Best Practices in Working with Local NGOs
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Prepared for USAID/Tanzania

By

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Utafiti huu imefanikiwa kwa msaada wa watu wa Marekani kupitia shirika la misaada la Marekani (USAID). InsideNGO atawajibika na matookeo ya kazi hii. Taarifa hii ni maoni ya mtayarishaji na si lazima yawakilishe maoni ya USAID au Serikali ya Marekani.
Introduction

On January 5, 2010, USAID/Tanzania awarded Grant No. 621-G-00-10-00013-00 to InsideNGO to contribute to the Mission’s program entitled Best Practices in Working with Local NGOs. Carried out between January 6, 2010 and February 5, 2010, the grant called for the examination of the approach of three of the Mission’s prime recipients – African Medical and Research Foundation (AMREF), Elizabeth Glaser Pediatric AIDS Foundation (EGPAF), and Pact-Tanzania - that make sub-awards in the area of HIV/AIDS. Mr. Michael Walsh, Director of Programs for Finance, Grants and Contracts at InsideNGO, carried out grant requirements through a combination of materials review; discussions with the headquarters staff of the three recipients; in-country discussions with USAID/Tanzania; and in-depth interviews, discussions and Roundtables with the three partners’ field office staff (in Tanzania) and a range of stakeholders; and exit briefings with them as well as with USAID. Mr. Walsh’s field work was conducted January 25 to February 5, 2010.

Mr. Walsh extends sincere thanks to USAID, their three partner organizations, and all those involved with and interviewed for this effort for their commitment of time and their support and sharing of experiences that lead to this report and the following key findings and recommendations:

I. Programming/Design Issues

1. Develop benchmarks leading to more capable Districts & Councils
2. Manage cash flow interruptions with more information
3. Extend commitment beyond annual program cycles
4. Define benchmarks leading to more capable local NGOs

II. Negotiation/Award

1. Invest in operational support to effectively manage risk
2. Include capacity building considerations in best value award determinations
3. Set tone of collaboration with broader partner community

III. Implementation

1. Streamline and delegate administrative approvals
2. Harmonize reporting requirements
3. Conduct audits or reviews regularly rather than at the end of the activity
4. Mentoring by primes of subrecipients is essential
5. Support coordination/collaboration among primes and local NGOs
6. Training is a continuous need, but it requires a training strategy and alternative models
7. Plan for close-out and graduation from the beginning and highlight in the subawards and MOUs with LGAs.

Purpose

The purpose of this study was to identify approaches in which USAID, prime recipients and their sub-recipient relationships, strategies and tactics can support the growth and strengthening of local institutions. The lessons learned and best practices identified will support USAID/Tanzania’s Human and Institutional Capacity Development (HICD) activity under the US President’s Emergency Plan for AIDS Relief (PEPFAR) program. In addition to recommendations on how USAID/Tanzania can refine its current and future awards to facilitate capacity building of local non-governmental organizations (NGOs), the study also considers how Local Government Authorities (LGAs) can be more involved in sustaining these local entities.

Background

Launched in 2003, the initial emergency phase of PEPFAR concentrated on meeting the urgent treatment and care needs of people living with HIV/AIDS. As PEPFAR begins to focus more on sustainability, USAID/Tanzania would like to strengthen its support of local NGOs and LGAs.

Approach

The study focused on the work of three prime recipients under USAID/Tanzania’s HIV/AIDS program:

- AMREF (African Medical Research Foundation): The $2.1 million ANGAZA-ZAIDI counseling and testing (CT) project to expand these services through voluntary and mobile CT, especially remote and high-risk groups and integrate CT activities more closely with Provider Initiated Testing and Counseling.
- Elizabeth Glazer Pediatric AIDS Foundation (EGPAF): The $4.6 million award with 4 NGO/FBOs and 33 Districts and Municipal Councils to
expand preventing-mother-to-child-transmission (PMTCT) services through training and support of these staff at pre-natal clinics and labor wards.

- Pact-Tanzania: The $4.5 million “Jali Watoto” program to support orphans and vulnerable children through local NGOs and Most Vulnerable Children’s (MVC) Committees.

