Chapter 5

OTA's Findings About ADF's Funding Program

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OTA's Findings About ADF's Funding Program

SUMMARY

- ADF has a committed staff with considerable African experience and has contracted with qualified Africans to help carry out its program. It has supported the growth of grassroots leadership and organizational capacity and the majority of the projects it has funded are agricultural projects.
- A number of high priority changes would improve ADF's ability to meet its mandate:
  - —revise and clarify the roles of staff in their working relationships with applicants and grantees;
  - —improve ADF's social, organizational, technical, environmental, and economic analysis and facilitate better planning by applicants during the project approval process;
  - —improve communication with project managers and be a more active facilitator to assist them identify problems and resources during project implementation;
  - —progressively enhance the responsibilities of ADF's African staff in project identification, approval, and monitoring; and
  - —increase communication with other development organizations, especially those that assist similar recipients, in the countries where ADF has programs. The Foundation should begin to develop country strategies, identifying its niche in each country.
- A number of lower priority but important changes also would contribute to ADF's effectiveness:
  - —streamline the project approval process and reduce unnecessary delays,
  - —conclude agreements with African governments where appropriate, and
  - —address issues regarding the scope of ADF's current portfolio of funded projects, e.g., consider funding a more balanced mix of social and economic development activities and projects, and linking research and funding programs more closely.

INTRODUCTION

The project findings presented in chapter 4 are an important starting point for looking at ADF's program in detail. This chapter integrates that information on ADF-funded projects with information gained from interviews with ADF staff in Washington and Africa, the review of ADF's Washington files, recent ADF evaluations of 10 projects, and meetings with other donors and technical assistance providers, researchers, and African officials.

Although one function of OTA'S assessment was to provide a snaphot of ADF's current program, a more important goal was to identify ways that ADF could improve its program. The emphasis of this chapter, then, is on areas where ADF could enhance its ability to meet its congressional mandate. However, a discussion of possible improvements in ADF's funding program is best placed in the context of what the Foundation is doing well.

WHAT'S WORKIN6 WELL

ADF has a strongly committed staff with considerable African experience. Most of the Washington-based staff have lived and worked in Africa, typically as Peace Corps Volunteers or staff and, thus, know something of the local cultures and languages in at least one African country. In addition, ADF is selecting qualified Africans to be Regional Liaison Officers (RLO), Country Resource Facilitators (CRF), and technical consultants to support its program.

Most significantly, relative to its mandate, ADF-funded projects have enhanced grassroots leadership and the capacity of funded organizations to manage their own activities. The Foundation makes a laudable effort to allow control of the project to remain in the hands of funded groups. For example, ADF disburses money directly to African organizations, which manage their own funds. In most cases, ADF allows the groups to choose their own technical assistance for project design and during implementation. Three groups have used ADF-funded planning grants to design their projects. Generally, project leaders interviewed by OTA said they had cordial relations with ADF.

The Foundation provided helpful support and suggestions while some of the 12 visited groups were developing their proposals: ADF awarded a planning grant to the Dakoro project in Niger, suggested that participants provide labor at NGK in Kenya, and wrote or helped write proposals based on suggestions of the group in the projects from southern Africa. Also, ADF asked the director of a successful agricultural project, Farming Systems Kenya, to advise another project being developed in Morogoro, Tanzania.

Usually, the Foundation has been flexible and responsive to changes suggested by project leaders during project design and implementation. In Ross Bethio in Senegal, for example, ADF allowed project managers to switch to new providers of technical assistance and to different models for pumps and the project vehicle after signing the Grant Agreement. ADF's flexibility in allowing grant amendments, increasing funding for revised activities or costs and extending the grant period, assisted several projects. In at least one case, ADF used its simplified procedures for approving amendments under $25,000.

Photo credit: ADF/Tom Katus

Paul Maina, shown examining seedlings with farmers, directs the Farming Systems Kenya (FSK) project but he has shared FSK'S experience with additional ADF-funded organizations.

OTA found some additional examples of helpful actions by ADF while monitoring grants. Concerns about financial accountability and reporting, including sending outside consultants to check on use of ADF funds, resulted in improved recordkeeping and bookkeeping in several projects. ADF follow-up on the role of technical assistance helped a male advisor provide more participatory help to a group of female participants at the Boiteko project in Botswana. Visits by the ADF African Country Resource Facilitator helped improve relations with local officials in the Dakoro project in Niger.

The high proportion of agricultural projects in ADF's portfolio is appropriate given the percentage of the African population engaged in agriculture. The focus on increasing food production and rural incomes is consistent with the goals of many African national development plans and other U.S. development assistance programs. Using the simple yardstick of meeting stated objectives, OTA'S team members felt that the performance of ADF-funded projects is at least equal to that of most funding programs in Africa.

The Foundation has begun a promising evaluation process by contracting African professionals to conduct evaluations of 10 projects and by sponsoring the first evaluation conference of project managers. Its funding of research by African development professionals is different from and more flexible than most other research funding programs; the recipients need not be affiliated with an African government agency or university or, during their research, with an American university.

In addition, ADF has made an effort to spread its work through publications such as ***Advance, Beyond Relief*** and the ***Assessment by Development Journalists.*** It has taken the need for good congressional relations seriously. ADF has established and maintained good relations with many African government officials, on national and local levels, and with African ambassadors in Washington.

AREAS FOR IMPROVEMENT

This assessment also identified significant areas for improvement. Overall, OTA determined that ADF could be making better decisions about what projects to fund, and that ADF staff often has ineffective contact and communication with applicants and grantees and could better support their self-help efforts. Recurring problems are identified in the findings that follow, but each is not applicable to all projects, or to the same degree, or equally relevant to all countries where the Foundation has programs. Of necessity, the findings and the suggestions for dealing with them often overlap.

The areas identified for improvement are listed in two groups: the first five are of highest priority and reflect a broad consensus among the OTA assessment's participants. Staff roles in relation to applicants and grantees, project approval and monitoring practices, and reponsibilities of African staff were most commonly cited as areas needing improvement. Considerations about country-level communication and planning, also included in the first group, can help improve project selection and follow-up. The second group includes lower priority issues, such as the need to reduce the average time taken for project approval and start up, reach agreements with African governments where appropriate, and increase ADF's own internal assessments of its funding program and portfolio.

Each of the following sections identifies actions ADF should take and suggests ways that they can be accomplished. Also, a variety of additional ideas are provided to supplement the initial suggestions. The suggestions are drawn from the experiences of a variety of private and official development assistance programs. Much of this experience is relevant to ADF but the Foundation has a unique mandate that differs from other official U.S. development assistance organizations. Fulfilling its mandate should include learning lessons from others and applying them creatively. Also, ADF should be able to suggest additional ways to meet the concerns discussed.

The analysis in this chapter is based largely on a late 1987 "snapshot" image of ADF's program, which continues to evolve. ADF has indicated it is aware of and in the process of addressing many of these issues.

Every suggestion carries a price tag in time or money. In some cases, suggestions *would* add to ADF's non-grant costs and to the already long grant approval process. In other cases, these suggestions could make better and more timely use of existing resources. Such considerations are noted below.

High Priority Improvements

1. ADF's Relationship With Applicants and Granteess

Finding: Too often ADF has had an ineffective relationship with applicants and grantees. Often ADF is too passive, but at times it is too involved. In the former case, potential to assist the group's development is neglected. In the latter, the self-help process may be bypassed inappropriately. The resulting inadequate information, insufficient analysis, and inappropriate follow-up action has limited the degree to which the Foundation's funded projects are meeting ADF's mandate.

Discussion.— ADF often takes a passive, hands-off approach to its applicants and grantees. As a result, the Foundation's working relationships are often less effective than they could be. This approach is in part the outgrowth of a valid rejection of other approaches which deny participants control; it is also due to an implicit and debatable assumption that the lack of capital is the only constraint to rural development. And it is the outcome of logistical limitations imposed by distance. One major concern is ADF's handling of the approval process. Often ADF is too accepting of proposals, in part because it too strictly interprets its mandate to support self-help projects designed by African groups. ADF assigns priority to local control, assuming that local participation accompanies it. This focus on local control also leads them to doubt the need for technical expertise on staff (8). However, this lack of balance in ADF's approach works against its fulfillment of its mandate to ***foster*** participation and ***support*** self-help efforts.

In other cases, ADF has not hesitated to suggest and require changes in project design. This inconsistency causes some confusion among ADF staff and its grantees about ADF's role in relation to project design and implementation, Although some efforts have been taken to clarify and explain ADF's expectations, more needs to be done.[1] OTA teams found instances where ADF provided helpful advice, but they also found as many cases of inappropriate interventions with negative consequences and poor follow-up on good recommendations.

ADF made major changes in project design in several cases without significant input from participants. In each of these cases, ADF had some basis for making the changes and the project leaders formally accepted the changes by signing the grant agreement. But the alterations hurt the project's ability to meet ADF's goals to foster local participation in self-help efforts.

For example, in a project in Senegal, ADF removed the participants' highest priority—cereal banks—from Union Kaoural's original proposal and dropped another element—pharmacies—in one-half of the villages. Union leaders continue to disagree with the consultant's findings that these two priorities would duplicate existing services. ADF's decision was cited by the Union's leadership as one factor that increased tensions among its members; ultimately a majority of the member groups left the association.

