USAID
FROM THE AMERICAN PEOPLE

ANNUAL PVO CONFERENCE

Sponsored by the Office of Private Voluntary Cooperation – American Schools and Hospitals Abroad

January 13 – 14, 2005
Washington, DC

Conference Summary

Introduction

On January 13-14, 2005, in Washington, DC, USAID held its Annual PVO Conference sponsored by the Office of Private Voluntary Cooperation - American Schools and Hospitals Abroad (PVC-ASHA). The Conference, themed "What Makes a Good NGO," attracted nearly 500 attendees, including CEOs, managers, and directors of a wide variety of PVOs and NGOs, along with overseas NGO partners and those from the academic community. USAID and PVC-ASHA program staff were available to interact with participants and share diverse resources.

PVC-ASHA serves as a point of entry for PVOs and NGOs seeking USAID resources and programs. To this end, a PVO/NGO Knowledge Gateway organized as part of this year's Conference gave PVO/NGO leadership and staff access to USAID information, resources, and business opportunities. Participants visited the community of 21 kiosks throughout the two days of the Conference to obtain print and online materials from USAID bureaus, offices, and programs.

Welcome Remarks

Judith Gilmore, Director, PVC-ASHA, USAID

Ms. Gilmore welcomed participants and noted the immense challenges in 2004 posed by security, conflicts, and natural disaster, in addition to the many issues with which organizations must grapple daily. She acknowledged the important work being done by PVOs and NGOs around the globe, and noted that they were making a difference, even in the face of formidable obstacles. Ms. Gilmore welcomed PVOs new to USAID, along with NGO program partners participating for the first time. She also acknowledged development stakeholders from the donor community as well as USAID representatives from a cross-section of program areas throughout the Agency.

Ms. Gilmore described the 2005 Conference as a culmination of efforts by PVC-ASHA to increasingly support PVOs and NGOs with more than financial resources, serving as a gateway to organizational development information and a point of access into USAID. This emphasis underlies the choice of conference theme, "What Makes a Good NGO?," as it reflects participants' diversity of experiences and environments—as well as commonalities. In bringing together these varying perspectives, the Conference would offer an opportunity for learning and exchange and for all stakeholders to share insights, gather information, and find new partners. Ms. Gilmore noted that while there is no right answer to the question of what makes a good NGO, the Conference sessions would present different concepts that help make sustainable, effective and accountable organizations.

Plenary Session: Changing Development Context – Challenges and Opportunities

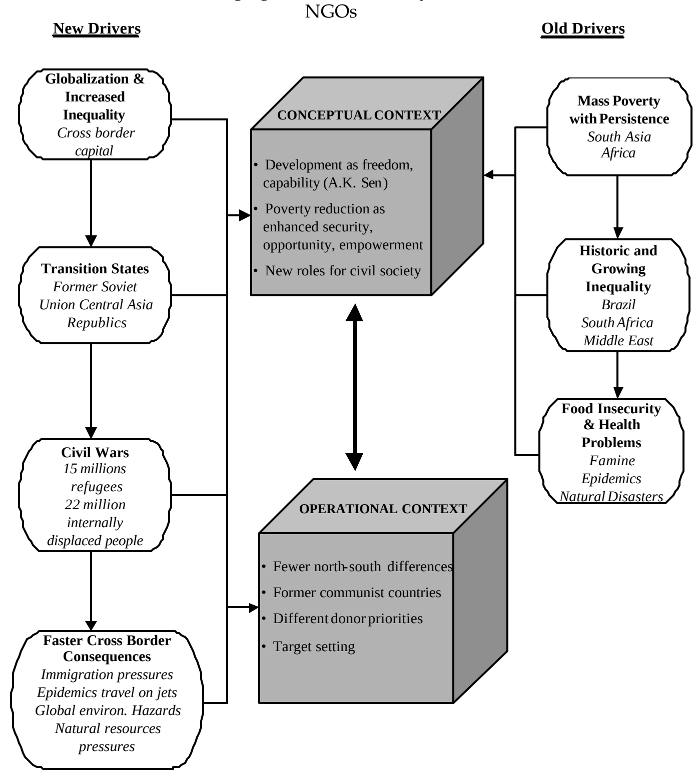
The first two panels, held on day one of the Conference, set the framework for subsequent discussions. The panels featured a combination of professionals and practitioners which offered unique perspectives on both the contextual challenges facing many PVOs/NGOs and on how some organizations have responded to these external pressures by strategically adapting their missions and values. It was hoped that participants could use these discussions to inform their own strategic planning processes. Interactive discussion followed the presentations.

Coralie Bryant, Moderator/Presenter, Director, Political and Economic Development Program, School of International and Public Affairs, Columbia University

Background—The Recent Growth of Civil Society

Dr. Bryant observed that the last few decades have seen fast-paced geopolitical change, which has led to unprecedented growth in civil society. Reducing poverty, the heart of most NGO work, has become increasingly complicated (see Figure 4-1). New drivers of poverty emerged as a result of wars; internally displaced people; larger numbers of refugees; health disasters; increased inequality with changes in trade and financial flows; and other factors. All of these changes had an impact on the work and services needed from NGOs: some had to quickly get staff, others had to build networks, and most had to move toward increased fundraising and to rethink and recast their missions and roles, all in a dynamic state of continual change. Meanwhile, none of the older drivers of poverty had lessened—persistent poverty still exists in some regions, and sharp, difficult-to-shift inequalities remain for minorities. Food insecurity and health problems have also not diminished.

Figure 4-1
The Changing Context of Poverty Work for NGOs



Shrinking, Failed, and Collapsed States

Shrinking States. When governments shrink or reinvent their roles, they frequently turn to NGOs to provide services. Parliaments and congresses mandate that work be done through NGOs, thereby putting non-governmental organizations into a quasi-governmental role. NGOs generally want to offer assistance to governments, but they do not want to replace them. Many NGOs want to be independent, yet financial independence can be difficult to achieve when government agencies need and use NGOs as contractors, and donors themselves are under pressure to work through NGOs as part of their own downsizing processes.

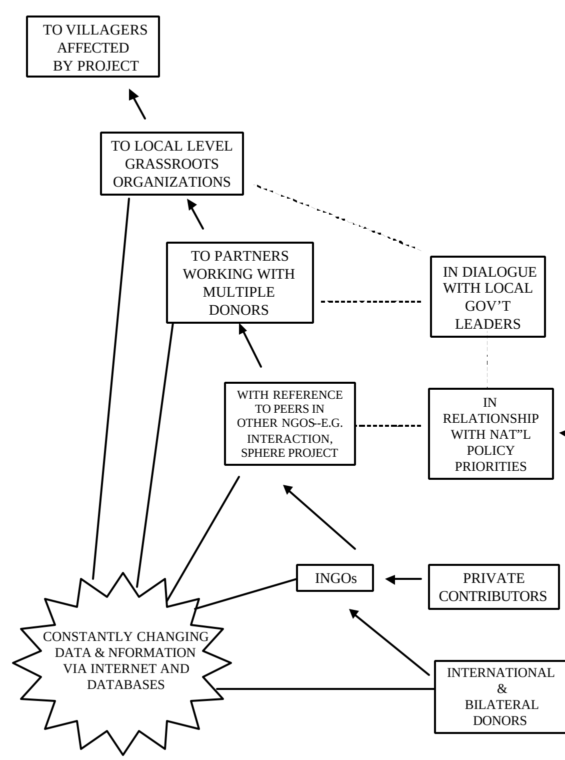
Failed or failing states. Ms. Bryant noted that the worst problems are found in failing or already collapsed states. NGOs are called upon to provide essential services in the short term, which often becomes the long term. In failed states, there is no rule of law, and the intersection between violence, criminality, and corruption presents a kind of "Bermuda Triangle" for NGOs trying to reach and assist those most in need. In failing states, basic rights and basic needs are not honored, nor is neutrality accorded to NGOs; as a result, it is hazardous even to deliver services.

The Challenge of Achieving Accountability

Technology and global communication changes. Global communication technology—and the ease of working and networking internationally—has grown exponentially in recent years. While this transformation has brought major benefits, especially for fundraising, it has also heightened competition among NGOs for audience and support. People can compare 20 NGOs within 30 minutes before submitting their contributions electronically. Further, abundant media coverage often leads to "herding," where a currently popular concept, region, or disaster crowds out concern for longer term, deeply rooted problems that require concerted and consistent attention over years. For NGOs, this technological ease involves serious investments and staff committed to maintaining and updating websites. To withstand these challenges, NGOs need internal processes to help anchor, guide, and inform them.

Accountability, organizational learning, and strategic planning. Close attention to the three core processes of accountability, organizational learning, and strategic planning is centrally important if NGOs are to be in charge of themselves. Accountability is a key and timely issue for every level of governance, Dr. Bryant observed, adding that achieving accountability is a difficult and never-ending task. The increase in multi-donor funded projects, along with the array of constituents to whom an NGO must be accountable (e.g., beneficiaries, clients, funders, boards, partners, and staff) adds to this complexity (see Figure 8-1). In many cases, different data are gathered and reported in different ways according to different timelines, a situation that calls for tighter regulations and processes. These are costs that drive up overhead.