After preliminary meetings with these organizations in Dar es Salaam, Mr. Walsh traveled to field offices to meet more directly with the staff of local NGOs, FBOs, CBOs and District officials:

- AMREF’s Moshi Zonal Office and Marangu Hospital in Kilimanjaro Region
- EGPAF’s Moshi Regional Office and the Moshi Municipal Council, as well as the Shinyanga Regional Office and Kahama District Health Office and District Hospital
- Pact-Tanzania participants working in Tabora

Mr. Walsh also conducted three Roundtable discussions to gather input:

- AMREF participants (15) in Moshi, including participants from Arusha Region and Kilimanjaro Region
- EGPAF Compliance Officers (17)
- Pact-Tanzania partners (13) and district officials (2) from Tabora, met in Shinyanga

**Overview of Programs**

<table>
<thead>
<tr>
<th>Subaward Program description</th>
<th>AMREF</th>
<th>EGPAF</th>
<th>Pact-Tanzania</th>
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<tr>
<td>ANGAZA ZAIDI (“to shed more light”) is an extension of the 7 year ANGAZA (“to shed light”) counseling &amp; testing program. AMREF has basic support partners who are experienced, tied to the Ministry of Health and have diversified funding. AMREF Intensive Partners require more capacity building and closer M&amp;E. Subawardees are supported by decentralized zonal offices staffed by a team leader, a program officer and a</td>
<td>EGPAF’s PMTCT program focuses on Districts, Municipal Councils and a few NGO/FBO hospitals. Program and Compliance staff regularly monitor from their regional offices, supplemented with Monthly financial reports and quarterly program reports. Regional staff are supplemented with Monitoring &amp; Evaluation personnel to assure proper data quality as well as timely</td>
<td>Pact/Tanzania’s “Jali Watoto” program mobilizes local NGOs, volunteers and Most Vulnerable Children’s Committees at the village level. Local NGOs were selected through an initial two-stage, open competition with support from Pact personnel. Awards are monitored by program and compliance staff from Dar es Salaam and the submission of quarterly narrative and data reports.</td>
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<th>How does the mechanism build capacity?</th>
<th>Training is provided based on the expressed needs of the local partners. The training is supplemented with close monitoring and mentoring. Zonal staff are readily available.</th>
<th>Trainings are supplemented with regular meetings by program and finance staff. They have conducted service delivery trainings primarily, but have supplemented these with proposal writing and planning workshops and other finance/compliance related training. The Districts propose training, which is often driven by changes, turn-over and expansions. The workshops are supplemented with face-to-face meetings ranging from 1-3 days.</th>
<th>Training and regular meetings support the work and build the capacity of the local partners. Monthly financial reports build greater capacity while mitigating disallowances. District council focal persons for most vulnerable children and MVC Committees at village level have all been included in training received by NGO partners and volunteers.</th>
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<td>Capacity outcomes and precipitating factors</td>
<td>Funding interruptions entailed delays and scaling back of activities. Some subgrantees have learned skills in proposal writing and have successfully won other grants.</td>
<td>Reporting demands and funding interruptions are distractions, while leadership is a critical determinant of success.</td>
<td>Most subawardees are improving their ability to operate with less supervision. Funding interruptions affect activities.</td>
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<td>Role of GoT and its perceived value of capacity building</td>
<td>AMREF assures that local partners coordinate their activities closely with the District offices. A decentralized zonal approach reinforces this relationship. Supportive supervision is carried out in collaboration with the Districts. Annual MOUs are negotiated among AMREF, the subgrantee and the local government, representing a three-way partnership from the beginning and avoiding the creation of a two-way dependency.</td>
<td>The Districts propose training, which is often driven by changes, turn-over and expansions. Workshops are supplemented with face-to-face meetings of 1-3 days.</td>
<td>Pact assures that District level officials are involved with the program. They’d like to see more involvement of the districts in assessments and on-going monitoring. The lack of funds for district council follow-up of MVC program poses a particular challenge. Capacity building of LGAs is underfunded.</td>
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Overview of Findings

There is broad appreciation for the PEPFAR funding among the District officials and local NGOs involved with and interviewed for this study. This is one of the first points they always emphasized in the discussions. They recognize that without the generosity of the donors, they would not be able to do their important work with people living with HIV/AIDS.

The programs are well structured to accomplish the intended objectives. The linkages with the government at the District and Council levels are emphasized by all partners. They clearly understand and actively work to strengthen the engagement of the district level government.

While the funding levels and engagement of local government authorities support the success of the programs, there are a number of challenges that impede the sustainability of the local partners:

1. Disruptions in funding are significant set-backs for organizations trying to sustain constructive relationships with communities.
2. Demands of the donors for regular reports impose a significant burden on already strapped human and time resources.
3. Expectations to achieve impact with limited program funds.
4. No tolerance of financial or compliance failures, which would entail significant disallowances or penalties.