In another case, ADF compromised with local government officials who insisted on substantial changes to the project proposed by a herders group in Niger. Placed in an awkward position by mistakenly bypassing these officials earlier, ADF agreed to several unnecessary project modifications and to placing an inappropriate degree of control in the hands of these officials. ADF accepted a budget for technical assistance prepared by the officials which included payments for services that already were included in their government job descriptions. Project leaders and participants were unaware of these provisions and expressed disagreement after details of the technical assistance budget (which represented at least 20 percent of the total project budget) were described.[2]

[1] Workshops held in Togo and Zimbabwe in early 1988, with sessions for applicants on how to prepare a proposal for ADF and for grantees on ADF's monitoring procedures, are a step in this direction.

[2] ADF had a different understanding than local officials in Dakoro regarding payments to the government technicians. ADF's understanding was that the technician would be removed from the government payroll during project implementation. Since the departure of the OTA team the government technician has been transferred and ADF reports that a private technician has been identified to fill that position.

OTA'S concerns regarding government involvement during the purchase and distribution of livestock to participants have been lessened with more active involvement of ADF's Niger staff member during those operations.

Inappropriate design changes were made in other cases in response to justifiable ADF concerns. For example, in the Dagnare project in Niger, an artificial organization was established of groups with little previous organizational connection but including poorer farmers to overcome ADF's reservations about the income level of the original applicants.

Sometimes good recommendations to deal with valid ADF concerns were not followed through effectively. The Kikatiti project in Tanzania offers several examples: ADF put conditions on the grant requiring that a maintenance plan for the water system be developed and that a Tanzanian firm audit the village treasurer's books before funds were disbursed. ADF also recommended that the group receive training and technical assistance from two related Kenyan projects. But a year later the maintenance plan bore little relationship to the actual costs of maintaining the system, parts of it were not feasible, and the proposed users' fee was not accepted by the beneficiaries. ADF disbursed grant funds to the Malihai Arusha organization based on an audit showing village books in arrears for 13 months, but did not require a timetable for turning over the management of project funds to the community which would have to maintain the system. Project leaders did not attend the planned training at the Greenbelt Movement headquarters in Nairobi nor was some recommended technical assistance provided.

Suggestions for Improvement.—Because of these problems, ADF should reconsider the implications of the various aspects of its mandate concerning its relationships with applicants and grantees. In particular, ADF should better balance the various parts of its mandate. For example, elements of participation (in addition to local control) and contributions to social and economic development should be addressed more effectively in those relationships. To do this the Foundation will need to revise the responsibilities of its staff in project approval and monitoring.

Although specific relationships should accommodate each situation, one staff role during approval would be that of facilitator. This would entail informed, active, and sensitive dialog with applicants, helping ensure that various options have been considered. It assumes that leaders of local organizations are capable of analyzing their needs and selecting among options if provided with adequate information. Another staff responsibility would be to evaluate critically the appropriateness of ADF's funding of the project relative to the various aspects of its mandate and the Foundation's accountability as a publicly-funded institution. This entails obtaining independent verification of the information received from project leaders,

ADF should also revise its approach to project monitoring. The Foundation should develop a clearer policy regarding staff responsibilities, including guidelines about when and how to become involved that are consistent with the entirety of its mandate and its responsibility as a funder.

In this process, the Foundation should review and revise job descriptions for the Foundation Representatives, the Regional Liaison Officers, and the Country Resource Facilitators to reflect more conscious roles as facilitators and evaluators. Also, ADF should determine and discuss with potential grantees the nature of their relationship early on, for example, agreeing how actively ADF will be involved during the approval and implementation periods. This relationship should be flexible and renegotiable based on periodic review.

Other ways that ADF could examine the implications of all aspects of its mandate for staff responsibilities include:

- hold a staff retreat to discuss the relationship between the various components of ADF's mandate and revised staff roles in relation to applicants and grantees,
- examine how other organizations with similar funding programs work out the potential conflicts between responsibility as a funder for ensuring that money is well spent and responsibility to grantees to support their control of their own projects, and
- invite organizations, such as the Council on Foundations or the Ford Foundation, to provide staff training on reviewing and monitoring grants, emphasizing methods appropriate to the evolving relationships between ADF and its grantees.

2. Improved Analysis Before Funding Grants

Finding: ADF's pre-funding analysis of project proposals is often inadequate in one or more of several critical areas: the social-political context, organizational factors, technological choices, environmental implications, and economic constraints and opportunities.

Discussion. —ADF has neglected some important elements in pre-funding analysis, in part because of a lack of financial and staff resources. Also, its reluctance to engage applicants in dialog and one-sided emphasis on local centrol often have discouraged more effective pre-approval analysis. The resulting lack of information and adequate analysis has led to funding at least some projects whose ability to meet their own objectives and ADF's goals is problematic.

Every ADF-funded project does not have all of the weaknesses discussed here, nor do they exist in the same degree in every instance. Therefore, the suggestions should be applied on a case-by-case basis. The ability to select appropriate approaches for each funded project is one that every successful funder needs and ADF needs to strengthen its skills in this area.

Suggestions for Improvement.—ADF should improve pre-funding analysis, stressing simple and inexpensive methods of gathering and analyzing data. This analysis then needs to be better incorporated into funding decisions.

To accomplish this better pre-approval analysis, the Foundation should make better use of its existing Project Approval Guidelines, Rating Sheet, and the Project Assessment Memo (See ch. 3). For example, the Foundation Representatives and field staff should provide better supporting documentation for major or problematic aspects of a project. Also, staff should spend more time (e.g., 3 days) in the field prior to presenting a proposal to ADF's Project Review Committee, meeting with prospective project leaders and participants separately and verifying the information received from applicants with independent experts. In addition, staff should receive training in analytical methods such as rapid rural appraisal so that they can quickly obtain the most needed information.

Also, ADF could:

- use planning grants more extensively to enable funded groups to take part in pre-grant analysis and improve preparation of their projects,
- review the adequacy of the Grant Application Form, Project Approval Checklist, Rating Sheet, and the Project Assessment Memo, and
- study and adapt the pre-funding analysis methods used by other funders with similar mandates.

Finding: Critical elements of participation, such as participants' involvement in decisionmaking and their support for project activities, as well as access to projects by women, minority groups, and poor people often are not sufficiently addressed in ADF's pre-funding analysis. OTA'S review of ADF's funding program indicates that it is only partially fulfilling its congressional mandate to foster the participation of poor people in their own development.

Discussion.— ADF's emphasis on local control has not been supplemented with sufficient analysis of these and other issues relating to participation. Key data are not collected and, therefore, cannot be included in ADF's ongoing evaluation of its work. For example, ADF has made little attempt to disaggregate data collection to reflect the participation of significant subgroups, particularly women, in its projects.

Suggestions for Improvement.—The Foundation should more carefully analyze participants' support for, access to, and decisionmaking in the proposed activities and in organizations seeking funding. Also, ADF should encourage improved participation in all projects based on this analysis.

To make these changes, ADF should disaggregate its data collection regarding project participants, decisionmakers, and beneficiaries by gender, ethnic group, and economic status.[3] Also, ADF should establish standards for re-

[3] ADF plans to collect this data in its computerized information system beginning in 1988.

jecting proposals on the basis of a lack of participation; its standards should be linked to community norms. ADF should also track changes in participation during its monitoring process,

The Foundation could use these methods to implement this suggestion:

- revise the grant application form so that applicants themselves provide disaggregated information about project leaders, participants, and the community, and
- hold workshops for project leaders to develop ways to encourage participation.

Finding: ADF's pre-approval analysis of applicant organizations is often weak, especially regarding their social-political context, stage of development and, in the case of intermediary organizations, their relationship with local groups. As a result, **ADF sometimes makes inappropriate funding decisions.**

Discussion. —ADF needs better information regarding organizational history, strengths, weaknesses, and local context of applicant organizations. Lack of knowledge of local realities in some cases led ADF to accept problematic aspects of proposals without question. For example, in the Ross Bethio project in Senegal ADF accepted farmers' assertions of their land claims and was unaware of the existence or vehemence of the rival claim. Had it been better informed, ADF could have encouraged mediation or, like the Ford Foundation, decided not to fund the group at that time.

While establishing a working relationship with local government officials is the responsibility of the applicant, ADF can play a broker role and verify that an acceptable relationship has been established prior to project approval. This can bring increased access to resources needed by the project. For example, local water officials designed and supervised the construction of the NGK water system in Kenya. But in Kikatiti, Tanzania, because such a relationship could not be worked out, ADF justifiably funded a private contractor, leaving local officials without an investment in maintaining the system. Poor relationships with local officials were also a problem in two other projects (Dakoro, Niger; Union Kaoural, Senegal). ADF did not seem to identify the extent of the problem or incorporate it in funding decisions.

The lack of in-depth knowledge about the funded groups could be a factor in the high proportion of intermediary group projects in which participation is low. For example, several of the intermediary organizations visited had difficulty working with subgroups (AFC, Malihai); had this been identified as a problem early on, some provision could have been agreed on to assist the intermediary organization, Knowledge about the larger organizations' track record, stage of development, experience with the proposed activity and local groups, and other sources of funding are critical in making appropriate decisions regarding the timing and level of funding. Without such knowledge, determining the best level of interaction with a grantee during project planning and implementation is difficult.