Figure 8-1
MULTI-DIRECTIONAL ACCOUNTABILITY



Learning, not rigid control. Dr. Bryant stressed that it is important for PVOs and NGOs to become learning organizations, to embrace mistakes and learn from them, and, above all, to be flexible. A learning organization with internal and external flexibility is not centralized and does not "bully through" a particular agenda. Rather, it inspires shared perspectives, even consensus, about what is right and what is in line with core values. These organizations listen, learn, and communicate. Citing World Vision's major programming effort to address the challenge of HIV/AIDS, she noted that the organization mobilized what has come to be called "social capital" through learning by listening and dialogue at several levels and with all parts of the decentralized World Vision family rather than apply the traditional approach of centralized command and control. Ultimately, organizations that know how to learn and have learning processes in place are intrinsically better able to be strategic and avert the pitfalls of globalization in an ever-changing world.

Dr. Bryant concluded by observing that PVOs/NGOs are undertaking much of the "most important work in a weary, war-torn, ill, poor, and disaster-prone world."

Panel Presentations

This first panel covered several of the major challenges presented in a fast-changing world. Peter Walker of the Feinstein Center at Tufts University remarked on the macro context and the need for NGOs to maintain independence in order to do good work; Christina Kappaz of the Millennia Consulting group discussed challenges for NGOs in Latin America; and Rajesh Tandon, president and founder of the Society for Participatory Research in Asia (PRIA), provided the Asian perspective. Panelists agreed that issues of accountability and of maintaining independence of thought and credibility are major challenges facing PVOs and NGOs.

Peter Walker, Director, Feinstein International Famine Center, Friedman School of Nutrition Science and Policy, Tufts University

Dr. Walker began his presentation by noting that most NGOs represent a radical, value-driven, "change-the-world" alternative. He then identified four threats to NGOs as those related to: (1) independence of action and thought, (2) veracity, (3) going global, and (4) death by group-think.

Independence of action and thought. Independence of *action* pertains to how NGOs are funded and the source of that funding. The extent to which NGOs can work independently of their financial source relates to how well they can ensure a vibrant, dispersed funding base and thereby create financial independence.
Independence of *thought* relates to how the rest of the world sees the pervasiveness of the "McDonald, Disneyland" culture of the West and how NGOs demonstrate their independence from it.

Veracity. NGOs need to prove their legitimacy by earning the authority to talk "as the people" and not just "with the people" or "about the people." NGOs need to build their practice on authority—to speak from evidence rather than from a "soap-box" mentality.

NGOs must ask themselves:

- Are we preserving ability to act and think independently?
- Practice authority?
- Blossom or ossify?
- Challenge the pack?

—Peter Walker, Feinstein International Famine Center

Going global. Many NGOs are beginning to form large global networks (e.g., CARE, Oxfam, SCF, World Vision) that are the size of corporations, raising the question of whether they can be effectively managed. The main challenge is how to build global institutions that are locally driven, or how to most effectively link resources with community groups on the ground. NGOs must consider how to create federations that allow the developing country to have as great a voice as the West.

Death by group-think. When the spotlight is on a favored issue, it can lead to neglect of other concerns and of needed impartiality for where funding is directed.

Christina Kappaz, Millennia Consulting

Currently more than 500,000 NGOs are working in Latin America and the Caribbean. While money to NGOs in Latin America has soared, the amount actually available for capacity building remains limited. Further, inequality in this region is among the highest in the world. Ms. Kappaz offered an overarching context for the NGO evolution in Latin America and the Caribbean today: (1) a shift to democratic regimes; (2) globalization of policy arena; (3) weaknesses of governance structures at the state level; and (4) issues of violence and criminality.

Democratization. NGOs provide a vehicle for representing marginalized groups in the political process but face the challenge of maintaining a critical voice while also participating within the system. The NGO movement in Latin America has strong roots in political opposition to authoritarian regimes. However, as regimes have shifted, NGOs have had to redefine themselves in this new political landscape.

Global policy arena. Even if communities are removed from the global debate, they are still affected by global issues and policy decisions (e.g., international trade regimes, regional free trade agreements). However, contradictions can arise when NGOs seek to support macro policies in addition to local communities. A rise in "transnational advocacy networks" has provided links to global advocacy efforts that enhance impact potential at the local level. In Latin America and the Caribbean, the indigenous movement has gained ground by working with transnational allies.

Problems of governance. Much corruption exists in Latin America, though many encouraging events have occurred as a result of leaders being taken to task through a democratic process. NGOs have a role—from monitoring elections to monitoring use of funds—and that role remains difficult. Decentralization has opened the door for NGOs to mobilize and facilitate the voices of local communities. Still, a tradition of authoritarianism and a culture of passivity remain obstacles. The ability of NGOs to effect change depends on the level of authority and resources of local government, and the responsiveness of local authorities to participatory approaches.

Culture of violence, criminality. Drugs and illicit trade raise security issues and concerns for NGOs, including the problem of maintaining an independent identity in a culture of violence. In this culture, NGOs become caught in the middle and are questioned about their underlying motives and allegiances. This raises complex issues of identity for NGOs, especially when wedged between conflicting interests. Inequalities and poverty continue to foster civil unrest and fights over scarce resources, further exacerbating difficulties faced by NGOs working for peace and for economic and social justice within this context.

Rajesh Tandon, President, Society for Participatory Research in Asia

Rajesh Tandon has worked extensively in India and South Asia with community-based organizations addressing issues of access and resources. He identified the following obstacles in this region.

Conflicts, wars, and violence. Conflicts, wars, and violence are destroying communities, causing forced migrations and internal displacements. This has resulted in a massive loss of social capital and in the diversion of resources and power to arms and the military.

Economic growth, private enterprise, and market development. Rapid economic growth in this region has raised aspirations and living standards dramatically. New opportunities for employment and income now extend beyond urban, industrial areas to reach those in the countryside. In India, the West and South are zones of growth and prosperity, and not the East or the North; in China, the seaboard is the prosperous region, while the mountains and the West remain in poverty. The consequent gulf between the haves and have-nots is intensifying in these countries, increasing domestic disparities and entrenched deprivations.

Local governments "gaining teeth." In almost all Asian countries, local governance is "gaining teeth." This means that partisan politics and democratic functioning are becoming local as well. Support from civil society is crucial, because if left to its own devices, local governments will mirror the larger national governance structure. At the same time, there is growing pressure on local NGOs to be accountable to local governments.

National governments grudgingly acknowledge NGOs. As national governments in Asian countries begin to acknowledge NGOs, collaboration with government programs is increasing, especially in service delivery areas. NGO expertise and capacity are being valued, particularly when they provide economic benefits. But the more entrenched NGOs become in service delivery, the more they risk losing their autonomy. Further, as competition with government officials continues to increase, NGOs face a greater risk of experiencing "backlash" from those who would set them up to fail.

Increasing competition for issues, constituencies, and resources. Competition between domestic and northern NGOs is intensifying, with international aid programs crowding out southern NGOs. This is exacerbated by the private sector, which is also claiming development terrain, with NGOs increasingly pressured to demonstrate "extraordinary results" in order to compete.

Globalizing media and IT connectivity. Good and bad consequences can result from people having immediate access to information worldwide and using the Internet as an organizing and mobilizing tool. Although outreach to domestic constituency of support has become easier and more feasible, the Internet has also enabled temporary and virtual NGOs to multiply without legitimate roots.

Questions to Panel

Chiku Malunga from Malawi asked Dr. Tandon to respond to the practice of international NGOs coming into Africa and building capacity with the assumption that once it is built, it can be sustained locally.

> Dr. Tandon responded that the issue of the contentious relationship between southern, indigenous NGOs and northern NGOs is nothing new. What has changed is the attempt to build local capacity and then to be able to support it. What has changed is the pressure to link local resources to a national program. Further, said Dr. Tandon, while the formidable size of contracts is what brings in the northern NGOs, their failure to leave behind a sustainable base when they withdraw creates a serious gap. Colleagues in the North must figure out whether they are delivering dollars or delivering capacity—local capacity to local institutions. The foci are different, and the challenge is to figure out how to do these complementarily so that needs are met.

A participant asked panelists' opinions on the legitimate role of large federations or any northern NGO vis-à-vis local NGOs, given the increasing competition between northern NGOs and others for resources. Another participant noted that in Uganda, a large NGO is trying to focus on the people, but the people are skeptical that their interests are not represented, because the NGO does not understand what they need. He asked about mechanisms that can be used to ensure that local people have a say in what is going on.

> Ms. Kappaz responded that many excellent tools are available for NGOs to elicit community-level participatory input in a dynamic and meaningful way—so they can speak *as* the people and not *for* the people—but NGOs are not taking advantage of them. Ms Kappaz challenged the northern NGO community to really think seriously about what its role should be. An advocacy role is important at the global level. That is where the future role of larger NGOs should be, along with public education on development issues in their own countries. Dr. Tandon added that domestic civil society in the countries where NGOs work needs to be engaged through dialogue and partnership in issues of globalization and development in tandem with international NGOs.

A questioner from Africa asked panelists how local NGOs can form future partnerships with the North when local governments are leaving them out and marginalizing them—how can NGOs and local governments both be strengthened?