Nonetheless, the local NGOs and Districts are all striving to serve their beneficiaries better while meeting the demands of the donors. One of the underlying strengths of these organizations is the partnership they demonstrate in working with others. There are constructive working relationships extending from the donors, down through USAID, its primes and sub-awardees. A number of the program staff in Dar es Salaam observed that there is good collaboration among the donors at the national level that is important to the success of their sector. Further, all implementing partners described a good working relationship with their Agreement Officer’s Technical Representative (AOTR) and Agreement Officer, which is considered an essential ingredient to their success. Further, very supportive relationships were observed between the field program and finance/compliance staff and the local entities they support. District officials and NGO staff felt they could rely on the prime’s staff to respond to their inquiries and concerns.
The following are recommendations for USAID to consider in supporting the capacity building of local NGOs through prime cooperative agreement recipients. As requested, the recommendations are categorized in terms of short, medium and long-term actions so that they can be more readily translated into work and action plans. The discussion is framed in terms of USAID’s programming and grant-making process, starting with program definition and design then extending to negotiation/award, implementation and concluding with close-out.
I. Programming/Design Issues

1. Develop Benchmarks Leading to More Capable Districts & Councils

The Districts and Municipal Councils are central to these programs. The latest OVC RFA has a coherent and comprehensive strategic perspective on working with the local Government. The engagement of the donors and the District and Municipal entities is critical. As pointed out by a Municipal Council Director of Health, they value the involvement of donors and international NGOs which bring focused funding and expertise. While management of these stand-alone “vertical programs,” is demanding, they accept the responsibilities and the assistance, but worry about sustaining them with limited budgets and staff.

Others have observed the limited capacity of the LGAs. For example, only two officials focus on HIV/AIDS at the District level and they are often busy attending trainings, meetings and preparing administrative documents and reports. In short, the Districts have insufficiently trained staff, inadequate financial, procurement and reporting systems and a shortage of critical logistical support to cover a wide geographic area. The Global Fund audit of Grants to Tanzania dated June, 2009 captures the challenges faced and the risk of relying too heavily on LGAs at this time.

The Districts and Councils will need to take on added responsibilities to support the HIV/AIDS programs in the future. But what form and functions will these LGAs have to manage these programs and how will they support each other as donor funding reaches its limits? Will funding move through the Districts? Will awards be made to local NGOs through the Prime Minister’s Office of Regional and Local Governments (PMORALG)? Or will the Districts lead and coordinate the funds managed by others? Can the donor basket fund, which the LGAs are familiar with, be enhanced to support these efforts? These and other questions must be answered soon to provide sufficient time to develop the capacity of these entities.

Each District and Council is at a different stage of capability. Often leadership is a critical factor, but all are struggling with high turnover rates and the ability to manage a cumbersome bureaucracy. Rushing all LGAs to develop by a cut-off date is unreasonable, so graduation should be both staged and staggered.


Recommendations

Short-Term
- Encourage the best practice of annual negotiation of (non-monetary) Memorandums of Understanding among the prime partner, sub-grantees and the local government. This three-way partnership details oversight, routine supervision, supplies to be provided by the LGA, joint development of 12 month action plan with specific tasks, joint outreach activities (and logistics) as well as capacity building milestones and related training and assistance.

Medium-Term
- Reach agreement between GoT and the donors on the capabilities to be demonstrated by Districts and Municipal Councils to permit them to manage donor funds more independently.
- Determine and appropriately benchmark the stages leading up to this level with technical assistance and training planned and provided to assure Districts progress.
- Provide on-the-job competency based training programs that lead to actual qualifications for staff involved.
- Include critical systems and organizational development in the CCHP for each District and Municipal Council.
- Encourage partners to offer programmatic and budget information for input into CCHPs.

2. Manage Cash Flow Interruptions with More Information

Cash is the lifeline of the local partners. They have no buffer against funding interruptions or reductions, which are inevitable, but should be minimized over the course of a year. USAID and other donors receive their funding late in their budget cycles, which delays onward disbursements to the prime recipients and ultimately the local NGOs. USAID’s reputation for timely payment is better than other donors, but it suffers from occasional delays in obligation of funds.

Few NGOs have sufficient unrestricted funds (i.e. non-Federal) to finance gaps in funding, especially if they cannot be certain that USAID or other donors will come through with the funding, or will cover costs incurred before funds are available. The Prime NGOs are pursuing public-private partnerships and other
donor funds, but the agreements will not be sufficient or broad enough to cover possible federal short-falls or interruptions.