Finally, since each of the 12 organizations visited had received outside funds, more consideration of the relationship of the ADF grant to the work supported by other funders and the rate of growth of the organization would have been important. ADF grants need to be considered in relation to each other as well, For example, in Senegal ADF gave one small community (5 kilometers from Union Kaoural's headquarters) a grant of $80,000 at the same time it awarded Union Kaoural a $106,000 grant for similar activities in 25 communities in the area. Tension among villages increased as a result. Funding an activity without considering its impact on other development efforts in the locale may inadvertently undermine wider efforts.

Suggestions for Improvement.—The Foundation should improve its analysis of organizations' strengths and weaknesses and the likely impact of the funded activity on them before approving grants. This involves analyzing the social and political setting in which the organization works, including its relationship with local officials, funders, other development efforts, and local groups. Also, ADF should in-

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volve prospective grantee organizations in pre-funding analysis, which would help build institutions, an important aspect of ADF's mandate.

To better understand organizations' strengths and weaknesses, the Foundation should differentiate between intermediary organizations and grassroots groups in its pre-funding analysis, modify its current forms to reflect this distinction, and obtain information about their stage of development and future plans. Also, ADF should contact other funders of prospective grantees more consistently to assess the group's track record, its access to other resources, and the relationship of the new grant to ones already funded or proposed.

In addition, ADF could:

- use planning grants to build institutional capacity, especially to increase grantees' management and technical skills and the ability of intermediary organizations to work with local community groups,
- provide ADF's African staff with small budgets to assist applicants with training (e.g., for bookkeeping, management) as needs become apparent,
- consider disbursing funding to train project managers prior to funding other aspects of project activities, such as providing equipment and materials, and
- consider increasing funding for training components of grants where appropriate.

To foster institutional capacity, ADF could support steady growth of an organization as opposed to supporting overly ambitious short-term plans. In some of the projects reviewed by OTA, the ADF grant more than doubled the organization's budget. The Foundation could consider the applicant's experience managing increasing amounts of funds, and not award large grants to organizations without adequate experience. It could use a series of increasing grants to help build capacity gradually. Also, ADF could review the impacts of its current practice of disbursing the majority of its funds early in the grant period.

Finding: Pre-funding analysis of technical and environmental factors by ADF and applicant **organizations often is inadequate, resulting in decisions to fund some projects with questionable technical soundness and, often, problematic environmental sustainability. Also, ADF's approach has not worked to expand the choices of technologies available to potential grantees.**

Discussion.—ADF's project approval process inadequately provides for verifying the technical soundness of proposals (box 5-I; table 5-1). Potential problems and negative evidence are rarely identified in appraisal documents. Foundation staff currently lack sufficient technical skills for some of this analysis. Generally, ADF has not facilitated the use of alternative technologies nor has its funding program advanced the development of improved indigenous technologies. While several ADF-funded groups gained improved access to technical information as a result of ADF's approval process, such cases are in the minority. Some examples of the consequences of insufficient technical analysis include: unrealistic well-repair plans (Dakoro, Niger), overly optimistic production projections (Union Kaoural, Senegal), overlooked environmental degradation (Tutume, Botswana), and unknown capacity of water source (NGK, Kenya).

Many agricultural technologies that ADF funds are those with a poor track record in Africa, e.g., irrigation, rural water supply, rural credit, and tractor-hire programs. This provides ADF an opportunity to demonstrate the effectiveness of the self-help approach where others have failed but it also adds to the burden of verifying feasibility. Nine of the projects visited used relatively high-risk technologies. Much current research questions the sustainability of higher-risk technologies. OTA teams, after conducting interviews with local researchers and other experts, judged that technology choices were probably appropriate in 11 of the 12 projects, but were concerned that in most cases ADF apparently had not attempted to confirm whether or not they were appropriate. More appropriate technologies might have been available but ADF had not asked project managers if they considered other options, nor provided information on low-cost technologies

Box 5-1.—A Look at the Files: ADF's Use of Agricultural Technologies

OTA examined 27 ADF project files in depth and an additional 30 less intensively to evaluate the types of technologies used in ADF-funded projects and to determine the technical and economic soundness of these projects. Certain findings Were positive: project documentation shows consistent improvement over time, the Foundation uses an excellent checklist for approving projects, and ADF's senior management recognizes and is willing to correct Weaknesses in technical staffing. Other, serious concerns remain.

No rigorous analytical framework is applied consistently to assess a project's technical coherence and feasibility and economic soundness, sustainability, and replicability (table 5-I). The qualitative application of the approval checklist allows criteria to be met Without providing supporting data or analysis. The generally poor performance of ADF-funded irrigation projects in Kenya and Mali, documented in ADF evaluations, demonstrates ADF's lack of understanding of technical factors that can make or break a project. Apparently, ADF has not fully learned the lessons of these early problems and the Foundation continues to give too little priority to ensuring technical soundness. The files, for example, do not address explicitly the complex factors that determine whether tractors make technical sense. Yet one-third of ADF's agricultural projects include support for tractors. Also:

- Many ADF-funded projects include multiple-sectors but the combinations sometimes are not the most advantageous. For example, irrigation projects also could introduce fertilizer and improved seeds, but most apparently do not. ADF could support more integrated cropllivestock systems, a particularly appropriate type of multiple-sector activity. But since this work is very demanding of technical and managerial resources, it is often advisable to pursue single sector projects or sequence sectors over time.
- Technical assistance is used infrequently during project preparation, although it is more common during implementation.
- Production and marketing activities dominate ADF's portfolio. Natural resource-related activities play a relatively minor role in ADF's portfolio (only 10 percent of projects) relative to the magnitude of environmental problems in Africa where agricultural intensification is increasing pressures on the resource base.

Some of these problems can be attributed to the ADF staff's lack of training and experience in the key technical areas of a majority of ADF agricultural projects: agronomy, crop and livestock science, agricultural engineering, and hydrology. Senior management notes that budget limitations prevent hiring additional technical staff, The Foundation chooses to hire generalists with community development and cross-cultural experience for the Representative positions and has recently hired part-time in-country staff with technical skills. OTA'S examination of ADF's files shows clearly that ADF does not adequately increase grantees' access to improved technical advice.

SOURCE: Peter J. MatIon, "Consultant's Report to OTA," contractor report prepared for the Office of Technology Assessment, August 1987.

blending indigenous and outside approaches in new ways.

Other evaluators looking at different ADF projects came to the same or even stronger conclusions. The ADF team evaluating five West Africa projects recommended that "no project should be financed" until the applicant conducts a feasibility study, addresses the problems identified, and has the revised plan approved by an ADF expert consultant.'

Some ADF staff resist improving in-house technical capacity. They are mistakenly concerned:

> ., , that emphasis in key design and implementation issues would shift away from local "responsibilization' and capacity building—to which they give highest priority among project objectives—toward technical *feasibility* which they appear to associate with a top-down imposition of foreign expertise and loss of local control. . . . this is a false dichotomy which can be solved through more imaginative approaches. , . . if done properly, solid technical input to assess project feasibility and to refine

[4] Abdoulaye Djegal, "A Report on the Evaluation of Five ADF Projects in West Africa," ADF, July 1987, p. 26 (Dalakana Project), and pp. 27-28 (Narena Project).

Table 5-1.—Desk Reviewer's Assessment of Agricultural Project[a] Soundness

	Percent of Projects: Adequate/ feasible	Inadequate/ infeasible	Not done	Uncertain/ lack information
A. 12 projects with major irrigation component				
1. Quality of technical assessment	—	58	—	42
2. Use of technical assistance in performing assessment	—	25	42	33
3. Desk reviewer's assessment of technical feasibility	25	—	—	75
4. Economic cost/benefit analysis done	—	8	92	—
5. Economic sustainability	25	17	—	58
6. Environmental sustainability	42	—	—	58
B. 5 projects with major tractor component				
1. Quality of technical assessment	—	60	—	40
2. Use of technical assistance in performing assessment	—	20	—	80
3. Desk reviewer's assessment of technical feasibility	20	—	—	80
4. Economic cost/benefit analysis done	—	20	80	—
5. Economic sustainability	20	40	—	40
6. Environmental sustainability	—	—	—	100
C. 8 projects with major seed/fertilizer component				
1. Quality of technical assessment	—	50	—	50
2. Use of technical assistance in performing assessment	—	13	25	62
3. Desk reviewer's assessment of technical feasibility	25	13	—	62
4. Economic cost/benefit analysis done	—	12	88	—
5. Economic sustainability	25	38	—	38
6. Environmental sustainability	*50*	—	—	50

[a]Based On 25 projects reviewed in depth

SOURCE" Peter J. Matlon, "Consultant's Report to OTA," contractor report prepared for the Office of Technology Assessment, August 1987

elements in design do not contradict the fostering of local competence and confidence. Rather it can contribute directly to it.[5]

As another team of ADF's evaluators of a failing project in Kenya said:

> Projects should have feasibility studies carried out before they are funded to determine their viability. Unsuccessful projects tend to discourage people, lower their morale, and kill their initiative. They also lose confidence in the management and the sponsor and it becomes difficult to motivate them again for similar activities.[6]

The Foundation's lack of attention to issues of environmental sustainability and risk are striking in a continent where the limits of production systems make such concerns of critical importance. Potential negative impacts on the environment, and measures to mitigate them, have not been identified early enough in a number of ADF projects. For example, ADF's end-of-project evaluation of NGK in Kenya noted that irrigation could lead to soil erosion. The suggested mitigating measures would have been easier to implement if this study had been conducted before the construction of the water system began. Projects including tractor-hire and irrigation schemes raise red flags for those with experience in conservation of renewable resources. Too often, ADF has failed to recognize such flags.

