVC clearly wants to see more emphasis put on capacity assessment of NGOs coupled with actions that promote organizational change.

- **The need to accelerate the use of performance data for program management and organizational development tools rather than simply as reporting requirements.** Evaluations, annual reports and Detailed Implementation Plans (DIPS) submitted to PVC reflect progress among PVO grantees in integrating a results-oriented management information system as a routine program component. Nonetheless, these same documents indicate systemic weaknesses in data collection and lost opportunities in using available information to revise and improve programs. Follow up on routine baseline surveys to assess the effectiveness of interventions, for example, was conducted by only 57% of PVOs who conducted organizational capacity assessments on their NGO counterparts.

The challenge facing PVC is to (1) accelerate successful capacity building efforts undertaken in the last four years within PVC's major development programs, and (2) to address unmet capacity building needs by designing a new, complementary NGO strengthening initiative to capture the synergies from PVC's established programs. Under PVC's new strategy, the office's support for organizational development will become more responsive to the changing roles and capacity building needs of our PVO partners to build the capacity of their local partner while remaining focused on and documenting results.

¹⁰ PVC Mission Survey May 1999

R4 PART II RESULTS REVIEW BY SO

<u>Country/Organization:</u>	Private and Voluntary Cooperation
<u>Objective ID:</u>	963-001-01
<u>Objective Name:</u>	Increased capability of PVC's PVO partners to achieve sustainable service delivery

1. SELF ASSESSMENT On Track

2 SUMMARY:

Primary Link to Strategic Agency Framework: PVC's Strategic Objective is crosscutting, thus it forms a primary link to all aspects of the Agency's Framework.

Secondary Link to Strategic Agency Framework (**in bold**)

1.1 Private Markets	5.3 Sustainable Urbanization/Pollution
1.2 Ag Development/Food Security	5.4 Environmentally Sound Energy
1.3 Economic Opportunity for Poor	5.5 Natural Resource Management
2.1 Rule of Law	6.1 Impact of Crises Reduced
2.2 Credible Political Processes	6.2 Urgent Needs in Time of Crisis Met
2.3 Politically Active Civil Society	6.3 Security/Basic Institutions
2.4 Accountable Gov't Institutions	Reestablished
3.1 Access to Ed/Girl's Education	7.1 Responsive Assist Mechanisms
3.2 Higher Ed/Sustainable Development	Developed
4.1 Unintended Pregnancies Reduced	7.2 Program Effectiveness Improved
4.2 Infant/Child health/Nutrition	7.3 Commit Sustainable Development Assured
4.3 Infectious Diseases Reduced	7.4 Technical/Managerial Capacity Expand
4.4 HIV/AIDS	
5.1 Global Climate Change	
5.2 Biological Diversity	

Link to U.S. National Interests: National Security

Primary Link to MPP Goals: Regional Stability

Secondary Link to MPP Goals: No Secondary Linkage

PVC's Strategic Objective

PVC's primary mandate is to strengthen the capacity of the U.S. PVOs to carry out innovative and effective development activities in priority sectors of mutual interest to USAID and the PVO community. The Office's Strategic Objective (SO), "increased capability of PVC's PVO partners to achieve sustainable service delivery," reflects this mandate. PVC's SO and programs are linked to most elements in the Agency's Strategic Framework – from agricultural development and microenterprise, through civil society to child survival. PVC's SO seeks to ensure that increased capacity results in effective service delivery at the local level as well as sustained benefits. The five Intermediate Results (IRs) that support the SO are:

- Operational and technical capacity of PVC grantees improved
- Strengthened partnership between USAID and U.S. PVOs
- Strengthened partnership between U.S. PVOs and local NGOs
- Improved Mobilization of Resources by PVC's PVO partners
- U.S. Public Awareness Raised

DELETE: PVC uses Child Survival (CS) funds to support the full array of health and HIV/AIDS activities and DA/DFA funds to support reproductive health activities in integrated community health programs.