Delays also occur on the part of the prime NGOs in their processing of payments. Often the local NGO have difficulty completing all the required reports and documentation in a timely and accurate manner to assure regular payments. The prime NGOs process payments through their headquarters which may entail additional delays if there are any questions raised or glitches in their handling of transactions. These delays can be minimized if there are sufficient field staff to support local NGOs in accurately documenting their submission.

When funding is interrupted, local NGOs’ salaries go unpaid (described by NGO staff as “involuntary volunteering”), field activities grind to a halt as staff don’t have funds for fare or petrol, and the villagers are worrying if they can rely on the services and support of the NGOs. Districts experience similar delays, often 3 months, due to the “many layers” between the LGAs and the central authorities. Continuity is essential for the care & treatment of HIV/AIDS and the support of orphans and vulnerable children. The implementing partners at every level are affected by funding cuts and delays. For example, the AMREF subgrantee staff expressed concern in that interruptions and uncertainty of funding hinders planned and expected activities which demoralizes and discourages members of the community in confronting the HIV/AIDS pandemic. Providing more information permits them to manage more effectively to mitigate the impact on the beneficiaries.

Recommendations

Short-term

- Provide as much information as soon as possible to the primes and subrecipients on the status of funding so that plans may be adjusted and mitigating actions can be taken. Timely notification may permit the local partners to extend implementation, delay expenditures and manage expectations until funding arrives.

- Encourage adequate staffing of financial oversight in the field to anticipate and mitigate problems with the local NGOs, rather than over-rely on headquarter staff to monitor compliance as part of the payment process.
3. Extend Commitment Beyond Annual Program Cycles

Each donor and the GoT have their own annual programming cycles that focus on quantifiable results, but capacity building takes 5-7 years and does not lend itself to ready measurements. These annual cycles are also not synchronized and are often thrown off when funding isn’t provided as planned.

Local entities must wait months for funding, which compresses a 12 month implementation plan to 10 to 8 months, which is very disruptive. Not long after they receive their annual funding, the NGO must then begin preparing for a proposal to renew, with the inherent uncertainty of continuation. One year tranches and the effort to renew are transaction costs that distract from service delivery and capacity building. Further, working with children and people living with HIV/AIDS entails a longer-term commitment, well beyond the 3-5 year awards of the primes. A local partner noted that if their prime could make formal, multi-year commitments, they would reach further and develop complementary services in those areas. Without a longer term commitment, they are hesitant to commit these services and then risk disappointment by the beneficiaries.

Recommendations

Short-term

- Encourage the primes to enter into longer-term agreements with their subrecipients, contingent upon availability of funds, (just as USAID does with its partners) so that the extension process can be facilitated.

Long-term

- While annual program cycles cannot be changed, USAID should support consistent funding levels and longer-term agreements with the primes.

4. Define Benchmarks Leading to More Capable Local NGOs

Capacity Building has been focused on service delivery under PEPFAR I. To sustain HIV/AIDS programs, capacity building must be supported more broadly to include support of organizations and networks, enhancing more than technical skills to include operational support and the ability to manage, adapt and even advocate as an organization.
Local NGOs have limited resources or expertise to invest in their own capacity building. Sub-award budgets are usually confined to program implementation, with limited support for management oversight. There is also no broad assessment of the sector. At best, each prime has conducted reviews of sub-recipients in the context of their program activity, leading to a stovepipe perspective. Annual or mid-term assessments are also confined to sub-recipients and their ability to perform the scope of work, rather than determine their progress towards a sustainable entity.

Further, the development stages and end-state are not currently defined for the sub-recipients. The current OVC RFA defines a standard that the local NGO should be eligible to receive USAID funding directly. This standard can be defined in terms of USAID’s “responsibility determination,” which according to ADS 303.3.9 means the organization:

- “…possesses, or has the ability to obtain, the necessary management competence to plan and carry out the assistance program,”
- can appropriately account for funds and other assets provided by USAID,
- has a satisfactory record of business integrity, and
- is otherwise eligible for award (e.g. not on a debarred or OFAC list).

The ‘responsibility determination” standard is specific to the work to be performed in terms of magnitude, complexity and duration. It does not take into consideration the sustainability of the broader activity or the need for the NGO to compete for limited donor or GoT funding.

The process of increasing the capacity of local entities must reinforce a sense of ownership of the issues to assure ultimate success. Pre-award assessments conducted by primes can be manipulated or misleading, noting examples of temporary offices and staff to give the impression that an NGO is more capable. Self-assessments based on good examples from the Tanzanian context are more effective if facilitated and verified by the prime. The process of developing capacity is critical to sustaining the capacity of the local NGO.
Recommendations

Short-term
- Harness facilitated self-assessments by local NGOs to support their sense of ownership of the issues and efforts to strengthen their capacity. (See: Recent Practices in Monitoring and Evaluation TIPS – Measuring Institutional Capacity, 2000 No. 15) Obtain input from Districts and community beneficiaries. Verify assessment findings selectively, especially in competitive contexts.