Suggestions for Improvement.—ADF should perform sufficient technical analysis to be reasonably certain that proposed technologies are workable and sustainable. Also, ADF should encourage applicants to consider a range of tech-

[5]Peter J. Matlon, "Consultant's Report to OTA," contractor report prepared for the Office of Technology Assessment, August 1987, pp. 18-19, and 23.

[6]Hilda Kohnhiriwa, et al. "KWAHO/Taita Integrated Rural Community Water Project (TIRCOWAP), Project Evaluation Report," ADF, July 1987, p. 25.

Photo credit: OTA/George Scharffenberger

Improved pre-funding analysis would have identified technical problems in the plans to repair this well at Bundu Eggo, Niger.

nologies and suggest alternatives where appropriate. In this process, ADF should identify the potential environmental effects of project activities and encourage applicants to minimize negative effects and build on positive changes. **ADF should devise various ways to ensure that sufficient analysis is done by applicants themselves.**

ADF should develop a variety of ways to verify technical soundness and decide which would be appropriate for each project. For example, ADF could ask applicants to obtain written verification from local researchers or experts testifying to project soundness and detailing what additional planning may be needed. ADF staff should itself obtain such verification during the pre-approval process. Or ADF could hire in-country consultants to check on project plans, spending a day or two on site. OTA is not recommending expensive AID-type feasibility studies, but brief, independent verification by a qualified professional, usually available in-country. Outside verification is needed even if the applicant organization has some technical expertise. If an applicant shows sufficient promise, but insufficient planning, a small planning grant would enable them to obtain technical or other help needed to plan their project adequately or test various approaches on a small scale. The plan would then be reviewed by ADF or a local contractor with relevant expertise.

The Foundation can improve its technical analysis of project proposals by increasing the staff's capability for making technically sound funding decisions, especially Foundation Representatives. ADF should initiate a training program to familiarize the Representatives and the Africa-based staff with a broader range of technologies, including "low-resource" **and other methods that build from local resources and skills.**

ADF staff needs additional skills in issues related to technical and economic feasibility and training in sharpening community development skills. The addition of African Country Resource Facilitators to provide technical assistance is a step in the right direction, although the experience and skills of the people selected should reflect the types of projects funded if they are to best fulfill their responsibilities.

Additional training could be offered to existing staff in a number of substantive areas, depending on the priority needs of the individual. ADF could invite technical experts to provide workshops to its staff, or ADF could send staff members elsewhere for training. The Foundation could identify institutions in Africa which provide training in rural organizing or community development and attend the training alongside community leaders, or they might benefit from attending intensive 7 to 10 day trainings at one of the community organizing schools in the United States, for example.

ADF staff may lack qualifications necessary to appraise the work of technical consultants for some projects, even with additional training. Some of OTA'S contractors felt this could be corrected with contracts for activity-specific technical skills. Others felt that ADF needs more staff with technical backgrounds to define and assess the work of technical contractors and who could be trained in participatory community development if needed.

At the same time, ADF should emphasize to its technical consultants and providers of technical assistance that, although local decision-making is to be respected, they have the responsibility to suggest options to grantees and provide ADF with a critical analysis of the project plans. Revised work statements and orientation sessions could accomplish this. ADF could develop guidelines for what should be included in these analyses (box 5-2) and for the qualifications of persons conducting them. The analysis suggested is to verify that applicants' plans are adequate and sound, and identify where improvements are needed. It is not a substitute for the applicants' own planning. The approach should stress dialog among equals

Box 5-Z.—Factors in Assessing Agricultural Technology

A complex set of factors determine the success of agricultural projects. Irrigation, tractor, and seed/fertilizer projects are unlikely to have their intended results if these factors are neglected. ADF and its funded groups need to take them into account for their activities to be sustainable. Expensive or elaborate studies are not needed. Instead, ADF and applicants should seek a brief independent review, i.e., external professional verification that the proposed project plans adequately account for the following factors. ADF might award a planning grant if further analysis is warranted, While problems in some areas could be resolved at once, others might require monitoring and project changes throughout the grant period.

(1) Irrigation project components:

- hydrological parameters,
- crop mix and extent of complementary input use,
- expected input levels and yield response,
- rules for water access and water management procedures,
- water quality, drainage, and possibility of long-term salt build-up,
- labor conflicts with rainfed activities,
- farmers' familiarity with irrigated agriculture, and
- market depth, factor and output prices, and price impacts of the project.

(2) Tractor project components:

- initial capital costs without subsidies (non-replicable attribute),
- access to fuel, spare parts, maintenance,
- field size distributions, fragmentation, and dispersion,
- soil types and crop mix (yield response),
- rules determining access to tractor services,
- density and quality of secondary roads,
- slope and topography, and
- soil erodibility and rainfall intensity.

(3) Seed/fertilizer project components:

- availability of improved cultivars—their input, response and yield stability (source of performance information: research station results or on-farm tests?),
- types and amounts of fertilizers,
- crop/fertilizer price ratios, and
- long-term effects of fertilizer use,

SOURCE: Peter J. Matlon, "Consultant's Report to OTA, " contractor report prepared for the Office of Technology Assessment, August 1987, and two-way communication between ADF's contractors and project managers. The scope of work could include recommendations to improve the project activity and an assessment of the degree to which these recommendations are acceptable to participants. ADF could also provide training in community development methods for these experts, stressing the need to include the group in all stages of their work.

ADF could use additional means to improve technical analysis, such as:

- implement streamlined ways of making decision regarding environmental impact, e.g., Webter's decision tree (box 5-3),
- identify several in-country technical experts to review project proposals in their individual areas of expertise, e.g., irrigation, agronomy, animal science,
- identify several U. S,-based technical experts who could provide a technical review of proposals, and
- require that the Project Assessment Memo include information on technical analysis, whether or not the applicant has explored other technology options, tried a small pilot project, knows of others who have conducted similar activities; and whether or not a small planning grant is preferable.

Box 5-3.—A Renewable Resource Decision Tree

Avoiding resource degradation requires that project-related decisions be made knowledgeably and consciously. A decision tree such as the one below could help ADF and its funded groups ensure that this is the case.

1. Does the proposed activity alter renewable resources?

la. If no, resource sustainability is not an issue; make a statement to that effect in project documents, No further action is required on the subject.
lb. If yes, go to #2.

2. Determine the extent of planned or expected environmental consequences. Whether changes are "small" or not, depends on the eco- or agro-climatic zone the project site is in. Develop and use simple field guidelines with illustrative criteria such as:

- Normally, total land-clearing less than 1 hectare (2.5 acres) is not severe, provided slopes are gentle (under 10 percent).
- Normally, irrigation schemes less than 5 hectares (12.5 acres) do not have significant adverse consequences, especially if trees and shrubs are planted along drainage canals, roads, etc.
- Water development schemes delivering less than 5 cubic meters of total, additional water per day are sufficiently small not to cause additional stress on other resources.

Do these guidelines indicate that the effects of the project are minor?

2a. If yes, ascertain that basic mitigation techniques have been added (if they are not incorporated into the program already).
2b. If no, or if, based on experience with similar projects, other reasons exist to suspect potentially adverse impacts on natural resources, go to #3.

3. Undertake an expanded resource analysis. Elaborate the magnitude of adverse consequences and recommend specific, practical ways to avoid or mitigate problems. For example, suggest that where tractors are introduced, all ground preparation be done along contours (instead of in the fall-line of slopes). Or introduce trees and shrubs along drain ditches and access roads and provide each farm unit with a corner for fruit and food trees in irrigation schemes. Where land clearing is involved, leave strips of natural vegetation: 10 meters wide every 50 or 100 meters of cleared land; if slopes are cleared, these strips should be placed parallel to the contour lines, etc.

SOURCE Fred R Weber. "Desk and Office Review of ADF Activities Renewable Resource Technologies, " contractor report prepared for the Office of Technology Assessment, August 1987

Finding: Pm-approval economic analysis by applicants and ADF has been lacking or poor for many ADF-funded projects. Therefore, ADF has funded a number of projects with questionable economic and financial viability.

Discussion.— Income-generating projects need simple market analyses and business plans. All projects need plans to cover maintenance and repair, especially of vehicles and waterlirrigation systems, and other recurrent costs. Such plans do not exist for a number of ADF funded projects. Where done, they are often inadequate and ADF had not verified their accuracy.