> Ms. Kappaz responded that it is a challenge for local organizations to mobilize the civil society voice to speak to their governments. This is where international groups can come in and support efforts to build up local civil society, without which there is no democratization. Dr. Tandon stressed the importance of efforts that focus on building bridges with community-based organizations so that NGOs can have a legitimate voice.

A questioner cited two trends in development: the trend to corruption and the trend to decentralization. He said attention to corruption remains focused largely at the national level, whereas no attention has been paid to the increased decentralization at the local level, especially the lack of tools for local accountability. He asked panelists' opinion on how to match decentralization efforts with anti-corruption efforts at the local level.

Ms. Kappaz responded that few people are willing to support the risk-taking work needed to attack each corrupt contract and follow it at the local level. She agreed that the donor community should focus more intently on how to support citizen watchdog efforts at the local level. Public education is an important need, as is a mechanism for providing input into the contracting process (for grants and donor contracts).

In closing, panelists urged participants to use the conference as an opportunity to share ideas and fill in knowledge gaps by offering glimpses of what it really looks like on the ground.

Summary

The panel identified various challenges presented to NGOs, raising several important questions:

- In a changing world, how can NGOs preserve their independence and freedom to advocate?
- How can NGOs be both accountable and maintain their priorities?
- How can NGOs become learning organizations that can be flexible and respond to changing geopolitical priorities?
- How can we be more effective in working collectively and communicating with one another?
- How can we stay aware of the evolving role of northern NGOs and thus of their evolving relationships with southern NGOs?

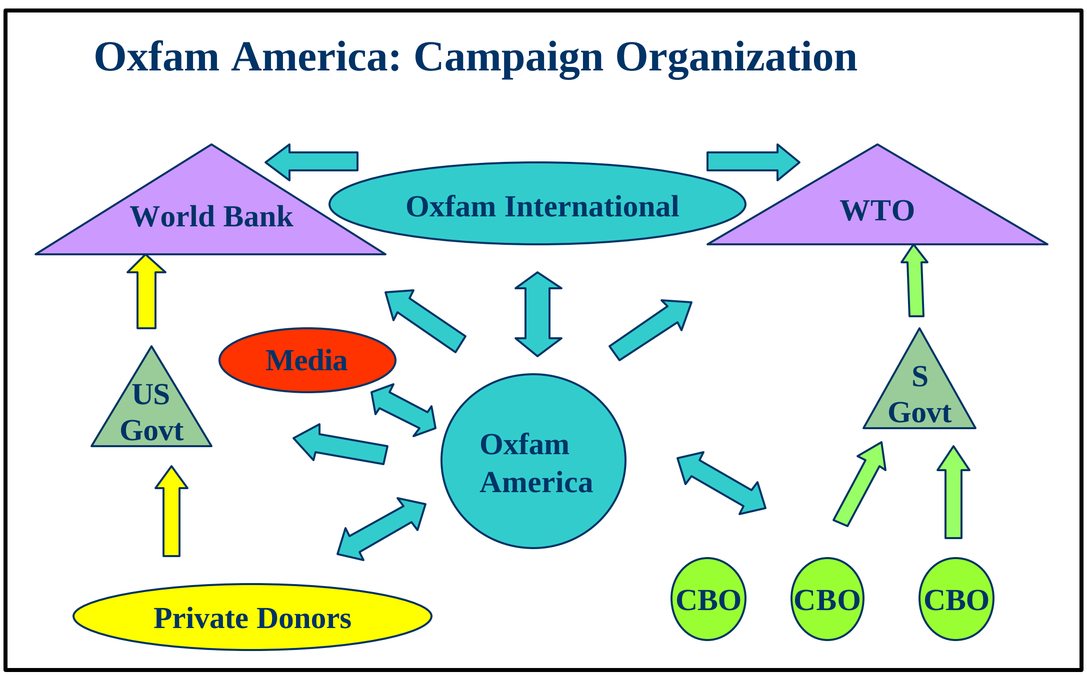
Panel Discussion: What is a Good NGO in Today's World?

This panel detailed specific approaches that NGOs have taken in order to respond to the global issues discussed in the previous panel. Gerald Hildebrand from Katalysis offered his perspective on achieving financial independence; L. David Brown spoke of strategic planning and learning in Oxfam America; and Suzanne Jambo described the role of the Southern Sudanese network of NGOs in keeping the peace in that troubled country. Finally, Chiku Malunga from CADECO presented an account of building the capacities of local NGOs in Malawi, including using African proverbs to build on local values.

David Brown, Hauser Center for Nonprofit Organizations, Harvard University

Mr. Brown told the story of the last decade of Oxfam America's (OA's) transformation as it faced new and emerging realities in the world. OA, whose mission was to end poverty, had a history of innovations and healthy partnerships with community-based organizations as well as committed staff and local donors. Stimulating its "reinvention" was a question OA asked itself in assessing its impact: "Are we creating sustainable poverty change from grassroots projects alone?"

Alternative strategy. In answering this question, OA devised a strategy of organizational renewal for its change plan that would continue to use grassroots projects and systematic learning to achieve organizational effectiveness, but would add an advocacy component to enhance and sustain efforts—i.e., a global campaign for poverty change. This priority meant seeking integration of grassroots *and* global initiatives in order to strengthen both (e.g., coffee farmers + a trade campaign, or CBOs + an extractive industries campaign). This approach has evolved into complex organizational relationships that now involve the World Bank, the World Trade Organization (WTO), media, and state governments (see figure).



Organizational implications. The organizational implications of OA's strategic move to renew its grassroots activities while adding an advocacy layer include the following:

- OA's strategy is now constrained by Oxfam International's (OI's) strategy.

- OI members can create brand risk for OA.
- A large demand for OA campaign participation revealed real limits.
- As OA becomes more visible, more attacks are made on its legitimacy and accountability by campaign targets and ideological antagonists.
- Campaign coordination across departments becomes more complex.
- More priority concerns are raised with regard to social change theory and impact assessment—i.e., how to tell the story of the ways in which work contributes meaningfully to long-term policy change.

Managing differences. The board and staff are developing systems and norms in OA to manage differences and use resources. He told participants they must "be prepared to fight as well as cooperate" to maintain needed autonomy.

The importance of advocacy. OA has seen evidence on the ground of the growing impact made by combining grassroots projects and global campaigning, and most people in the organization now agree on the importance of advocacy. One consequence that has not abated, however, is the problem of staff overload. OA is still grappling with the question of how to manage strategic change.

> "Organizations that get involved in a multi-stakeholder, multi-constituency process must figure out how to cooperate and acquire the needed skills: they must *learn* to play in this arena or become irrelevant."
>
> —L. David Brown, Hauser Center for Nonprofit Organizations, Harvard University

Suzanne Jambo, New Sudan Indigenous NGO Network (NESI-Network)

Ms. Jambo told the story of the Southern Sudanese, where a peace agreement has recently been signed, bringing to an end a decades-long African civil war. She thanked PVC's Capable Partners Program, or CAP, for the NGO-strengthening training it provided to NESI. Ms. Jambo shared her insights into what makes a good NGO in a war-torn area with forty years of bloodshed such as the Southern Sudan.

Understanding the impact of war. The war in Sudan produced millions of displaced refugees around the world and three million dead. It destroyed the social fabric, so that people now know nothing but external relief, creating long-term problems in institutional capacity and in local ownership and attitudes.

Development activities in times of war. Development activities, including those of NGOs, have been largely dominated by external humanitarian intervention, leading not only to serious gaps in local ownership but to a serious relief dependency syndrome and the near collapse of indigenous NGOs' institutional capacity. Ms. Jambo said that along with the problem of inadequate human resources, the relief dependency issue presents extremely serious institutional and capacity-building concerns that need to be critically examined in post-conflict Sudan.

> "'Food comes from the sky in many people's minds in war-ravaged Southern Sudan. Generations have been brought up this way, and it will be extremely difficult to instill the spirit of working for food and of a normal way of life."
>
> *—Suzanne Jambo, NESI-Network.*

Challenges and opportunities for civil society. Ms. Jambo observed that the transition to peace and democracy will bring particular challenges and opportunities to civil society organizations (CSOs) as they assume an active role in creating a new, just, and peaceful Sudan. The restoration of the spirit of hard work and self-reliance, trauma counseling, nurturance of a culture of peace and co-existence are some of the major responsibilities that CSOs will undertake—efforts that must be constitutionally protected to make peace a reality for the people.

NESI's collective networking efforts and their impact on achieving peace. Part of the NESI-Network experience was to focus on what would constitute a valid approach to serving people's needs in wartime. In 2000, NESI came together as individual NGOs to advocate for the principles of transparency, accountability, local ownership, and commitment to guide sustainable development among CBOs, CSOs, international NGOs, and the respective departments of the emerging government in South/New Sudan—an area covering South Sudan, the Nuba Mountains, and South Blue Nile. While member NGOs continue individually to confront extremely difficult conditions in their work, including high levels of insecurity and poor infrastructure (e.g., no communications, roads, access to clean water/electricity, etc.), NESI's collective efforts have made positive impacts. Specific efforts include raising awareness of the Sudan peace process, conducting civic education for justice and peace in South/New Sudan, assessing the organizational capacity of NESI member organizations, and developing a NESI seven-year strategic plan with stakeholder consultations and planned meetings.