Medium-term
- Establish benchmarks leading to a graduation standard for local NGOs. Stages may include basic skill building and organizational development, followed by more work with the Districts, expansion of activities, culminating in a registration standard or a broader USAID “responsibility determination.” At “graduation,” the local NGO should have:
  - Governance structures (board, organizational goals, leadership structure, legal status and constituency)
  - Effective Management Practices (planning & program development, reporting, administrative procedures, information management, organizational structure)
  - Established Human Resources (qualified staff, clear roles, adherence to labor laws, salary & benefit structure and policies, supervisory practices)
  - Adequate Financial Resources and Systems for Managing (steady funding, accounting, budgeting, financial/inventory controls, reporting)
  - Performance Ability (appropriate expertise, record of success, ability to assess impact and report accurately)
  - Effective External Relations (sustaining relationships with beneficiaries, constituencies, government entities, other NGOs and donors)
  - Programs sustained by other donors or sources of revenue and broader engagement with other entities to sustain support.
- Conduct sector-wide assessments of the NGO/FBO/CBOs with follow-up mid-term assessments to demonstrate impact.
Long-term
  o The feasibility of a graduation path must be supported by USAID’s willingness to commit to longer-term planning and funding.
  o Program design and proposals should be informed by circumstances anticipated beyond the estimated completion date of the award to support sustainable activities.
II. Negotiation/Award

1. Invest in Operational Support to Effectively Manage Risk

Federal regulatory standards have no tolerance for financial or compliance failures. Undocumented costs, absence of prior approvals and other violations lead to disallowances and fines which are serious deterrents for NGOs with limited financial reserves. The prime NGOs manage this by conducting thorough risk assessments and managing the organizations and issues that are most critical. USAID and other donors, however, routinely constrain and cast an especially critical eye on costs for headquarters, finance, compliance and other support functions, even as programs have grown. Finance, compliance, and contracting staff and their functions are essential to managing risk and assuring the long-term viability and growth of their organization.

Despite the importance of the finance and compliance functions, there is pressure to minimize these costs at every point in the award process. Program descriptions are developed with an emphasis on measurable results which are often tied to dollar amounts; therefore the relative "return on investment" is emphasized at the expense of financial and regulatory compliance. When NGOs develop their approach to a solicitation, they often squeeze the support costs to demonstrate greater efficiency. During the course of negotiations, USAID and donors in general push on support costs because there’s no agreed-upon rule of thumb to assess their reasonableness. Rather than jeopardize the award, NGOs often acquiesce, resulting in staffing and salary levels that are inadequate to appropriately manage the risks.

This dynamic extends to the local NGOs as well in which they rarely resist the negotiating positions of the primes. They don’t want to risk losing the subaward. It is difficult for NGOs and Districts to attract and retain qualified staff given these constraints. For example, there is a shortage of qualified bookkeepers in Tanzania, with most seeking better remuneration, often in the larger cities. A local NGO might budget for financial staff ranging from Tsh. 200-600,000/month. In contrast, a USAID finance assistant/cashier earns between Tsh. 1,200,000 - 1,500,000/month.
Recommendations

Short-term
- Support operational functions (finance, compliance, HR, etc.) adequately, if not generously, in budgets. Permit the primes to propose cost effective support structures given the nature of the program and anticipated risks.
- Support different types of training and professional development for these staff to help mitigate turnover and to enhance the capacity of the organization.

2. Best Value Award Determinations Should Include Capacity Building Considerations

The competitive process does not adequately support sustainability. The donors place a premium on cost effectiveness that does not match with risk management or the need to build local partner capacity. Pressures on support costs (e.g. accountants) and logistics are detrimental to long-term success of local partners. There is no reserve included in USAID awards that can support investment in capacity building. The costs are dedicated to implementation of the program, not investment in the future, unlike a for-profit firm earning fixed fee.

Recommendations

Short-term
- Include capacity building in the program description of RFAs so that costs can be allocated to this objective.
- Consider the prospects for accomplishing capacity building and sustainability objectives in the overall best value determination of the solicitation.