Project documents show little attention to analysis of whether or not project benefits will be sufficient to ensure participants' continued involvement. ADF does not verify assumptions regarding availability of inputs, estimates of recurrent costs and potential market demand, and production and selling price. Considering the 12 projects visited by OTA, simple economic analysis of key proposal components would have raised questions about the Dakoro project's cooperative store (such stores have a poor track record in the Sahel and previous stores run by the same managers failed); Morogoro's plan to purchase maize produced by project participants (dropped by project managers as unrealistic by the time of the OTA visit); and the plans to maintain the NGK and Kikatiti water systems (fundraising plans approved by project leaders would not meet projected costs of maintaining the systems). The need to include economic and financial analysis in proposals was also noted in ADF's internal evaluations of projects in West Africa and Kenya. Finally, in making choices among prospective grantees, the Foundation has not included calculations of benefits and costs per participant or overall economic return.

Suggestions for Improvement.—The Foundation should do more to encourage and help applicants do better pm-grant economic planning. Simultaneously, ADF should do better economic analysis of project proposals. The methods used should be simple, straightforward, and inexpensive.

Photo credit: ADF/Tom Katus

The products of many ADF-funded projects are sold in markets such as this one in Morogoro, Tanzania. Ensuring that applicants have adequate marketing plans should be a crucial part of ADF's project approval process.

ADF should require applicants to use simple financial and economic planning appropriate to the project proposal, i.e., simple market analysis, production plans, and plans for obtaining inputs, maintaining and replacing equipment, and providing for recurrent costs. ADF could require applicants to submit these plans with their application. The Foundation should independently verify the economic sustainability of projects by its own analyses, either by ADF staff or consultants, or others outside of the project. ADF's evaluation of project financial planning should be documented in the Project Assessment Memorandum. Also, ADF should explore realistic ways to integrate rough estimates of costs and benefits per participant and overall economic return into the Foundation's funding decisions.

Also, the Foundation could consider:

- providing training and technical assistance to project managers to assist them in developing their economic plans,
- providing planning grants or written materials, such as how-to guidelines of what economic plans to include in project proposals, and
- training ADF staff in simple economic analyses,

3. Project Monitoring

Finding: The way that ADF monitors projects does not provide enough information for ADF to be an effective facilitator during project implementation. Therefore, ADF misses timely opportunities to assist grantees and increase the likelihood of project success.

Discussion.—All funders find that grant modifications must be made as projects are implemented, especially if pre-planning has been less than ideal. ADF has shown a high degree of flexibility y in some cases in the face of changing project circumstances and this should be continued. However, in other cases, ADF's lack of information and passivity at critical junctures let opportunities slip away to assist grantees in addressing problems and to reinforce their success.

Omissions during monitoring can affect the ability of the group to carry out its planned project. For example, lack of close monitoring and dialog with project managers led to confusion over the role of the intermediary organization in Kikatiti, Tanzania. The Foundation's distance was also at least partially responsible for lack of follow-upon developing realistic plans to finance repair and maintenance for Kikatiti's water system. More seriously, ADF was unaware of major differences developing between the proposal and actual project activities ***in several*** cases. The most dramatic instance was Ross Bethio, Senegal, where ADF was unaware of the conflict over land rights and the fact that its funds were used to remove Fulani herders from the lands they traditionally used for grazing. In the Union Kaoural project, two-thirds of the recipient groups were changed without ADF's awareness.

Generally, systematic follow-up was lacking regarding participation in decisionmaking, economic and financial planning, technical assistance needs, negative environmental impacts, and self-evaluation. Many problems and suggestions identified by ADF evaluators who reviewed 10 projects in West Africa and Kenya could have been identified and dealt with earlier if ADF's monitoring was stronger,

parallel to pre-funding analysis, confusion about ADF's monitoring role is due in part to a "hands off" approach, an outcome of ADF's perception of its mandate to maintain local control. Determined not to diminish local control or foster dependency, ADF has often shunned the more active role of a facilitator during project implementation, opting instead for the more cautious role of observor. Although ADF has developed a good monitoring checklist, it is not completed by ADF staff after reading progress reports or making site visits. Nor are staff required to document information on this checklist.

Lack of funds for staff travel to project sites in Africa at times contributes to inadequate monitoring. While most projects are visited once a year, often it is a quick visit. ADF staff accompany project managers, especially of the intermediary organizations, and have little time to talk privately with participants or outside experts.

Quarterly progress reports could be an important monitoring tool but the instructions of what project managers should include in these reports are sketchy and they usually do not contain critical information. Project information flows to Washington too often without the Foundation providing constructive feedback to grantees. Many project managers, and at least one African staff member, complained of the lack of feedback on these reports. The Foundation's own evaluation of East African projects found the same need for improved monitoring and increased feedback.

The Foundation is aware that monitoring cannot be done from afar and decided to contract with staff who are closer to the funded groups. However, ADF has not optimized their role in project monitoring. For example, Country Resource Facilitators have been instructed not to become involved in issues related to project management and they do not regularly receive copies of quarterly reports.[7] Nor do they have sufficient funds for transportation to visit projects regularly.

Suggestions for Improvement.—The Foundation should increase and improve its project monitoring. At a minimum, this means that ADF should spend more time with grantees, especially with project participants other than leaders and with non-participants. Also, ADF should make better use of its monitoring checklist (for example, to review quarterly reports, document findings of field visits, and suggest follow-up actions) and increase timely feedback to project managers. ADF should evaluate the effectiveness of the technical assistance provided with grant funds.

[7]ADF reports that their African staff now receive copies of project quarterly reports. ADF staff, at a conference in October 1987, made a number of additional suggestions about the monitoring system including improving information received in the quarterly reports, use of the computerized management information system to improve follow up, and more frequent visits by the Country Resource Facilitators. ADF plans to implement these suggestions in 1988.

In general, ADF should give higher priority to monitoring by spending additional time and resources in the field. ADF projects could be visited at least twice a year (at least once by the Foundation Representative). Sufficient time should be allowed for dialog with project managers, local project committees, and participants as well as for meetings with persons outside of the project to obtain independent views. The degree and kind of monitoring depends on the needs of each project. For example, when serious problems arise, more frequent meetings could be planned between ADF staff and project managers.

Also, ADF should continue to develop and implement its plans for internal and external evaluation of funded projects, recognizing the different purposes and timing of each. Internal evaluation and monitoring procedures are primarily designed to help the funded group learn and to assist in its planning. Thus, such evaluation should be conducted by the group throughout the project cycle. External evaluations are primarily for accountability and learning about project impacts by the donor and others. They are normally conducted at the end of projects or midstream in longer projects. Both can be done in participatory ways and require collection of baseline data so that progress can be checked against the situation before project activities began.

The Foundation could also address concerns regarding monitoring by:

- revising its quarterly progress report form to clarify what information is needed and reducing the processing time (and steps) in Washington,
- organizing workshops for project managers that address common issues such as project management and participatory evaluation.[8] For example, a workshop could help grantees develop ways to collect information on socio-economic characteristics of the people served and on

[8]ADF's workshops for project managers, held in Togo and Zimbabwe in early 1988, helped explain ADF's monitoring procedures.

project impacts on yields, the environment, and participants (30,9), and

- studying monitoring systems of other funders of community organizations, such as the workshops that the Kellogg Foundation sponsors for its overseas grantees, and exploring ways to reduce reporting requirements when there are several funders of one project.

4. Use of African Staff

Finding: ADF African field staff are underused in pre-funding analysis of projects and in project monitoring. As a result, ADF's decisionmaking procedures are slowed, the Foundation misses helpful analysis regarding applicants and grantees, and the projects miss the benefits of closer facilitation. Also, ADF is losing important opportunities to strengthen Africans' capabilities, another aspect of its mandate.

Discussion.—An improved project appraisal and monitoring process would be difficult to implement without having ADF staff in-country. African staff now play primarily an administrative role with little analytical or decisionmaking responsibility for project approval and monitoring. The terms of the new cooperative agreements with the Country Resource Facilitators address only some of these issues. For example, the current agreements with both Regional Liaison Officers and Country Resource Facilitators emphasize monitoring responsibilities, but do not mention a role in analysis during the approval process. In fact, one African staff person understood his responsibility was to pass proposals to Washington without comment on their merits. ADF staff

Photo credit: ADF/Joe Kuria

The Foundation could tap the expertise of its African staff by assigning them greater responsibility. Here, Gilbert Maeda (Country Resource Facilitator for Tanzania) and Tom Katus (Foundation Representative) discuss the Albalbal Water Development Project in northern Tanzania with Maasai project participants.

has discussed expansion of the roles of the Regional Liaison Officers and Country Resource Facilitators, but current emphasis is placed on familiarizing new staff with ADF.

African field staff could play a key role in working with applicants during development of their projects and/or in helping ADF weigh project proposals. This will require carefully balancing responsibilities to two clients: the applicants, to whom the field staff could provide assistance directly or indirectly, and ADF, to whom the field staff would provide critical evaluations of proposals' merits. Like staff of any funding organization, they would be expected to disclose previous associations with applicants, and in case of conflict of interest, decline to take part in decisions regarding funding.

African and American staff would need additional resources for training and transportation to assume these increased responsibilities. Training in working with community groups, techniques for rapid rural appraisal, and specific technical training would be particularly helpful. Giving increased responsibility to its field staff would make ADF a more participatory organization and add another dimension to ADF's role of building African institutions.

Suggestions for Improvement.—The Foundation should progressively increase its African staff's responsibilities for outreach, project identification, assistance to applicants, prefunding analysis, monitoring, and evaluation. In the process, ADF should restructure other staff responsibilities, especially those of the Foundation Representatives, to reflect the increased responsibilities of African staff. Also, ADF should explore giving its African staff increased responsibilities for project approval, for example, for projects below a specified funding level.