Key Results

At the SO level PVC measures three dimensions; change in PVO institutional capacity, effectiveness of service delivery, and sustainability. Part I of the document discussed PVC's most significant program achievements in capacity building and sustainability. This section of the document discusses a set of illustrative indicators in three sectors in which the office is most active, microenterprise development, child survival and economic development, that illustrate how increased capacity results in improved services at the community level.

Microenterprise development Indicators

PVC uses both the indicators and the Results Reporting (MRR) system developed by USAID Office of Microenterprise Development to provide regular reporting on USAID's microenterprise development projects. (1999 data is not yet available).

SO Indicators	1996	1997	1998
Number of loans	311,711	420,106	528,976
Amount of loans(US\$)	110,011,277	150,307,080	178,149,233
Percent of women borrowers	74.5	71.3	74.3

From 1996 to 1998, there was a 68.6% increase in number of loans and a 61.9% increase in the amount of loans made to target groups. In 1998, 74.3% of loans were disbursed to

women. Additional survey data from 14 PVOs with current microenterprise projects funded by the Matching Grants Program indicate that these PVOs are continuing to improve services at the community level:

- From 1995-1998, the number of loans increased and ranged from 30% to 443%. The dollar amount of loans increased – ranging from 23% to a 2,226% increase.
- The beneficiary base had changed, almost always in the direction of an increased commitment to reaching more women (87.5%) and to poverty lending (67%).
- 71% of the PVOs used funding to start additional projects in the field

PVO Comment:

Matching Grants has been critical to the growth and development of World Relief's microenterprise program. At the field level, the grants have been used to get programs up and running to a level where they can attract funding from other sources. Without the "seed capital" of the MG program, WR would not be able to begin these new programs.

The outreach of PVC's microenterprise program can be roughly estimated. Assuming that one loan is likely to benefit five household members, the approximate beneficiary base of the program in 1998 is 2,644,880 people. This is approximately a 70% increase from 1996.

Child Survival and Health Indicators

Data on change in PVO capacity to deliver sustainable child survival services is calculated on a three-year mean using a performance index. The performance index describes “the proportion of the problem eliminated by the program”¹¹. The Performance Monitoring Plan tables (Annex C) contain a more detailed explanation of how the Index is calculated. The performance data in Table 1 indicates that programs implemented by the PVOs have maintained childhood immunization coverage and exclusive breastfeeding at a consistent rate and increased maternal tetanus immunization.

Table 2: Child Survival Performance Index by Year and Intervention

Performance Index (% coverage gap closed)	1994	1995	1996	Baseline 3-Year Mean	1997	1998	1999	1997-1999 3-Year Mean
Child Immunization	35%	30%	41%	35%	27%	28%	46%	34%
Maternal Tetanus Immunization (TT)	11%	13%	15%	13%	17%	29%	58%	35%
Exclusive Breastfeeding	20%	37%	33%	30%	38%	26%	24%	29%

¹¹ Mohr, Lawrence B. Impact Analysis for Program Evaluation, 2nd Edition. Sage Publications: Newbury Park, pp. 5, 1995.

- Almost all of the PVOs increased childhood immunization coverage and some exceeded 90% coverage. In areas where coverage goals were not reached, the case was outside the control of the program ---i.e., countrywide vaccine shortages.
- PVOs were particularly effective in introducing new and innovative ways to reach underserved and difficult-to-reach populations and in promoting preventive care such as tetanus vaccination for pregnant women. The increased performance in maternal TT may reflect increased promotion by the PVO of use of maternal health cards, which results in increased capacity to accurately measure coverage, as well as increased use of antenatal health services.
- In PVO programs that worked on the control of diarrheal disease, final survey data indicated that 71% of the children received oral rehydration therapy during their last episode of diarrhea, as compared to 41% of the children in the baseline survey.