3. Set Tone of Collaboration with Broader Partner Community

The collaborative tone among the donors, USAID in particular, and the GoT should echo through the implementing partners down to the local levels. There appear to be good working relationships between USAID and the prime NGOs. Partner interviewees each noted the constructive engagement they have with the Agreement Officer (AO) and the Agreement Officer’s Technical Representative (AOTRs), crediting them with leadership in the sector and commitment to the work. Similar positive relationships were observed between the field offices and
the local NGOs and Districts that they support. They felt sufficiently comfortable to speak candidly about the strengths and weaknesses of the program. Collaborative working relationships are essential to effective and efficient program management.

Open communication on a regular basis supports timely resolution of issues and mitigation of risk. If a critical issue looms, a field person is more likely to quickly elevate it for guidance if a good working relationship already exists. USAID can reinforce this collaboration with regular conferences with the broader partner community, and support for similar arrangements between the primes and their sub-recipients.

Recommendations

Short-term

○ Support the best practice of conducting Pre-proposal conferences to assure that all parties fully understand the activity to prepare more realistic proposals or make better informed go/no-go decisions.

○ Encourage and fund Post-Award conferences that go beyond the review of the award document and include establishment of a framework for working together. All parties should participate and establish standards of communications (e.g. no surprises), how issues will be elevated, how often the parties will meet, who will maintain minutes and action items, etc.

Medium-term

○ Conduct regular Partners Day meetings, hosted by the Mission Director, SO Team Leaders or Agreement Officer, to discuss common issues of the implementing partners in Tanzania. Representatives of the contractors and grantees working in Tanzania will appreciate the opportunity to learn from these officials about recent guidance from USAID and to provide input on pressing issues. Modeled after the M/OAA sponsored Partners Day, the group can also establish ad hoc working groups to address common implementation issues. The critical element is that the Partners Day provides an opportunity for the contractors and grantees to raise and discuss issues of mutual concern, ranging from operational problems to strategic considerations.
III. Implementation

1. Streamline and Delegate Administrative Approvals

Prior Approvals are working well for subawards based on good working relationships and a strong consensus on the program. The AOTRs recognize the need for timeliness and know the process for review and approval. However, the primes have also adjusted their programs to avoid the need to obtain more onerous administrative approvals, such as renovation costs, international/regional travel, livestock for income generating, seeds for backyard gardens and motorcycles for workers. Some approvals have taken as long as 8 months. NGOs and the Districts repeatedly expressed puzzlement about the need for additional approvals if the cost is already included in the budget. They observed that such micromanaged approvals did not give them a sense of “ownership.”

Only budget increases and program revisions must be approved by Agreement Officers. All other approvals can be delegated, streamlined or blanketed. Under 22 CFR 226.25(e), the AO can delegate approval to AOTRs for awardee changes in key personnel or their reduced work on the project, budget line item revisions, subawards and subcontracts. One-time, no-cost extensions can also be authorized for up to 12 months.

The Mission Director can also authorize blanket waivers for source/origin/nationality requirements under 22 CFR 228, as well as approval of restricted goods within certain parameters. PEPFAR already provides such authority which should serve as a basis for blanket waivers. The NGO partners prefer blanket waivers so that they don’t need to expend the additional time and effort to seek additional approvals in the future.

Approvals can also be streamlined to avoid bottlenecks that delay implementation. Often USAID and the implementing partner are not clear on the criteria or the process for approval, resulting in protracted exchanges requesting additional information and clarifications.

USAID awards are notoriously administratively burdensome. Other federal agencies have eliminated or streamlined approvals to minimize non-value-added requirements on professional staff. The approval of international travel, for example, was a requirement established decades ago for domestic organizations having little reason to travel abroad. The standard used by other federal
agencies in considering the need for prior approvals is if the review and approval is a good use of a GS-14’s time. In other words, does the prior approval add value to the program?

Recommendations

Prime partners should consult with USAID about anticipated approval requirements under their awards and identify means of expediting the process. USAID should minimize prior approval requirements to alleviate administrative burdens on limited staff and Agreement Officers through these recommendations:

**Short-term**
- Amend AOTR Letter to delegate to the AOTR or the grantee approval of certain transactions, such as subawards, budget line item adjustments, international/regional travel and renovations (if budgeted).

**Medium-term**
- Prepare blanket approvals at the start of the activity or cooperative agreement award for the purchase of motorcycles, livestock and seeds in support of program objectives.
- Streamline approvals of property disposition, requests for exemptions and deferrals for environmental assessments, etc.