Respecting local capacity and context. Many challenges exist in post-conflict Sudan. Ms. Jambo expressed her hope that the international community, which was with them in time of war, will also be there in time of peace. She stressed the importance of valuing local ownership and of gaining a deeper understanding of the country context. A thorough understanding of what the country has experienced in war is needed to develop locally driven and sustainable development. Ms. Jambo concluded by saying that, for her, what makes a good NGO is one that is relevant, contextual, strategic, fair, and transparent to the different stakeholders, with a focus not just on today but toward a better future.

Gerald Hildebrand, Katalysis Partnership

Mr. Hildebrand spoke about Katalysis, an organization celebrating its 15th year of supporting microfinance development in Central America. Its services include training, technical assistance, fundraising, and credit fund management. Considered a pioneering model of partnership, Katalysis has experienced key milestones over the past year and has several innovative prospects for the future. Mr. Hildebrand shared his thoughts in the context of what, to him, makes a good NGO as well as what is the role of northern PVOs in the newly emerging international development climate.

Ensuring good board structure, operations and philosophy. Mr. Hildebrand cited board membership as a critical part of a good NGO. At Katalysis, the board informs the organization's direction. Meetings are simultaneously interpreted and relevant documents are available in both English and Spanish. Members share and adhere to core values, and the whole process is transparent.

A new model and methodology of North-South relationship. Katalysis' pioneering model for achieving financial success is based on core values of partnership, integrity, accountability, social responsibility, and excellence. Each of these values has measurable indicators;

collectively they have been endorsed by both the northern and southern entities of the organization. Mr. Hildebrand noted that a key factor has been the creation of an equitable working compact (e.g., six of the southern partners have seats on Katalysis' 18-member board of directors), which gives southern partners a voice and a vote in all institutional matters.

> "There is a role for northern organizations, and I suggest we put our ear to the South to discover what that role should be."
>
> *—Gerald Hildebrand, Katalysis Partnership, Inc.*

Surviving with relevance. When USAID curtailed its funding, Katalysis undertook organizational changes to adjust to the lack of grant money and to confront the issue of "surviving with relevance." "The southern partners were very helpful in reminding us what our relevance was," noted Mr. Hildebrand. While Katalysis had met its objective of creating self-sustaining microfinance capacity with its Central American partners and had laid the foundation for instituting two independent regional initiatives in the South, the challenge was now one of capacity to meet accelerated growth. The most significant constraint to growth was the availability of expertise and capital, a challenge Katalysis addressed by undertaking a major organizational transformation to free up both resources.

Creating a real South-North partnership. With direct counsel from the southern partners, the function, structure, and sustainability of the northern organization was reassessed. The partners contended that Katalysis had accomplished its initial mission—to ensure the organizational and financial viability of the southern microfinance institution (MFI) partners—and should now restructure itself to maintain its vital role in the South-North partnership. This restructuring would ensure Katalysis' financial sustainability while providing the partners with their primary growth priority – capital. This plan also provided a mechanism for northern financial independence. Key components of the approved plan follow:

- In the South, the Network Partners will take direct administrative and financial ownership of Katalysis Central America, whose services will be self-financed through Network membership fees, fees for services provided to network partners and other emergent MFIs, and contracts obtained from other public and private socio-economic development organizations.

- In the North, Katalysis/USA will be merged into the Bootstrap Fund, to create the Katalysis Bootstrap Fund. This signals a shift from dependence on gift money (donations and grants) to reliance on socially responsible investments—loans made with a social purpose at low or no interest.

- The South-North Partnership of Katalysis will continue. The Katalysis Bootstrap Fund and the Network will each have a representative on the other's board of directors. Both organizations will adhere to the same core values, as they do now, and will share strategic plans and collaborative ventures, although tactical and operational decisions will be made independently.

Pivotal point. Mr. Hildebrand called this an "exciting pivotal point" for Katalysis, adding that arriving at this juncture signals the success of Katalysis' capacity-building strategy, success that has come from the ground up. Because the entrepreneurial model has worked in the South, there is no longer a need for charitable contributions and administrative interventions from a "parent" in the North. This sets the stage for evolutionary development in Central America—an associative microfinance system that is not only stable but capable of replication and accelerated growth.

Chiku Malunga, Capacity Development Consultancies (CADECO)

Mr. Malunga formed CADECO to assemble the power needed to address issues that he believed were not being addressed by other capacity-building organizations. CADECO's vision of an ideal NGO was built on the answers to basic questions about impact, sustainability, collaboration, and the task environment.

Creating a holistic system. Comparing organizations to a "living system, like a human being," Mr. Malunga stressed the need to have three intersecting components: "Being" (Sustainability), "Doing" (Impact), and "Relating" (Collaboration). "Where you are going," he said, "depends a lot on how you relate with others." The organization must make lasting changes in the lives of the people it serves and must ensure that it can perpetuate itself for as long as needed by the people it serves. Building value-added relationships with other NGOs, corporations, government, and faith-based organizations is part of this vision. Organizations must also interact with political, economical, socio-cultural, and technological factors.

Organizational development in an indigenous NGO. Mr. Malunga provided the following recommendations for practitioners of organizational development in an indigenous NGO:

- Evolve the scope of work in response to internal and external factors.
- Look beyond NGOs and encourage cross-learning among different types of organizations.
- Understand critical success factors for your type of NGO.
- Involve locals in leadership positions from the beginning.
- Avoid unfair compensation systems between local and expatriate staff.
- Think through succession and transition to local leadership and ownership.
- Avoid contradictory policies (e.g., on organizational sustainability).
- Use contextualized models and frameworks.

CADECO—a local capacity-building service provider. In response to lessons he learned from research and from working in organizations that were short-sighted and non-strategic in their community development work, Mr. Malunga made sure that CADECO's mission statement was market-oriented, clear, and focused, and "more organization than project conscious." Personnel assuming management positions are required to be well versed in organizational development practices, and CADECO incorporates a unified remuneration system and cross-fertilization with other institutions as part of its approach. The organization's founders even engage in introspective examination of their own evolving roles as CADECO grows and develops, so as to not stand in the way of the organization's development.

The need for cross-learning. CADECO encourages cross-learning by:

- Encouraging NGOs to diversify their boards by including government and private sector representatives.
- Strengthening district executive committees in which heads of organizations (NGOs, CBOs, government and private sector) meet regularly to discuss district development issues and implement joint projects.

- Involving private sector and government representatives to provide input into individual NGO interventions, such as strategic plans, annual reviews, and organizational assessments.
- Deliberately involving participants from the different sectors in joint learning programs.

Exploring new models and frameworks. CADECO has experimented with using its own African cultural heritage (its proverbs) as a tool for organizational change. Mr. Malunga has published a book, *Understanding Organizational Sustainability through African Proverbs: Insights for Leaders of Change*. He concluded by describing a good NGO in today's world as one which is financially and organizationally sustainable, makes an impact in its chosen area of work, gains from the synergy of effective collaboration, and responds appropriately to changes in its task environment.

> "When spider webs unite, they can tie up a lion."
>
> "A monkey who tried to get three mangoes from three different branches in a tree at the same time fell on its back."
>
> —African proverbs

Questions to Panel

A questioner from the National Association for the Prevention of Starvation noted problems he was having getting into the Sudan.

Ms. Jambo responded that is not difficult to get into the Sudan and that organizations can go through the Sudan RCC (Revolutionary Command Council), which is in charge of NGOs that wish to enter the country. She added that the NESI-Network is embarking on partnerships with different organizations as it moves into a rehabilitation/recovery role and welcomes others to join on board.

In a moving scene, a participant who was a Muslim from Northern Sudan stood and said that he wanted to apologize to Suzanne Jambo for the tragic treatment of her people in Southern Sudan. Walking to the front, he embraced her. The participants, greatly moved, responded to this gesture of reconciliation with a standing ovation. He added that he was a doctor and was donating quantities of medical supplies to Suzanne Jambo's NESI-Network.

A participant from a Latin American organization said that because she was engaged in creating a means for partners to build capital locally, she was interested in the idea of socially responsible investments.

Mr. Hildebrand responded that no- or low-interest loans made for a social purpose are available. While still a new movement, a number of foundations, religious organizations, and associations around the United States are currently looking for places to make investments rather than donations.

A participant agreed with Mr. Hildebrand that while it is important that the North respect the South, there must still be a way to hold the southern organizations accountable for their activities, in compliance with reporting requirements to USAID.

Mr. Hildebrand responded that Katalysis' proposals are always developed jointly between the North and South, with agreements signed by both to ensure compliance with regard to reporting, audits, and other requirements, once the funding comes through. At Katalysis, the

North and South jointly derived measures for meeting performance goals. When requirements and restrictions are specified, written out, and agreed to, they form the basis of a recognized commitment.

A participant from the Better Children's Fund in Nicaragua asked Mr. Brown how Oxfam America's (OA's) private donors responded to the organization's move from a grassroots to a media arena, and whether there was any resistance.

