DEVELOPMENT GRANTS PROGRAM (DGP) GLOBAL EVALUATION SUMMARY

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Between September 2010 and March 2011, I was commissioned to undertake a global evaluation of the first round of Development Grants Program (DGP) grants. I visited 9 countries on 4 continents and met with the USAID Missions in each, as well as with 31 of the original 59 DGP grantees. The evaluation's broad conclusions covered three major areas:

1. The work of the grantees themselves
2. The Missions' approach to the DGP
3. The process through which grantees were to access capacity development

My report concluded with 11 pages of specific recommendations (over 70 in all) for changes in USAID that would better align the DGP with its original congressionally mandated purpose, as well as with Objective Two of Implementation and Procurement Reform (IPR). Here is a selection of the most important of these:

- The Agency should consider a periodic 1-week refresher boot camp during which all levels of the Agency would be exposed/re-exposed to basic development concepts and history. This would be an intensive, challenging, provocative course using real world case studies and considerable role-play. The emphasis would be on the real world of development, and less on the theory – the ideal vs. reality; pitfalls and traps; unintended consequences, lessons, etc.

- The Agency should consider an additional set of metrics to judge and select direct funding partners and their proposals, such as:
    - A QQQ index – Quantity vs. Quality Quotient
    - A GI index – Giveaway index
    - A BDI index – Beneficiary Dependency index
    - An ITR index – Intended Target Reach index

- The Agency should consider investing in an examination of the way it writes and speaks, in order to reinforce rigorousness in its thinking. It needs to look at RFAs, cooperative agreements, and the majority of program guideline documents currently promulgated to see if they contain phrases and words that are euphemistic, deceptive, contradictory, and sometimes meaningless. For example, "sustainability" is thrown around too much. It has become empty. Everyone uses it, and the thinnest of mechanisms is used to say that one has thereby taken care of the sustainability issue by "involving local stakeholders," or "creating partnerships." Similarly, the Agency tends not to be careful in distinguishing between the terms "Income generation" and "Enterprise development."

- The Agency might consider creating a pocket-size reminder card, containing this set of questions to ask of prospective directly funded NGO applicants:
    - Is the project sensible, focused, and in line with what the applicant organization can really do?
    - Will the project be sustainable as proposed?
    - Can what is proposed be done in the timeframe and budget proposed?
    - Is the project likely to create dependency?
    - Does the project risk emphasizing quantity over quality?
    - Are the targets reasonable both in number and kind?
    - How much time will it take to start up?
    - Is the budget of the proposal leaving anything out?

- USAID needs to give more consideration to the context in which local NGOs operate. In middle-income countries or countries on the path to development and growth, the role of the NGO can be seen differently than in the poorest countries. In the middle-income countries, local NGOs cannot be seen any longer as merely substituting for government inadequacy, or the lack of a vibrant private sector (e.g., in water systems). Considering context more carefully would mean seeing the civil society sector more dynamically and would mitigate the risk of using/seeing NGOs as a monolithic type, which in some countries may actually encourage a cementing in of their position, when we want the opposite.

- If DGP is to continue, it should be made more gradual, experimental, and with a focus on development effectiveness. Quality and realism have to be at the core of selection guidelines; a much more rigorous approach to vetting and selecting needs to be instituted. This might mean fewer grantees until more lessons are learned and incorporated.

- DGP grant timeframes should be better aligned with the reality of grantees' slow project start-ups and with Mission cycles, including projected money flow timing. The funding guidelines should allow for a custom tailored start-up period. Thus, for example, a grantee might be given three to six months of salary and material procurement costs, which would enable them to hire the people they need, buy their equipment, but not begin the actual work until, say, the fourth month.

- DGP guidelines on what constitutes local vs. a locally registered branch of an international NGO or a U.S. PVO need to be more carefully developed, but only after some discussion about what USAID wants to encourage. Some of the questions to be asked here are: Is there a significant correlation between new and small, and committed and effective? It might make sense to have a two-tiered approach – small local NGOs between 3 and 10 years old; and older NGOs that are locally registered parts of an International or U.S. PVO, but only if their HQ has experience in the same areas.

- The Agency might consider revising the rating system for concept notes with more of a focus on innovation, knowledge management, and sustainability.

- There needs to be much more **clarity** at all stages in the process from the APS/RFA through the application process. Guidance needs to be stated more simply and repeated more often. Everything that can be clarified should be. Because of the psychology of potential local grantees and their expectations and the cachet attached to being associated with USAID, there is a strong tendency to hear what one wants.

- Create a <u>welcome kit</u> for all proposal applicants – This would be two to three pages, easy to read (perhaps even using some cartoon characters), in FAQ style, covering not just the basics of how to apply (deadlines, length, email vs. mail, etc.), but a feel for which parts of the process the applicant is likely to find difficult, and what resources the applicant might turn to for help, plus, perhaps a paragraph on what happens if you are rejected. This "kit" could also emphasize the things that some grantees tend to leave out of their budgets (e.g., the cost of translation).

- Missions need to be explicitly encouraged to conclude that in a given round of applicants, there are none worth funding. An obvious incentive **not** to pick the "best of the worst" would be to have a mechanism that allows Missions to carry-over DGP funds into the next round.

- Excessive use of numerical target indicators should be avoided or eliminated. If part of the DGP focus is capacity building, innovation, learning, and knowledge development, firm numerical targets are contradictory to these aims.

- The Agency needs to invest in understanding the psychology of local NGOs, especially those characteristics (like fear or diffidence) that tend to get in the way of good communication.

- Capacity development (CD) needs to be thought of as having three foci:
    1. CD for generating development outcomes
    2. CD for organizational development
    3. CD for how to work with USAID

- Many local NGOs, of small and even medium size, encounter problems that are not necessarily covered in standard Organizational Development types of training. These are problems that have more to do with the up and down life cycle of small and new local NGOs (e.g., the tendency to start with lots of passion, but eventually burn-out, or fall into bureaucratic routines, or the classic issues around "founder's syndrome"). Providers of Capacity Development need to be aware of these issues, and prepared to offer help on them in more creative ways than standard training approaches.