This will require that ADF revise job descriptions for staff to reflect new responsibilities and make other institutional adjustments. For example, upgrading the Country Resource Facilitator job description could eliminate the need for Regional Liaison Officers, since one field staff person per country is sufficient given the size of ADF's program. ADF is already moving to merge the two positions. Also, ADF would need to increase contract time and supply African staff with budgets adequate to carry out their greater responsibilities.

Careful recruitment, selection, and training of African staff to fill the new country coordinator positions would be an opportunity to improve ADF's analytical abilities. For example, the new ADF country coordinators could further develop a roster or talent bank of technical consultants and research groups in the country to help ADF review proposals, help applicants develop proposals, and provide ongoing technical support, monitoring, and evaluation. Each could identify an expert agronomist, livestock scientist, and irrigation specialist to provide an in-country review of relevant proposals. While ADF could request these experts to providepv ***bono*** services, they should be prepared to pay professional rates. Also, Country Resource Facilitators could help broker other support services, including those of local governments, PVOS, and other funders.

The new country coordinators could be given discretion over a small fund to provide training or technical assistance to groups, or to assist ADF in project appraisal. For example, field staff could use these funds for exchange visits of project managers or to allow recipients to attend conferences. They could also identify information relating to technologies used by grantees or their other needs and resource centers where this information is available. ADF could also explore giving the African staff a greater role in project approval beyond proposal analysis.

As the responsibility of African staff increases, the responsibilities of the Washington-based Foundation Representatives would need to be adjusted accordingly. They could, for example, supervise and train field staff, develop regional funding and training strategies, and coordinate the development of country plans. The Representatives could provide general direction and oversight but leave increased decisionmaking to the country coordinators, for example for small grants.

A related issue involves decentralization of funding decisions. Eventually ADF might consider establishing formal regional offices in Africa. One option would be to move the Foundation Representatives from Washington to the field to head up such offices.' However, such a major change in ADF's structure is unwarranted at this time because it would be prohibitively expensive in relation to the size of ADF's project portfolio. A sufficient number of skilled Africans exist to make Africa-based Americans unnecessary at the country level.

Another option would be to allow regional staff (Foundation Representatives and country coordinators) to assume larger roles in grant-making decisions while the Washington review committee's power was reduced, The Ford Foundation, for example, allows regional offices in Africa to make funding decisions below $50,000. All applications are received and acted on at the regional office. Proposals over this amount require approval in New York, but monitoring is done by the regional office.

S. Plans, Communication, and Coordination at We Country Level

Finding: ADF's inadequate communication and lack of coordination with other private and official development groups limit its ability to learn from their experience and help ADF-funded projects obtain additional resources.

Discussion.—The Foundation has been lax in contacting other donors about prospective projects. There has been insufficient communication in Africa between ADF and private funders, including U.S. and European PVOS, and between ADF and official U.S. development efforts such as the Agency for International Development (AID). Often there is little or no interaction even when ADF is funding the same African organization or project. As a result, critical information has been overlooked and opportunities for greater impact have been lost.

While it is common for a new organization to stress its uniqueness and difference from other programs, this "go it alone" approach has prevented ADF from taking advantage of experiential learning of others committed to similar goals. It has resulted in missed opportunities for the Foundation to improve its performance and for ADF to share valuable insights with others.

Insufficient communication exists between ADF and the U.S. embassy and AID in most countries. In certain circumstances, such as when a dispute exists between the African and U.S. governments, it is advantageous for ADF to maintain distance from other official U.S. programs. But adopting an arm's length approach for all countries is not always advantageous. Several ambassadors and AID directors feel that ADF's grant size, falling between the small grants of the Ambassador's Self-Help Fund and large AID grants, gives ADF a natural niche in U.S. development assistance. AID officials, likewise, consistently mentioned the lack of communication with ADF, even when ADF funded a group AID had previously worked with or was currently funding. AID staff felt that its experience and technical expertise could be useful to ADF. At least one mission director felt that they would have much to learn from the Foundation,

Better communication does not mean, however, a loss of independence. ADF's legislated mandate and its status as an independent agency not tied to short-term U.S. foreign policy objectives make it inappropriate for AID officials to expect ADF funding to conform to AID development assistance strategies, such as those enunciated in the Country Development Strategy Statements, Nor should AID or the U.S. Embassy have a role in project approval (13).

Communication with the Peace Corps is somewhat better and has been helped because many ADF staff formerly worked for the Peace Corps, including two of the Regional Liaison Officers and at Ieast one Country Resource

[9] ADF, like the Inter-American Foundation (IAF), has decided not to establish full regional offices. But IAF Foundation Representatives are responsible for one country (and a number of countries have more than one IAF representative). ADF Foundation Representatives have responsibilities for three to four countries with active programs (i.e., where ADF has awarded grants).

Facilitator, and many staff maintain professional ties with their former colleagues. In one case visited, a Peace Corps Volunteer was the contact who informed the community about ADF (the NGK project in Kenya).

Suggestions for Improvement.—ADF should increase communication with other development agencies. **At a** minimum, the Foundation should meet with those groups that share funding of projects and organizations to discuss plans regarding funding and to determine if collaboration is appropriate.

ADF was established as an independent but complementary organization which should coordinate with other U.S. development assistance activities "to the extent possible" (Section 504b) and share its learning with others.

Photo credit: OTA/George Honadle

Efforts to promote tractor use have a mixed record in Africa and ADF should learn from other donors' successes and failures with tractor projects.

Some experts feel ADF could best fill gaps in U.S. development assistance by emphasizing its complementarities with rather than differences from other groups. For example, cooperating with some private agencies could enable ADF to take advantage of its special arrangement with U.S. government and African officials; cooperating with official programs could allow ADF to take advantage of its greater flexibility to be an innovator.

Improved communication might become collaboration in some cases. Who to collaborate with and how would differ from country to country, based on each project's particular needs and the resources of ADF and the other donors.

For example, ADF could meet with the administrator of the Ambassador's Self-Help Fund (or representatives of the small grants programs of the Canadian government and the European Economic Community) to review portfolios. This might help ADF locate local organizations that have successfully planned and carried out a project with a small amount of outside funds and that are ready for a larger grant that ADF could provide. Or ADF could consider tapping the technical expertise of AID or other private or official donors familiar with similar activities or organizations in the locale of a ADF applicant to verify the potential sustainability of activities proposed by the applicant. ADF could benefit from checking with other donors familiar with the ADF applicant or its proposed activity in the locale to obtain additional sources of information on the project. However, U.S. agencies or other donors should not have any approval authority.

AID and ADF might consider cofunding projects at the same time, or AID might fund a project after ADF funding has been completed. This, however, could entail some loss of local control by the funded group. The same constraint might apply even if AID funding were provided indirectly through a PVO. But the problem of donors exercising too much control over a project is not restricted to official programs and ultimately the African organization must choose which constraints are acceptable. In the case of the women's credit program of PfP/Kenya, AID's Women in Development office funded it directly before ADF and AID is continuing to fund it after ADF through another organization, World Education's Rural Enterprise Program, with good chances of PfP's maintaining local control,

Also, ADF could consider other ways of increasing coordination:

- compile information on other funders' programs to refer applicants not eligible or less suitable for ADF funding to others,
- explore opportunities to share office space and technical resources, including technical libraries and resource data bases, with organizations such as the Peace Corps, international research programs, and PVOS, and
- study the funding processes of other donors, especially-those funding similar kinds of organizations and activities.

Finding: ADF does not prepare country-specific planning strategies to guide its use of resources and relate its work to the context of other local development efforts. Therefore, the Foundation's impact is lessened and it has yet to find its niche in each country.

Discussion.—Little evidence exists, despite claims, that the Foundation is seeking and finding funding opportunities untapped by other donors, ADF's funding portfolios do not appear to be tailored to each country's needs and, in some cases, seem to be overly influenced by staff preferences. Outreach and project identification are haphazard and not well linked to long-range planning.

The Foundation Representatives prepare regional strategy memos that vary in format and depth. These internal memos are more like work plans containing information on the status of ADF's funding program, on particular grants, travel plans, budget, and selection of African staff, In only a few instances do they identify funding program priorities.

Annual country plans are best placed in the context of long-range planning. The Foundation's Country Profiles come closest to being country-specific long-range plans. However, ADF has not prepared Country Profiles for *16* of the *19* countries where it has funded projects, The profiles for Senegal and Tanzania contain basic information available elsewhere and some insightful interpretation (e.g., references to what certain official policies have meant for poor people), but give a fairly superficial analysis of the context of grassroots development efforts. Both profiles were based on interviews with African, American, and European representatives of non-governmental organizations (NGOS), grassroots organizations (not in Senegal), research and training organizations, and donors. Although both profiles made some important program recommendations (e.g., identified opportunities for ADF involvement), neither included preliminary funding priorities nor proposed an outreach strategy for ADF in that country. Nor has there been follow up to fill in the gaps. ADF makes little attempt to relate each country's funding program to its profile.