Mr. Brown responded that while some of OA's donors were clearly concerned about the reorganization, they proved a loyal group of supporters. It was important that OA kept up its grassroots work and helped new donors understand the significance of policy campaigns. The transition actually helped, not hindered, fundraising.

Another questioner from Africa asked the panel how to effect the support of the donor community to really help sustain efforts, particularly in the face of differing ideologies.

Mr. Malunga responded that in terms of support it is useful to come up with frameworks that are relevant to the African context and to derive alternatives to those currently available.

"Knowledge is like a boabab tree—no one person alone can embrace its huge trunk."

—African proverb

(i.e., many sources of knowledge are needed, and while much can come from one, the offer of extra hands is essential to encircle knowledge).

Dr. Bryant asked him to tell those assembled about his use of the proverb about the Baobab tree, as he had told it to a Pact audience on the preceding evening. He did that (see box) and added that the knowledge needed could not come from one source or culture but only through all of us working together.

A participant from a law firm doing work for NGOs and PVOs questioned the distinction and the blurring of the two terms, noting that PVOs no longer occupy their special place within USAID. She then asked for clarification of the role of traditional PVOs.

Mr. Hildebrand stated that the blurring of roles is one of the issues that makes everyone question the relevance of NGOs and PVOs. "There are many changes we have to keep abreast of," he said, noting the importance of continuing to respond to evolving needs and changing roles. "If we're relevant, it won't be USAID that makes the difference in our lives," he added. USAID is currently reexamining its mission and clarifying its role to be as useful as possible.

"While it is real useful to have money, the critical issue is how to catalyze reorganization, how to change effectively and evolve into new systems for productive change. How do we evolve our organizations to be real catalysts for change grounded in the energies of civil society and not in the grants of government."

—L. David Brown, Hauser Center for Nonprofit Organizations, Harvard University

Mr. Brown said it is critically important to transfer ownership to people involved in development, identifying this as a major theme of the panel (e.g., building an NGO network in Sudan, Katalysis' evolution into a southern-driven organization, OA reinventing itself to be a resource on international and national levels). He said the critical issue is how to catalyze reorganization and how to effectively evolve into new systems for productive change.

Ms. Jambo responded that her organization knows how to survive by sticking to its identity and vision as it works alongside others. Over the years, NESI-Network has looked for international donors with a similar vision and similar ideologies, which takes much research.

Dr. Bryant closed the two panels, thanking them for their – and the audience's – important work in reducing poverty and building a better future.

Summary

Drawing from their own organizations' experiences, the panel offered some solutions to challenges discussed in the first panel, highlighting the following themes:

- The importance and growing role of networks.
- The prevalence of conflict and its effects.
- The growing competition between northern and southern NGOs for scarce resources.

Breakout Session A—USAID 101: An Introduction to USAID for New PVOs

Mary Newton, PVC-ASHA (Moderator)
Jean Horton, Ombudsman, USAID
Parrie Henderson-O'Keefe, Bureau for Policy, Planning and Coordination, USAID

This session was designed to help PVOs work effectively with USAID. The facilitators provided an overview of USAID's role, structure, priorities, and operating principles. Grant applications procedures were highlighted, followed by a discussion of what makes an effective grant submission.

Overview

- USAID is subject to the Government Performance and Results Act. It develops Strategic Objectives (SOs) and a Results Framework for each country in which it conducts activities. The SOs are USAID's "basic unit of accounting."
- USAID's budget process is complex, and the agency manages budgets for multiple years simultaneously. Many steps must be taken before USAID can obligate money to an activity.
- Based on government priorities and other factors, USAID guides missions in the projects they must focus on in order to achieve or maintain funding. Missions must track outcomes and report on them to USAID.

Funding Processes

- Funding may be obligated through a Strategic Objective Agreement (SOAG), or may be granted directly to the host country government. Funding is obtained through a competitive process of grant applications. The bidding process includes three steps: (1) solicitation of applications, (2) evaluation of applications received, and (3) discussion and selection of grantees.
- There are two channels for applicants to learn about bidding opportunities:
  - Annual Program Statement (APS), open for a minimum of six months.
  - Request for Application (RFA), open for a minimum of 30 days.
- Applicants do not need to have prior USAID experience.
- Applicants must pay strict attention to the criteria called for in the bid and should provide a clear description of the proposed activity. The grant application must describe an exit plan and mechanisms for native peoples to sustain the program.
- Applicants must be willing to partner with other entities.

Reporting Processes

- USAID is obligated to report on the status of funded activities to Congress, the Administration, the Office of Management and Budget, and U.S. taxpayers.
- USAID measures progress through Performance Management Plans (PMP); quarterly reports from PVO partners; portfolio reviews, which examine all work in a given country; annual reports; and evaluations.
- Grantees are closely involved in the reporting process.

PVO Registration

Registered PVOs must adhere to the annual document submission requirement. Timely reporting is necessary to avoid any interruptions in receipt of assistance resources such as grants, cooperative agreements, and subventions. Further, registered organizations should submit annual documents 180 days, or six months, after its fiscal year end, or within nine months if undergoing an A-133 audit. USAID has made several changes involving AID-Form 1550-2 that have been approved by OMB. USAID will issue guidance on changes to the 20 percent "privateness" requirement. Information can be obtained from the website at: www.usaid.gov, keyword: "PVO Registration."

Discussion, Session 1

Participants asked a number of questions about the online resources available to them in the grant-application process, such as location of SOs and business opportunities. Speakers provided a list of appropriate websites: www.usaid.gov (click on "Our Work," "Location," and "Policy") and www.usaid.gov (click on "Business Opportunities").

Participants raised a number of questions about the grant application process. Clarification was made that it is not possible to submit additional materials after the original application has been filed. Additionally, although funding may be requested for an activity not included in an APS or RFA, such requests are strongly discouraged. Facilitators also noted that PVC-ASHA's Matching Grants program has been phased out.

Evaluation of grant applications was another topic that elicited several questions. Participants were told that grant applications are evaluated by both internal and external reviewers, and that applicants may request a debriefing if their program is not selected for funding. USAID does not publish a list of winning grantees.

One participant raised a common perception that it is easier to work with USAID missions in the field than with the Washington office, asking for clarification of the relationship between USAID headquarters and the field offices. Facilitators answered that the field missions and Washington offices are all doing the same work: trying to meet SOs. In response to another question, they clarified that USAID and the Millennium Challenge Corporation are complementary rather than competitive organizations.

A participant asked whether USAID channeled funds to the military for distribution. The answer was that USAID did not operate in such a manner.

Discussion, Session 2

In response to questions about the average length of the PVO registration process and mission strategies, session facilitators said registration for a new PVO generally takes six to eight weeks. Mission strategies range from three to eight years (five years on average).

Responding to a complaint from one attendee, facilitators observed that application deadlines are publicized well in advance and should provide sufficient time for applicants to prepare and submit their proposals.

The session leaders were also asked whether there had been a philosophical shift in the way USAID funds are allocated. They replied that grant awards are subject to the availability of funds and are influenced by world events. The response to an observation that some organizations appear to know about RFAs before they are published was that incumbent grantees would know about additional bidding rounds planned to occur upon expiration of their current grants.

When asked whether USAID provided training for new grantees, facilitator responded that the Agency was considering such training. They also stated that USAID could not endorse or comment on private workshops offered on navigating the grant-application process.

Breakout Session B—Keys to Effective PVO/NGO Collaboration

Carolyn Long, Facilitator

This session explored essential elements of successful collaborative relationships between PVOs and NGOs and drew upon the experiences of workshop participants to determine which factors facilitate or constrain such collaborative work and under what conditions.

Definition of Terms

To establish a common vocabulary and understanding, the facilitator defined key terms:

- **Collaboration:** A relationship between a PVO and an NGO that enables each to produce development results not achievable by either organization on its own. Effective collaboration is characterized by mutual trust, respect, accountability, and transparency.
- **NGO:** Although applied generically to all non-governmental organizations, for the purposes of this session an NGO was defined as a local non-governmental organization based in a developing nation.
- **PVO:** A term coined by USAID for a U.S.-based, private voluntary organization engaged in international humanitarian and development assistance.

Major Constraints to PVO/NGO Collaboration

- The hierarchical nature of donor-funded collaboration. The one-way, downward flow of money (i.e., from donor to PVO to NGO to the community served) is the overarching constraint on collaboration. While money flows down the chain, accountability flows one way—up. The facilitator recommended that this power imbalance be corrected in collaborative relationships.
- PVO-established structures, procedures, and requirements. In general, larger PVOs place more restrictions on collaborative projects and have inflexible procedures. PVOs can sometimes be as restrictive as donors.
- Efforts to meet multiple goals in a limited amount of time. Tension often arises in a collaborative project when participants expect to meet development goals while simultaneously building organizational capacity. While improving technical capacity is usually an appropriate part of a collaboration, NGOs that desire to improve their organizational capacity within a collaboration are being unrealistic, especially given grants of limited duration.
- There is a real dearth of research on how donor-driven money chains affect NGOs.