2. Harmonize Reporting Requirements

Some programs require over 25% of program staff time to prepare reports. The Districts spend even more time in managing different forms and deadlines driven by the donors. The emphasis on data quality and the different demands of the donors, beyond those of the GoT, drive a great deal of this burden. The program staff must collect information from distant Districts, verify the data and then consolidate the results to forward to their headquarters. English is also a challenge, so it is difficult for NGO staff to prepare and submit “success stories” that are often requested. Electronic submission of data and the Health Management Information System (HMIS) of the GoT may help with the Quarterly reports, especially if the donor requirements are harmonized. USAID’s early support of the use of GoT’s M&E forms, entering data at the District level and its willing to support overtime for reporting have helped alleviate this burden on the program. AMREF subgrantees had fewer concerns about the burden of reporting. They praised the harmonization of data reporting
through the Zonal offices with the guidance of the Ministry of Health and Social Welfare. The new reporting procedures minimize the time and reduce double reporting of data to AMREF and the responsible District.

While the reporting requirement is a burden, it is also a barometer of the partner’s ability to accurately and timely prepare and submit reports. The learning curve for report preparation is steep and it imposes a discipline that prepares the NGO for future awards. Program officers noted that report preparation is a basic business process that must be strengthened for the NGO to be responsible to the donors.

**Recommendations**

**Short-term**
- USAID should continue to support the Primes’ efforts to strengthen the reporting capacity of the local partners.

**Long-term**
- USAID should support efforts to harmonize data collection and reporting with GoT and donors. Greater reliance on GoT reporting standards will strengthen their capacity.

**3. Audits or Reviews Conducted Regularly Rather Than at the End of the Activity**

Prime NGOs adhere to the principle that rather than auditing to the penny, you manage to the dollar. Unfortunately, the auditors don’t always share this perspective. The idea is to manage risk rather than avoid it. Regular reviews and risk re-assessments will help identify and address problems before they grow or become entrenched. The local NGOs also recommended that the financial reviewers do not come in as “inspectors,” which puts the NGOs in a defensive mode, but rather as assessors. AMREF’s sub-grant managers, for example, visit each site and check the “box files” to assure transactions are properly documented and complete, which is very practical and easily verified while imposing a discipline on the NGO. EGPAF compliance staff regularly meet with their districts to review documentation and address any issues or concerns. Each of the three primes conduct regular visits to develop a “mentoring” relationship, as described in more detail below.
Recommendations

Short-term
- Assure that Prime NGOs conduct regular reviews in a constructive manner with timely feedback and follow-up.

Medium-term
- USAID should continue the practice of conducting annual management reviews of the prime. The review conducted of EGPAF was described as a best practice in that it helped them make necessary adjustments outside the context of a formal audit.

4. Mentoring by Primes of Sub-recipients is Essential

The difference between monitoring and mentoring in program management is the quality of the relationship. Monitoring is a management tool while mentoring adds value to performance of objectives. The quality of the relationship between the prime and the sub-recipients is an essential ingredient for successful programs. The three international NGOs visited have a close working relationship with the local partners that helps manage issues and change in circumstances. Decentralization and the creation of zonal teams further facilitate coaching and mentoring.

Decentralization is a best practice. When program and finance staff are located in the regions or zonal offices, they describe greater access, commitment and engagement with the local partners as well as better training and more productive relationships with the District offices. The staff are also more readily available to troubleshoot at any time. (For example, the AMREF Finance Officer answered cell phone inquiries well into the night as NGO leaders finally had a chance to sit down and review their books.) AMREF subgrantees reported that they are very pleased with the decentralization process which they believe encourages more effective communication and coordination. AMREF’s experience also suggests that decentralizing the subgranting process is more effective compared to their former central operations approach which often prolonged the subgranting tasks.

While the relationships are supportive, the NGOs must be trained to more effectively negotiate their awards. Too often local partners agree to any assertion of the primes because they do not want to jeopardize the award. While part of
this deference is cultural, another aspect is simply the nature of the competitive process in which it is easier to negotiate after award than beforehand.

Given the importance of the relationship between the prime and the sub-recipients, its quality should be benchmarked and monitored. A feedback mechanism should also be established to assure action on the information to make necessary adjustments.

Recommendations

Medium-term
- Decentralization is a best practice. Support cost effective means of establishing a field presence for the programs.
- Support workshops, as part of the capacity building process, that train NGO staff on effective negotiating, especially in the competitive process.
- Benchmark the quality of the relationship between primes and sub-recipients to assure proper attention.

5. Support Coordination/Collaboration among Primes and Local NGOs

The District currently serves as a focal point for coordination of local NGOs. The development of the CCHP helps support the engagement of the local partners, as sustained by coordinated activities over the course of the year. In Kahama District, for example, the District Medical Director meets with the NGOs to discuss the GoT priorities and to solicit their input and contributions to the activities. The local NGOs will then coordinate their outreach and other activities with the District.