PVC doesn't necessarily expect to see childhood immunization coverage rates to increase. While PVOs have contributed significantly to increased childhood vaccine coverage, they are increasingly involved in activities that strengthen quality of services, safe vaccination practices and better monitoring of the cold chain. This increased focus on quality issues will assure better immunization services, but will not necessarily increase vaccination coverage rates. Thus these service delivery indicators will need to be broadened to incorporate quality of care issues.

Economic Growth and Agricultural Performance

The Farmer to Farmer (FTF) program and implementation partners developed a system of common indicators to report on results related to the Agency's economic growth and agricultural development objectives. For FY 99, the FTF results assessment system was refined to capture year-by-year data rather than cumulative program results. FTF grantees all reported common indicators related to private enterprise development.

In FY 99, grantees using this performance monitoring system reported that entrepreneurial farmers, agricultural organizations, and businesses assisted by the FTF program had improved their business operations:

- 68% increased production levels
- 77% adopted innovative practices that improved business operations, and
- 71% increased their profitability and financial performance.

A new program results system developed collaboratively with FTF partners is in place for the new FTF program in Russia, the Caucasus, and the West NIS, and the Central Asian Republics. The new program results system will be also applied to the ongoing worldwide FTF program.

Sustainability Indicator

While operational sustainability is the primary indicator, PVC is tracking microenterprise organizations that are operationally and financially sustainable. From 1997 and 1998,

there was a trend toward increasing operational and financial sustainability among microenterprise PVOs. The tables below present data for 1997 and 1998 (1999 data will be available in 4th quarter 2000).

Table 3 Sustainability in PVC-funded Microenterprise Programs

	Operational	Full Financial	Neither
1997	7.55%	9.43%	83.02%
1998	21.67%	11.67%	66.67%

PVC will continue to track both indicators but will switch to using full financial sustainability as this is the primary program objective. This will also facilitate setting targets. (Note: an organization that has achieved full financial sustainability is no longer counted in the operational sustainability numbers).

3. PERFORMANCE AND PROSPECTS

Last year's R4 committed PVC to streamline the strategic plan, either drop or revise indicators and add new indicators at both the SO and IR level (see Annex D). With the imminent redevelopment of the strategic plan, PVC made changes to indicators rather than to the IRs in this reporting period. In some cases targets were revised (microenterprise sustainability indicator). In general PVC has achieved most of its SO and IR level targets. Where targets were not met, additional analysis was undertaken to provide more detailed information on performance.

PVC has institutionalized the use of R4 performance data to guide program decision-making. PVC holds a yearly post-R4 meeting to review and discuss the programmatic implications of the R4 data. As a result of these meetings, the office has modified the RFAs, revamped program evaluations and guidance, redeveloped DIP guidelines using information from the R4. Decisions from the meeting led to a further evolution of the Farmer to Farmer Impact Reporting System, revision of the CS evaluation guidelines, and the development an analytic agenda of special studies to fill in gaps in performance data.

Finally, the data from the special studies conducted this year and our accumulated experience with the R4 process will provide the foundation on which a new 5-year strategy will emerge. Looking forward, the office will hold a series of meetings this fiscal year to revise its strategic plan in response to the Agency's changing environment.

4. POSSIBLE ADJUSTMENTS TO PLANS

The current Strategic Plan will be revised in FY 2000. In addition, PVC is currently in the process of developing a special initiative in FY2000. The PVO/NGO Capacity Building Initiative will provide a strategy and the mechanisms to assist US PVOs to build the capacity of their local partners and to assist missions in strengthening their NGO partners.

5. OTHER DONOR PROGRAMS

The International Forum on Capacity Building (IFCB) provides a valuable avenue for donors, northern PVOs and southern NGOs to share information and improve coordination in our respective capacity building efforts. Other donors supporting the IFCB include: UNDP, the EC, and the World Bank.

6. MAJOR CONTRACTORS AND GRANTEES

All of PVC programs are implemented by U.S.-based PVOs. The office maintains three support contracts to assist in the PVO registration process and in providing administrative and technical support for management of the grants portfolios.