Discussion Groups

The facilitator invited participants to share their experiences in coping with and changing hierarchical donor-PVO-NGO relationships. Discussion groups were formed to identify and discuss problems or successes stemming from participants' own collaborative experiences, and to share how problems were resolved or successes achieved. Participants were also asked to develop recommendations to help donors, U.S. PVOs, and local NGOs to promote equitable collaborative arrangements. Each group received a chart showing the phases of a grant-funded project cycle to help them identify where problems had occurred.

Group Reports – Session 1

- **Challenge:** NGOs can face pressure from a donor to conduct a project in a manner that would compromise the NGO's values. "We must decide whether to choose the money or the value," in the words of one participant. **Recommendations:** Get to know your partner before launching the project. An NGO should make its values clear to donors and PVOs at the outset, then develop long-term relationships based on this understanding. The facilitator noted that this is best carried out at the pre-project phase.
- **Challenge:** Differences can emerge between project expectations and that which actually occurs at the implementation stage due to differences in language, culture, resource constraints, etc. **Recommendations:** "Put the ugly part on the table" and discuss cross-cultural differences or technical issues during the pre-project phase. Have true, heartfelt discussions at the beginning.
- **Challenge:** Disagreement can emerge over who takes the lead, who follows, and how resources will be used, particularly when organizations differ significantly in size. **Recommendations:** Clarify each party's vision for the collaboration at the beginning. A memorandum of understanding (MOU) that is reviewed by each partner's attorney is critical to establishing an equitable collaboration. Establish transparency and accountability through checkpoint reviews at each step of the project.
- **Challenge:** The PVO in a collaboration wants more accountability from its NGO partner. **Recommendations:** Accountability must flow both ways. A PVO must follow the same accountability standards it expects from an NGO and must clarify these standards clearly at the outset. PVOs must demonstrate that they are working as equals before demanding "Western" (donor) standards in technical and financial accountability.
- **Challenge:** An NGO is unable to implement a project as it was designed because it lacks the organizational mechanisms to manage resources and meet accountability requirements. **Recommendations:** Do not rush into a collaboration due to time constraints. The local NGO—and most importantly, the beneficiary communities—should play a major role in project design so that all organizations share the same vision; also, partners must maintain transparency regarding finances, capacity, and the resources each can bring to the table. PVOs may have to strengthen the organizational capacity of an NGO before collaborating on a project.

Additional insights:

- NGOs may have difficulty articulating and advocating for goals.
- Collaborative relationships should promote self-sufficiency, not dependency, so that those who are served can sustain a project's benefits into the future.

- Collaborations will improve when PVOs consider how they can advance their partners' interests as well as their own.

Group Reports – Session 2

- **Challenge:** Many project difficulties can be traced to the lack of effective monitoring and evaluation (M&E) and the need for organizational capacity building. While M&E is an effective management tool, inexperienced organizations—whether PVO or NGO—may lack the training to conduct this phase of a project. **Recommendations:** Explore your partner's capacity to conduct effective M&E. If the organization lacks the necessary expertise, assist the group in building the capacity.
- **Challenge:** The donor lacks a realistic understanding of project costs and/or the budget fails to accurately estimate costs. **Recommendations:** Estimating project costs can be complicated by factors like exchange rates and lack of supplies that cannot be obtained locally. Organizations must be diligent about estimating budgets according to real-life costs and to convey these costs clearly to the donor.
- **Challenge:** M&E standards are often imposed on the NGO by donors with different requirements and priorities. **Recommendations:** Team with partners who have similar goals.
- **Challenge:** PVO/NGO partners can have conflicting priorities that are exacerbated by pressure to produce results for a donor. This can hinder effective capacity building, which requires time and patience. **Recommendations:** Close collaboration at the beginning of a project is critical and should include personal meetings and effective communication with donors and at the grassroots level. Partners must establish a conflict resolution mechanism in advance that provides for arbitration rather than the granting of veto power to one partner.

Elements of Effective Partnerships

- Choose partners carefully despite time pressure to get a proposal written and the program under way. It is better to bypass a proposal opportunity in order to take the time needed to vet a partner. If possible, perform smaller activities together before signing up for a full-blown project.
- Design projects together, drawing the affected community into the decision-making process and engaging them to discover what they really need and want.
- Negotiate with the donor as a PVO/NGO team to gain as much flexibility as possible.
- Maintain clarity and transparency throughout the project cycle, especially if there are many requirements. Address conflicts and problems promptly to avoid the resentments that occur when difficult discussions are put off. Share budget and overhead information.
- Communicate constantly and effectively. If possible, use the Internet to facilitate communications between the field and headquarters.
- Monitor continuously. Monitoring should be viewed as a management tool and not as a threat. Monitoring responsibility should be shared among NGOs and PVOs and the communities.
- Keep learning together!

Breakout Session C—NGO Networks: The Impact of Networks on NGO Capacity

Claudia Liebler, Consultant (Co-Facilitator)
Jeff Kwaterski, Pact (Co-Facilitator)
Suzanne Jambo, New Sudan Indigenous NGO Network (NESI-Network)
Karen Romano, Project Concern International (PCI)

This interactive workshop presented the latest thinking and practice on how networks improve NGO organizational development, advocacy, and performance, and discussed ways to promote future learning and collaboration. The speakers provided an overview of a recent study on NGO networks and summaries of three different NGO networks.

The presenters and participants then met in four breakout groups to discuss their work in more detail. At the end of the session, the facilitator invited participation in an ongoing dialog and collaboration regarding NGO networks. Those interested were asked to provide their contact information and to suggest topics for further discussion and research. More than 40 people submitted their names, contact information, and priority themes for further discussion. A synopsis of these topics is included following the speaker summaries.

NGO Networks: Building Capacity in a Changing World

(Claudia Liebler)

- Networks are firmly entrenched in all aspects of society. Many donors, including USAID, have long acknowledged the utility of networks.
- USAID/PVC recently commissioned a study on the contribution of networks to building NGO capacity. The study addressed six key questions: What is the impetus for network formation? What are the perceived benefits of networking? What role can networks play in fragile environments? How can donors best support networks? What factors characterize networks that build capacity? What is the perceived impact of networks on NGO capacity? (The last question was the major focus of the study.)
- All networks share a core set of underlying principles, but they are established for many reasons and take many forms, such as communities of practice, knowledge networks, sectoral networks, social change/advocacy networks, and service delivery networks.
- The researchers proposed a framework for describing NGO capacity that includes two categories: “standard” and “generative” capacities. Standard capacities are those that are traditionally assessed in organizational development, including external capacity, internal capacity, and technical capacity.
- The category of “generative” capacities emerged during the course of the study. Generative capacities include important skills that today’s NGOs need to master, such as learning how to lead in new ways (including leadership with colleagues and peers), learning how to work across boundaries, learning how to learn, and accessing the potential of technology.
- This preliminary study suggests that networks make a relatively minor contribution to building internal capacity, but they can have a significant impact on building external and technical capacity. The study also suggests that the potential for effective networks to build the generative capacity of their members is very high.
- Networks appear to be an effective way to address many of the familiar challenges to building NGO capacity because they provide a multi-directional flow of expertise, are

demand driven, value and support local knowledge, allow for knowledge creation, and build the generative capacity of their members. The emergence of networks could potentially make traditional forms of capacity building obsolete.

Africa KidSAFE Network, Zambia

(Karen Romano)

- The Africa KidSAFE Network was created in 2000 by Project Concern International (PCI), a health PVO, and a local CBO, Fountain of Hope, to provide shelter, advocacy, food, education, and other services for street children in Lusaka, Zambia. The goal of the network is to create a "safety net" for these children by linking CBOs and FBOs, mobilizing new resources, improving provider skills and capacity, and advocating on behalf of children.
- KidSAFE member organizations include a wide range of CBOs and FBOs working with children in Zambia. Linkages between these groups are essential, because no single organization can provide the full range of services needed.
- KidSAFE has strong relationships with collaborating partners, including government ministries, international organizations and donors, and the local private sector. These linkages are critical to the network's success.
- The network approach has strengthened teamwork and referral systems among member organizations, which together have standardized child intake forms, created a centralized database to track children in the system, and conducted collaborative research to identify needs and coordinate service delivery. KidSAFE has also mobilized new resources to reach more children.
- KidSAFE has been instrumental in strengthening the technical capacity of its member organizations, especially in the area of training for child and youth care workers. A professional association of childcare workers formed by KidSAFE trainees will play an important role in upgrading and ensuring the application of desperately needed professional qualifications and standards.
- KidSAFE has been successful in helping to build a safety net of services for street children in Lusaka. This success prompted USAID to provide funding to replicate the model in several major urban centers in Zambia (2005-2007). PCI will continue its efforts to strengthen KidSAFE alliances to ensure the network sustainability.

The Mexican Conservation Learning Network

(Jeff Kwaterski)

- The Mexican Conservation Learning Network (MCLN) was formed to improve biodiversity conservation by strengthening the performance of conservation organizations and practitioners. The Mexican Conservation Foundation and The Nature Conservancy were struggling to achieve their capacity building objectives through traditional training and technical assistance. Pact partnered with them to create a new approach that focused on networked approaches to learning.
- The organizers used the terms "learning initiative" and "communities of practice" to avoid the impression that they were creating new networks. The initiative helped to create trust and connections among existing networks by highlighting and supporting the thematic communities embedded in each.