There are fewer examples of collaboration among the implementing partners. The Implementing Partners Group (IPG) under Pact/Tanzania’s OVC program is a best practice with regular and comprehensive participation at the national level. Pact acts as Secretariat of the National level IPG which has over 90 organizations as members, is chaired by DSW and its regular monthly meetings are hosted by UNICEF. As expected by USAID, this model should be replicated in each district. For example, groups are establishing a similar IPG in two Districts in Tabora. Another example is EGPAF’s use of a District map of NGO activities. EGPAF identified Mildmay as a collaborating partner to continue care of patients when they return to their villages. A few forums and other coordinating attempts were mentioned, but have not been sustained due to
limited resources. For example, the PLHIV Network model is a useful one and is hosted by the Regional Medical Officers in some cases.

Recommendations

Long-term
- Districts should remain the focal point, but support the establishment of regular Roundtables or implementing partners meetings at the District level for local NGOs to network and collaborate on common issues.
- District mapping of NGO activities can feed into the CCHP and coordination of activities with complimentary programs, such as nutrition.

6. Training is a Continuous Need, but It Requires a Training Strategy and Alternative Models

The limited capacity of local NGOs and Districts, coupled with high turn-over rates of professional staff, drive a need for almost constant training. All the local partners had difficulty hiring and retaining qualified financial staff. Invariably, the primes had to train new staff on donor reports and program requirements a few times a year. Frequent trainings are expensive and do not address the underlying challenge of retention.

There is also a sense that in some activities, the training received by the LGAs is often ad hoc and unplanned, with decisions as to who attends what training often based on who is perceived to be next in line for benefiting from externally funded trainings, including the travel allowances and per diems. The training of LGAs in general would benefit from better planning and a consensus on how it will directly benefit capacity building.

Recommendations

Medium-term
- Conduct training in response to a business or program issue which is also tied into a broader organizational objective. For example, employee retention is a major challenge for sustainability; therefore training should address both the topical needs of the participants and the broader need to keep them on-board. Training of individuals
should be conducted within a broader organizational development strategy.
  o Encourage NGOs to explore alternatives to classroom training, such as
twinning, coaching, certifying, web-based or computer-based training,
etc.

7. Close-out Should Be Planned From the Beginning and Included in
Subawards and MOUs with LGAs

The administrative process of close-out is always neglected, until the end, when
it’s too late - staff move on to other activities, documents are misplaced, time is
limited and attention is elsewhere. USAID has little time to review close-out
paperwork, approve disposition requests, etc. Ultimately there’s a bottleneck
that prevents a smooth and efficient close-out of the project.

As the award concludes, sub-recipients should attain the standard that will
permit them to work more directly with the Districts and donors to continue
their work. All the local NGOs are nervous about what happens when the donor
funds expire. A few are actively seeking means of developing their capacity, but
none has the expertise, leadership or resources to enhance themselves alone.
USAID, other donors and the GoT must also consider these graduation standards
in the context of a strategy for the sector that extends beyond 2013. Otherwise,
the local partners will be taking a greater leap than they are prepared for.

Recommendations

Short-term
  o USAID should require close-out plans as part of the initial proposal
    and then verify the plans at the beginning of the final year.
  o USAID should support the incorporation of close-out plans and
    graduation benchmarks in subawards and Memorandums of
    Understanding (MOUs) with LGAs to integrate its planning and
    resourcing.

Long-term
  o USAID should prepare itself internally to expedite close-out
    processing, especially the disposition of equipment.
  o USAID should require primes to monitor progress towards a
    graduation benchmark (including internal checklists, re-assessments).
Districts should be involved from the beginning in verifying progress of the NGOs.
- USAID, other donors and GoT should define a realistic scenario for post-2013 support for the sector in which the local NGOs will be sustaining themselves. Carefully consider the impact and unintended consequences of consolidation of the local NGO sector if larger awards are made to more efficiently manage more limited funding.

Summary

The three programs visited are working well, despite challenges inherent in HIV/AIDS activities and donor driven systems. An underlying strength that has facilitated coordination among different entities is “Pamoja na,” or “working together with one another.” USAID’s initiative to examine how it can support the work of the Prime Recipients in working with the LGAs and NGOs reinforces this characteristic of the programs. The Mission’s willingness to make the adjustments suggested in the Short-term recommendations will be a signal to the local entities of its commitment to change and alleviating some of their more immediate concerns. The Medium and Long-term recommendations will be essential for sustaining the investments in the local entities beyond PEPFAR II.