Suggestions for Improvement.—The Foundation should develop brief (10-20 **page)** annual country plans and use them to guide its funding program in each country. These papers should present a profile of the Foundation's funding program that year and project its direction for the next year, e.g., identify priority program areas and perhaps geographic areas and types of groups for funding. Also, ADF should attempt to develop a clear niche in each country.

ADF staff should more carefully identify its niche in each country and how it can effectively fill it. That niche will be different for each country, since it should be tailored to the needs, opportunities, and government situation of each, and it should be developed in concert with others concerned with grassroots development. The rationale for the suggested program focus for the year could include discussion of how ADF's funding strategy complements those of other donors in the country. These can only emerge after much communication with others in each country. The program areas identified in the country plan then become the basis for

Photo credit: OTA/George Honadle

A country strategy should identify a few high priority funding areas to best use scarce resources. In Zimbabwe, for example, ADF funds are helping the national Agricultural Finance Corporation carry out its strategic plan to help small farmers' groups such as this one in the Pungwe Valley.

designing an outreach program and/or selecting among a large number of applicant proposals.

The country plans would sharpen and update the general funding goals identified in the Country Profiles, where these exist. The country plans or strategies could also build on the Country Profiles by specifying the best overall approach or mix of approaches to support local development. Of critical importance are decisions about ADF's levels of operation (i.e., funding community groups, intermediary organizations, parastatals, individual enterprises, and even the possibility of collaborating with government programs).

The profiles and plans should identify funding gaps without narrowing the focus to a single sector or issue, which would be inconsistent with ADF's purpose to support local initiatives. Nor should they be inflexibly applied and prevent ADF from responding to new opportunities.

Plans for outreach to specific kinds of grassroots groups in specific areas of the country for certain kinds of activities could be part of the country strategy, as could be plans for coordination with other donors and government officials. The Foundation could provide its staff with a budget (in addition to the allocation for project-related expenses) to carry out activities to support the development of the country plan, such as funds to attend workshops, interview researchers, and visit projects funded by others. ADF's African field staff could have major responsibility in developing country plans.

The revised profiles also could identify any unique social-political characteristics of the country that might affect ADF's work. For example, the OTA team that visited Southern Africa concluded the present approach of ADF to official U.S. programs characterized by lack of contact was appropriate in Zimbabwe, where the U.S. political presence is not entirely welcome, but inappropriate in Botswana, where this constraint does not exist. The country profiles and plans could include a discussion of how ADF can cooperate most advantageously with local authorities, which must be based on an understanding of the government's development plans. For example, Kenya's "District Focus on Rural Development" presents an opportunity for ADF to support activities of grassroots groups for which complementary services and resources are available at the local level. If ADF decides to continue actively involving senior staff in the preparation of the revised profiles, it could prepare only one or two a year. ADF could delegate the preparation of the new profiles to Foundation Representatives and African staff. Also, the Foundation could benefit from:

- studying the planning processes used by others. The Ford Foundation's regional strategies and IAF's biannual country "re-viewlpreview" processes might suggest ideas, '[) and

- preparing streamlined profiles, identifying its particular niche and funding priorities in each country (focusing on the types of information now included in Volume 11 of the Country Assessment Profiles), with help from ADF's African field staff.

Lower Priority Improvements

In addition to the high priority suggestions for improving ADF's operations, several other areas were identified. These include shortening the time taken for project approval and startup, completing operating agreements with African governments of countries where ADF has funded projects, and directing more attention to evaluating ADF's own funding portfolio and funding program.

1. Timeliness of ADF's Pratices

Finding: An unnecessarily long time passes between ADF's receipt of project proposals and first allocation of funds to successful applicants. As a result, some project results are jeopardized and ADF's credibility is decreased.

Discussion.—ADF's approval process is unduly long compared to other funders which fund grants of comparable size (e.g., private foundations, IAF, PVOS). For the 12 visited projects, an average of 12.5 months elapsed between the date the proposal was first submitted to ADF and the date the first check was disbursed (table 4-I), Within this period, an average of 5.5 months elapsed between submission and approval by the Project Review Committee (PRC) and seven months between such approval and the date the first check was sent. Following approval by the PRC, approval is required by the Board of Directors, followed by congressional notification, and then the Grant Agreement is sent to Africa for signature. Further internal processing and preparation for startup took an average 3.5 months between ADF signing the Agreement and disbursal of the first check.

The long time required for project approval, start up, and actual transmission of funds negatively affected projects in nearly half of the cases visited; two projects lost a year's production (Dagnare in Niger, Morogoro in Tanzania). Delays also discouraged participants and undermined support for project leadership in the Dakoro project in Niger; led to a hastily constructed irrigation system in Ross Bethio, Senegal, which may result in technical flaws; and generally contributed to internal tensions within groups. Delays in disbursing ADF funds also were identified as a serious problem by the ADF team evaluating Kenyan projects,

These delays were costly because of currency devaluations in Botswana and Tanzania and inflation in Zimbabwe and other countries. As a result, project costs to the applicants were increased and funding was effectively lowered, In at least one case (Boiteko), ADF did not adjust the grant following a currency devaluation and thereby the group suffered a loss in the grant's value.

Some delays are outside of ADF's control. But other delays are caused by the inefficient execution of and/or the many steps in the ADF approval process in Washington and faulty communication with project managers in Africa. Some delays could be avoided by working more closely with promising applicants,

Suggestions for Improvement.—The Foundation should streamline its project application, review, and approval processes. At a minimum, ADF should publicize what it does not fund as a way to decrease the number of ineligible applications received. Then it should improve the application screening process to eliminate the applications with the least promise for meeting ADF's mandate early so staff will have more time to spend working with the more promising candidates. The key is for ADF to develop ways to streamline this process while at the same time improving its approval and monitoring practices. Also, the Foundation should con-

[10]For an example of applying an IAF country strategy and rationale for program priorities, see Bradford Smith, "Why Fund a Day Care Center in Sao Paulo?" *Grassroots Development.' Journal of the Inter-American Foundation,* vol. 11, No. 2, 1987.

tinue to identify ways to speed transmission of funds to grantees.

Better initial data collection and increased involvement of African field staff could speed the consideration of proposals. For example, spending more time up-front in site visits, requiring better planning by applicants before they submit proposals, and clearly identifying and dealing with problems early in the process can save time in the long run.

The Foundation should be more selective at each stage of the approval process, starting with project identification. A more systematic approach to outreach and initial screening would enable ADF to reduce the amount of time spent on inappropriate funding requests. For example, ADF could study the large number of request letters and initial applications that have not been funded and publish lists of what it generally does not fund in the ADF brochure, flyer, and newsletter.

Also, ADF could work more with others to identify groups that best meet ADF criteria, especially after identifying country program priorities. A good example is ADF's identification of the Morogoro Diocese project. An ADF team interviewed staff of the Development Services Department of the Christian Council of Tanzania, who provide technical services to grassroots development projects, while developing the Tanzania Country Profile. ADF's Representative reviewed a number of proposals from the Council's member organizations, identified one as a likely candidate for funding, and then met with the Development Department of the Morogoro Diocese to discuss project funding.

Also, ADF could streamline its processes in these ways:

- examine other funders' pre-application processes for ways to design its own. Develop pre-application forms used to make the first screening decisions before prospective grantees submit complete proposals,
- send project notifications to Congress even during recesses and work with the Appropriations Committees to simplify notification procedures further,
- monitor how recent changes in the Board of Directors' approval of projects affect the time involved and whether sending money through the commercial bank selected by ADF speeds the transmission of funds from ADF to projects in every country, and
- identify the reasons causing the average 3.5 month delay between ADF's signing the Grant Agreement and actual disbursal of the first check to develop ways to speed the process.

2. Agreements With Afician Governments

Finding: ADF has not yet completed accords or reached informal understandings with 13 of the 19 countries in which it funds projects.11 This can lead to confusion regarding African governments' roles in ADF-funded projects, delay project implementation, and may hamper the Foundation's ability to resolve conflicts with local officials.

Discussion.—For most official and major PVO funding programs, agreements spelling out the purposes of funding and the roles of donors, recipient organizations, and government officials are generally reached before funding begins. These agreements could help clarify the roles of local officials in relation to ADF projects. ADF has suspended new funding in Kenya since early 1987 due to the lack of an official accord. In certain cases, an African government may prefer an informal written understanding, eliminating the need for a formal agreement.

Suggestions for Improvement.–ADF should complete formal and informal agreements expeditiously, continuing to communicate with and use the assistance of the American embassy in negotiating the accord.

[11] In early 1988, ADF signed agreements with Sierra *Leone* and Ghana, reducing the number of countries without agreements to 11 of 19.

3. Program Evaluation and Research

Finding: ADF's funding portfolio does not reflect the full range of possibilities granted in its legislation. While some of these limitations may be justified, the Foundation may be narrowing its impact unnecessarily.

Discussion.—The vast majority of ADF's project portfolio emphasize economic development, while its legislative mandate also includes social development. Nearly 75 percent of 86 project abstracts reviewed had a small-enterprise component and 25 percent a revolving credit component. Many ADF-funded economic projects contain social development components, such as training, but these areas usually receive a small percentage of the ADF grant funds. A high proportion of funds go to construction, equipment, and vehicles (5 I percent in the 12 projects visited) versus skill development (4 percent for training and technical assistance).