- Core elements of the network are:
  - Thematic communities of practice to support learning and capacity building across existing networks.
  - Knowledge mapping to determine who is doing what.
  - Organizational capacity assessments to determine what is needed.
  - Flexible training and technical assistance to be responsive to emergent needs.
  - Information and knowledge networking to share expertise.
  - Web-based community collaboration tools to facilitate peer-to-peer communication.
- "Communities of Practice" are defined by Etienne Wenger as "… groups of people who share a concern, a set of problems, or a passion about a topic, and who deepen their knowledge and expertise in this area by interacting on an ongoing basis."
- Creating communities of practice is enhanced by identifying existing groups and then identifying key thematic issues, based on shared concerns, priorities, and interests.
- MCLN includes four communities of practice: Forest Fire Management, Natural Protected Areas, Water Conservation, and Mexican Conservation Networks. The Forest Fire Management community of practice was established shortly after a series of forest fires. USAID had a particular interest in this issue and provided funding for a half-time coordinator, demonstrating that building a solid base to support learning can attract donors who are interested in funding a particular thematic issue.
- Numerous lessons have been learned through this initiative:
  - Communities of practice should be designed for evolution.
  - There are many communities embedded within networks.
  - Don't over plan; communities of practice are emergent in nature – organizers should focus on creating the enabling conditions.
  - Start by building communities of practice around priority topics.
  - Allow different levels of participation.
  - Leadership matters; staff members of member organizations will only be able to participate if their executive directors are on board.
  - Consider the degree of formality that is needed.
  - Technology should be used to empower and should not be a crutch.
  - Relationships within communities of practice should be peer-to-peer.

New Sudan Indigenous NGO Network (NESI-Network)

(Suzanne Jambo)

- Indigenous NGOs in South Sudan face many challenges. South Sudan is a large geographic area with many different ethnic groups. The physical and institutional infrastructure has been destroyed by 40 years of war, and fear and insecurity are daily facts of life. The illiteracy rate in the region is 90 percent.
- Most of the indigenous NGOs were created by displaced South Sudanese who grew up abroad and wanted to contribute to their community. The Sudanese diaspora provides most of the human and financial resources for these organizations.
- Networks are essential in conflict-affected areas because they provide a means for indigenous organizations to reclaim power and legitimacy. Non-state entities have difficulty getting funds from donors and must develop creative approaches for capacity building.

- NESI-Network was created in March 2000 to create a strong, unified voice for indigenous NGOs in South Sudan. The network enables indigenous NGOs to share information and communicate across a large geographic area. It serves as an important link between indigenous organizations and the world, including the donor community.
- Advocacy for lasting peace is a cross-cutting issue that links member organizations and is a key element of the network's seven-year strategic plan. NESI-Network believes that peace must be incorporated into every aspect of life and is putting pressure on the international community and the warring parties to take peace seriously.
- NESI-Network also advocates for quality services from international agencies. The network believes that providing assistance without consulting local groups to determine what people need and want is a violation of human rights.
- NESI-Network enables indigenous organizations to work more effectively with international donors by identifying training needs, harmonizing reporting, and explaining the realities and needs of organizations in South Sudan so that donors can understand the context in which assistance is provided and the difficulties potentially faced in delivering services.

Topics of Interest Expressed by Conference Participants

Participants identified multiple topics as priority areas for further discussion. These included sharing lessons on key success factors for communities of practice and gaining access to studies and related information on networks, including how to form them and how to promote the dissemination of innovations. Rural development with local NGOs was another area of interest, as was human capacity development and capacity building strategies in general—along with a means to measure and assess them. Participants also expressed interest in strategies for sustaining a pilot program and for finding a good balance between civil society, government, and donors—to create a productive network. Means to evaluate network effectiveness and methods to improve relations with local people were other identified topics. Several participants wanted to know more about the key success factors that generate impact and create successful, sustainable networks. Participants also noted several sector-specific topics of interest.

Breakout Session D—Organizational Development in Conflict-Affected Areas

Larry Cooley, Management Systems International (Moderator)
Luis Da Costa Ximenes, Planning Assistance, East Timor
Brian Peniston, The Mountain Institute, Nepal
Emmanuel Bombande, West Africa Network for Peace Building
Evan Bloom, Pact

The issue of conflict has become a dominant motif in development. This workshop focused on how to conduct meaningful capacity building in organizations operating in conflict-affected environments. The session included case history presentations, a discussion of networking, identification of emerging themes, and general discussion. A major question was whether all cases are context-specific, or if generalizations can be made.

Case History – East Timor

(Luis Da Costa Ximenes)

- Timor has been independent since 2002, when the war for independence was won. Conflict and poverty remain, and as people rebuild they must coordinate with donors, government, and international organizations.
- Four major challenges have emerged:
  - Transparency: Agreements between donors and recipients are not always clear or adhered to, which affects openness and trust among participants.
  - Lack of rules for NGOs: In the absence of regulation, many organizations create their own structures and standards, which can lead to misunderstandings.
  - Weak political context: The lack of a strong, trusting relationship between civil society and government makes it difficult to build local capacity.
  - Problematic donor roles: When donors impose their own priorities, recipients work to the grant rather than building their own capacity and vision.

Case History – Nepal

(Brian Peniston)

- The Mountain Institute (TMI) works in eastern Nepal to encourage biodiversity and support sustainable livelihoods. Since 1996, conflicts with Maoist insurgents have left 12,000 dead, destroyed communications, and damaged or destroyed infrastructure. The government military response has been heavy-handed, and has often made things worse. NGOs have suffered bombings and kidnappings and have had to adapt to an unstable environment.
- TMI was forced to adapt its development program to this emerging conflict situation. It adopted an "adaptive management approach," which emphasizes flexibility. To avoid being caught between the Maoists and government security forces, TMI keeps a lower profile. It now hires and trains almost all local staff and has eliminated its expatriate field presence. Decision-making has been placed in the hands of local partners and community organizations, which slows the pace of implementation, but enhances the potential for long-term sustainability.
- TMI has become almost totally transparent, especially in budgeting. Communities work within a budget ceiling, which addresses trust issues and provides a sense of local ownership. This has been critical, because Maoists have demanded project funds to support their efforts. The villagers are better able to refuse these demands than NGOs would be.
- The NGOs in Nepal have created an umbrella organization that has developed standard operating guidelines and procedures. By operating collectively, they can speak with a common voice and can refuse to pay extortion funds.

Networking – West Africa

(Emmanuel Bombande)

- Although West Africa has great natural resources, the countries in this region remain poor due to conflict. War becomes a daily reality that influences how organizations are set up and how credibility is achieved.

- Context and environmental constraints inform how an organization grows and how it responds to conflict. As conflicts increase in West Africa, NGOs are emerging as key players. Organizational development in this environment must take into account history, distrust, and the need for neutral, nonpartisan mediators. Because NGOs can be flexible, innovative, and responsive, they are ideally positioned to be neutral and bring peace.
- Networking is not always the easiest way to work, but it is both a best practice and an effective strategy for conflict-affected areas.
  - The combined expertise of member organizations leads to effective programs.
  - Networking allows NGOs to minimize duplication of efforts, maximize resources, increase leverage, and draw the attention of policymakers.
  - Networks provide cross-fertilization, which enables NGOs to share experiences and integrate staff development so that there is consistent management across organizations.
  - Networking provides clear roles for local, regional, and national organizations, which fosters efficiency and organizational growth.
  - In multi-sectoral programs, networks provide opportunities for everyone to play a part.

Discussion

The facilitator asked if participants could begin to differentiate between general strategies and tactics. The discussion resulted in the following observations:

- Trust and credibility (social capital) are fundamental and must be assumed to be absent in virtually all post-conflict OD efforts. Every possible device should be sought to deepen these within and between organizations. In a similar way, enabling environments are fragile, corruption is widespread and insecurity pervades most aspects of NGO activity; OD strategies should be designed to reflect these considerations and to address them wherever possible.
- In conflict, prone and fragile environments, OD and governance have important roles to play inter-organizationally, as well as within individual organizations. Host country governments are typically very weak in such countries. This requires the NGO community to be self-organizing, self-regulating and to perform many of the functions governments might perform in other settings. Sometimes this involves creation of boundary-spanning mechanisms, such as task forces, networks and APEX groups, and sometimes individual organizations take the lead on behalf of the overall NGO community.
- The panelists spoke of the need for flexibility, innovation and contingency planning when doing OD in conflict settings, but also stressed the importance – particularly in the absence of effective host country rules and institutions – of clearly articulated, codified and agreed sector-wide principles and standards for NGOs. For example, it was noted that broad agreements among all NGOs not to pay extortion to rebels increased the ability of individual organizations to resist the pressure to make such payments.
- Context is critical in all development efforts but is particularly so in conflict-prone environments. Simple transfer and replication of interventions from other settings is almost never viable in these settings.
- Systematic and locally-informed analysis of the root causes of conflict and sources of conflict vulnerability are essential for all OD efforts in conflict-prone settings, even if the intervention's primary intent is not conflict prevention, management or mitigation. In doing such analysis, particular care should be taken when assigning labels. For example, what some call a religious conflict might be better understood as a conflict over resources. In

addition, organizations may think they are nonpartisan, but they may be perceived as being aligned with a particular side.