ADF's decision to emphasize income-generating activities over social development projects has major implications for the way it is implementing its mandate. While income-generating projects certainly can be consistent with the mandate, the Foundation's expectation that income-generating projects become completely self-supporting within a 2 to 3 year average grant period seems unrealistic. Evaluations of other funding programs show how difficult it is for economic development projects to become self-sustaining. Grants and loans to economic projects of low-income groups have a relatively high failure rate (24,33,36).

Applying the same standards to social development efforts is even more unreasonable. Most successful social programs in the United States could not have fulfilled a similar criterion. The Foundation has not funded social development projects because of concerns that they are not sustainable without continued dependency on donors or governments. This is not always true, however. Some social development projects may be short-term, e.g., a leadership training course. For others the real question might be less that of self-sufficiency and more of developing realistic plans detailing how project expenses will be raised after the grant period ends from a variety of sources including program income, grassroots fundraising, support from other donors, government programs, and membership dues.

The Foundation has made no loans or loan guarantees, although both are allowed by its legislation.]' While the Board of Directors has supported making loans, budget and OMB-determined staff ceilings prevented ADF from hiring personnel with the expertise to analyze loan applications. In addition, ADF is discouraged by the fact that loan repayments would go to the U.S. Treasury. Thus, ADF has decided to award grants to African intermediary organizations for revolving loan funds instead of making loans or loan guarantees (23).

Current ADF practice is to fund only private non-profit groups. ADF policy now disallows the funding of parastatals" (although ADF funded two parastatals in Zimbabwe in 1985). The legislation, however, also allows funding for public and for-profit groups. The Board of Directors' decision has constrained ADF funding to some intermediary organizations, especially in countries with socialist governments, and has exacerbated tensions among intermediary organizations, local groups, local officials, and ADF. For example, the major reason for the delay in start-up of the Kikatiti grant in Tanzania was the 9 months it took the organization to obtain its non-profit status so it could meet ADF criteria. Such projects managed by village officials may be de ***facto*** projects of local governments. Designating such groups as PVOS may obscure important issues relating to local participation.

Suggestions for Improvement.—The Foundation should periodically evaluate the sectors it funds, the types of projects it funds, and the uses to which its funds are put. For example, ADF should examine the balance between projects that have economic versus social development goals and between expenditures on capital goods

[12] IAF also has not made any loans or loan guarantees.

[13] A parastatal organization has a mixture of public and Private ownership or management, usually with public control.

(such as equipment) versus those that build people's skills and the capacity of their organizations. Also, ADF could consider eventually developing loan and loan guarantee programs. The Foundation could develop guidelines for funding public entities and private for-profit groups when local realities make that desirable.

Social development projects include community organizing projects, programs of networks or coalitions, leadership training programs, legal assistance/advocacy programs, self-help cultural and educational projects, and alternative health education projects. They also include training in management, organizational development, human resource development, membership development, fundraising, and financial planning—activities designed to strengthen a group's capacity to carry out its purposes.

ADF's Board of Directors and staff could discuss the mixture of social and economic development activities in ADF's portfolio and consider a wider range of perspectives on grassroots development. The Foundation could tap the experience of its Advisory Council to develop criteria for funding social development projects. ADF staff could visit organizations providing training to grassroots groups and PVO coalitions while developing its country profiles and strategies.

In the future, ADF could consider making loan guarantees to encourage African banks or other institutions to provide credit to small farmers or community groups which the institutions might otherwise be reluctant to make. This would reduce ADF's responsibility for itself managing a loan portfolio as well as use ADF funds to leverage additional resources for grassroots groups. For example, the Ford Foundation is developing a loan guarantee program to encourage Senegal's National Agricultural Credit Bank to increase loans to members of a national federation of village and regional PVOS. Later, ADF might consider making loans on a pilot basis to grantees that have already successfully implemented activities. Or ADF could combine grants and loans to groups with a solid track record. A change in ADF's legislation would allow loan repayments to return to ADF and thus facilitate ADF's initiation of loan guarantees and/or loans. However, ADF should first implement priority improvements in its grants program, making it inadvisable to begin a loan program in the immediate future.

ADF's Board of Directors and staff also could develop guidelines for funding organizations which are public in some respect. This would prevent confusion and misunderstanding between ADF and the applicants who now must present themselves as totally private entities. The guidelines, especially those related to participation of beneficiaries in decisionmaking, need not be substantially different from those for private, non-profit entities. Guidelines might have to be country-specific, however, since each country differs in designating public and private status. Similarly, guidelines could be developed for funding private for-profit entities where appropriate.

Finding: The Foundation has not paid sufficient attention to evaluating its own funding program (as opposed to evaluating its funded projects). Nor is its research program responding to the issues raised by its funding program. As a result, ADF is losing opportunities to make the most effective use of its own experience and to share that knowledge with others.

Discussion.— ADF has not yet examined the strategic choices about development implied in its funding portfolio, such as its emphasis on economic over social development activities and the technology choices it is supporting, particularly within agricultural projects. The Foundation has yet to tailor its research funding programs to its regular funding program. Research grants have had little relevance to the issues of participation, sustainability, and technology choices of the groups ADF is funding. Nor has the Foundation critically analyzed its expansion into new countries, the distribution of funds among regions, and among countries within regions. Despite, or perhaps because of, the criticism it has received about its administrative costs, ADF has not done its own analysis of the optimal balance between grant and non-grant costs.

Suggestions for Improvement.–ADF should periodically review its portfolio and address

some of the major policy issues identified here such as the technologies it supports, the allocation of funds among and within regions, and the balance between grant and non-grant expenses. ADF should postpone expansion into new countries until it has made high priority improvements, then received a significant increase in congressional appropriations. The ADF research program should be redirected to respond to the needs of the funding program.

Reviewing its portfolio and redirecting its research program are both issues for strategic planning and may be appropriate issues for ADF to address as it prepares its next Five Year **Plan,**

ADF's research program has an important role to play as ADF faces these and other policy issues, ADF could:

- **do brief (5-10** page) biennial assessments of its country programs and use them to provide guidance for the research program,
- broaden its portfolio by using the research program to support research related to technologies appropriate for grassroots development. Previous OTA reports have identified the need to bridge the technology gap for PVOS and grassroots groups, establish information banks on low-resource technologies, and collect and store traditional knowledge before it is lost. For example, few donors are supporting local resource management, such as indigenous grazing and irrigation efforts, ADF could study its funded projects for lessons in these areas that might be applicable to other projects,
- develop a rationale to guide regional and country-by-country distribution of ADF funds, and
- prepare criteria to guide expansion into new countries.

THE COST OF IMPLEMENTIN6 OTA'S SUGGESTIONS

This chapter has identified priority areas where changes would improve ADF's ability to more fully implement its mandate. Within each section, "shoulds" (general approaches and measures that are likely to be necessary for ADF to better meet its mandate) are distinguished from "coulds" (other complementary ways to address the same issues). Also, the discussions covered how time can be saved, while accomplishing more, especially during project appraisal and planning.

Implementing these suggestions, however, will be costly. Using existing resources more efficiently would enable ADF to implement some of these suggestions at minimal cost. Nevertheless, added resources are needed to support the suggested changes to enable ADF to do improved pre-funding analysis and to take a more active facilitator role with promising applicants and grantees. The major recommendations cited here could be implemented for an additional $500,000 to $700,000 a year, according to OTA'S review of ADF's estimates for salaries, workshops, travel, and contracts. An apportionment reflecting the priorities set out in this report would result in a majority of the increase going to ADF's African staff, approximately 25 percent for additional Washington staff and their travel, and the remainder for short-term contracts for technical analysis, training for staff and consultants, and the research program.

The additional funds going to Africa would increase African staff time and the resources they would need to take on the suggested new responsibilities (funds for salaries, office space, travel, and a small amount for project support). Additional Washington staff could include more program assistants, a Foundation Representative, and/or technical expertise. Some funds could be used for short-term contracts, principally in Africa, for appraising proposals for ADF and providing more extensive assistance to applicants and grantees. Some funds would cover increased travel to Africa, especially by Foundation Representatives.

Using funds for these purposes will temporarily increase the proportion of costs that ADF spends for non-grant purposes, yet some people maintain that these costs are already too high. While a thorough review of ADF's expenditures for overhead and grant-making was beyond the scope of this study, OTA found that concerns regarding ADF's proportion of non-grant costs may be overstated. Two organizations provide guidelines on appropriate levels of overhead costs for philanthropic organizations, which ADF resembles in some ways. The Council of Better Business Bureaus advocates that at least 50 percent of all income be spent on programs and activities directly related to the organization's purposes (14). The National Charities Information Bureau expects management and fundraising costs to be less than 40 percent and program expenses at least 60 percent (27). ADF's non-grant costs (43 percent in fiscal year 1987) are not unreasonable by these measures.

Often ADF's non-grant costs are compared inappropriately to PVO levels. The Foundation does not stretch its staff with volunteers and, as a U.S. government agency, pays salaries mandated by the U.S. Civil Service. ADF uses federally-controlled regulations for travel, which is inherently expensive because of the distances involved. Monitoring more than 100 small-scale, grassroots efforts in 19 countries is staff- and travel-intensive by nature. Also, the Foundation's congressionally-mandated efforts to disseminate its results are costly. In addition, start-up periods, which often stretch for several years, are administratively expensive for any new organization.