- “Neutrality” is a very elusive concept. Some suggested that “even-handedness” or “balance” were more realistic goals. It was suggested by several that networks and alliances – a “big tent” -- can be effective mechanisms for achieving this balance even in settings where individual organizations are assumed to have biases on one side or the other of a conflict.
- Ironically, conflict sometimes requires international NGOs to accelerate the application of international best practices on issues such as budget transparency, community ownership, flexibility and self-reliance.
- Gender issues are particularly important in conflict-prone settings but are often neglected in both program delivery and organizational development efforts.
- Insecurity affects many aspects of day-to-day operations and needs to be reflected in organizations’ management systems and procedures. For example, if staff members cannot get into their offices, there should be provisions for them to work from home. Transparency helps with security, as does a clear demarcation such that individual workers can be identified with specific programs.
- Training programs (e.g., overtraining), staffing configurations (e.g., double-encumbering), and process documentation (e.g., clear manuals) need to anticipate the reality of high turnover in personnel in conflict-affected areas.
- Although most people emphasized the importance of international actors taking a low profile when doing OD or service provision in conflict-prone settings, examples were also cited where a high profile international presence provided needed legitimacy or protection for local actors.
- Conflict normally ebbs and flows in unpredictable ways. OD efforts are most likely to be effective if they are flexible enough to respond to periodic windows of opportunity.

Discussion Session A: Potential PVO Contributions to Research on NGOs and Organizational Development

Emily McPhie, PVC-ASHA, USAID (Co-Facilitator)
Dana Ott, PVC-ASHA, USAID (Co-Facilitator)

This interactive discussion provided an overview of the PVC research agenda and explored participant interest in the topics outlined in the draft Annual Program Statement (APS). The goal of the discussion was to determine whether NGOs would be interested in pursuing the topics identified by PVC and whether they could submit a research proposal based on the APS.

Overview

- PVC’s current focus is to serve as a center of learning in organizational development to promote sustainable, effective, and accountable local NGOs. PVC is in the process of reviewing and analyzing documents and evaluations from past grant and technical assistance programs to cull lessons learned about organizational development. It has also funded preliminary studies on PVO/NGO mechanisms and networks. The draft APS identified a number of key topics for further research:
  - PVO/NGO Mechanisms

  - Networks
  - Organizational best practices
  - Success and sustainability of local NGOs
  - NGO's role in sustainability
  - NGOs in transition
  - NGOs in other currently widespread circumstances (e.g., HIV/AIDS, sudden change in economic conditions)
  - NGOs in a democratic transition
  - NGOs and ethnicity

- The objective of the proposed research is to gather information on best practices and lessons learned that could help USAID, PVOs and the donor community work more effectively at the local level. It is not known how much money will be available to fund such research.

Discussion

A participant asked how PVC would use the information provided by NGOs. The facilitators replied that it would depend on what was submitted. Information pertaining to lessons learned or organizational development tools developed by NGOs would be included in the Knowledge Inventory and disseminated to the larger community.

Information gathered through this research will be disseminated widely through publications and other outreach mechanisms. The Knowledge Inventory was created to make lessons learned through USAID and PVC initiatives easily accessible to NGOs. The database can be searched online by topic, geographic region, and specific text. Search results provide links to documents, including order forms for documents that are not available online. Users can e-mail search results to themselves or others. The Knowledge Inventory is not intended to duplicate other online tools, such as NGOConnect.NET. PVC would welcome feedback on this new tool.

The facilitators were asked to clarify whether information submitted to PVC must be drawn from USAID-funded programs and whether new topics were equally valuable as those on the list. They replied that PVC is seeking lessons learned from any source; it is primarily interested in the topics on the list, but will consider additional ones.

One participant noted that many of the organizational development issues that affect NGOs are not new, but they still impact effectiveness. At the local level, it often seems as if no one is listening. He asked what the implications of this research would be for NGOs and stakeholders. The facilitators replied that, for the immediate future, the information obtained through this research would be used to inform USAID-funded initiatives. In the long run, PVC hopes that the information will be disseminated widely to other donors and NGOs. The facilitators also stated that PVC believes that NGOs have organizational issues in common across sectors and that NGOs could become more sustainable if there was a common language to talk about organizational development. PVC hopes to raise the profile of these issues—and perhaps obtain more funding to address them—by developing a more systematic body of knowledge in this area.

PVC-ASHA Director Judith Gilmore noted that when talking about research, it is important to talk about outreach and dissemination. PVC needs to communicate effectively with missions and other donors so that the information gained through this research will be used appropriately. To that end, PVC seeks the help of PVOs and local NGOs to ensure that this research is of value to them.

A participant who had attended the session on NGOs in conflict-affected areas asked whether the issue of NGOs in areas of instability would be included in other topics and suggested that this issue might deserve its own category. The facilitators replied that PVC is trying to understand how NGOs function in all settings. The purpose of the proposed research is to encourage broader thinking across the spectrum, and to avoid thinking in terms of categories such as "stability" and "instability."

A representative of the Academy for Educational Development noted that PVC's Capable Partners program recently conducted a pilot workshop on how to integrate monitoring and evaluation to enhance programming in conflict-affected areas. A report on this workshop will be posted on NGOConnect.NET in the near future.

A participant wondered if funding to implement organizational development would be available in the next three to five years. The facilitators stated that since USAID considers organizational development as a means to an end, funds for that purpose would probably not be available. PVC would like to see organizational development included in the overall budget for every program. The facilitators added that USAID funding often comes with earmarks regarding how the funds may be used. In the near future, funds are likely to be more constrained. NGOs need to think creatively about how to leverage available funds to achieve program goals, including organizational development.

One participant stated that, in his experience, most indigenous organizations are informal and relationship-oriented, with cultural and religious issues often playing a significant role. As a result, local NGOs often defy prevalent models of organizational development and make traditional tools irrelevant. The facilitators replied that the literature seems to show that most approaches have been top-down and Western-oriented, which is not necessarily sustainable. PVC is interested in learning how to encourage local organizations to be "local" and thus relevant, while still being comprehensible to donors so they can invest their funds with confidence.

A question was raised regarding the extent to which NGOs on the ground could be expected to make the case for organizational development needs. The facilitators acknowledged that while there was often a conflict between demands in the field and policy directives at the agency level, most missions recognize that local NGOs are interested in organizational development. PVC is moving toward a more demand-driven approach that enables missions to make resources available in the field. The facilitators noted that the objective of organizational development is improved service delivery, which in turn helps to maintain the results that missions want to achieve. Most missions recognize this benefit.

The facilitators were asked if PVC would conduct an impact assessment of NGO capacity-building efforts. They responded that "capacity building" is a very broad term. At present, there is no systematic way of assessing it, and little understanding of what the term means. One of the purposes of the proposed research is to encourage NGOs to share their ideas and experiences—and their definition of "capacity building" if they have one—in an effort to generate more discussion on this issue.

Many participants expressed their support for the proposed research program, and several noted that it could be very relevant to other donors. One participant suggested that the research should be capacity building in itself and should not be conducted solely by American contractors.

Discussion Session B: PVO Training and Information Needs

Karen Romano, Project Concern International (PCI)(Moderator)
Alton Byers, The Mountain Institute
Charles Patterson, Strategies for International Development
Dan Norell, World Vision

In this panel discussion, USAID sought feedback on its PVO research and training agendas for the purpose of developing more targeted training and associated materials, both to assist the PVO seeking grant funding and to meaningfully assist PVOs in general with their training needs. Summaries of suggested training areas by topic area follow individual panel members' presentations. The session participants divided into small groups, which also provided training recommendations to PVC-ASHA.

Suggested Training for New Applicants

(Dan Norell)

The following training needs were identified as having value for new applicants:

- Include in the RFA the dollar amount offered, the number of organizations that have applied in the past, and the acceptance rate.
- Communicate the requirements for USAID approval of PVO accounting systems for grants and for cooperative agreements with NGOs so as not to incur long wait times for assessments and approvals (e.g., of an NGO's accounting system).
- At the DIMP (Detailed Implementation Plan) Workshop, enable helpful dialog between USAID and grantees on the realities of the project and how the project context has changed since application. Also, discuss how to develop a collegial relationship with the USAID Technical Officer to get updates. By being a colleague instead of a "cop" and working shoulder to shoulder with the PVO, USAID can foster better relationships.
- Share information on trends, such as those related to USAID Global Development Alliance (GDA), private sector's increasing role in development, value chains in microenterprise development thinking, and competitiveness and trade capacity development. What are the "winds of change" within the Agency that could, for instance, help grantees foster closer relationships with the private sector?"
- How can PVOs facilitate good governance through their interaction with civil society in developing countries? Given the new emphasis by USAID on democracy and governance, what programming tools do PVOs need to foster an improved, enabling environment in the countries in which they work?
- Offer training on the new paradigm where corporations, small enterprises, and microenterprises are now sponsoring this work—how do grantees form effective alliances with PVOs and government?

Suggested Training Needs—Implementation Phase

(Alton Byers)

Based on The Mountain Institute's experiences and analysis, the following types of training would be helpful:

- More training in fundraising, fund-leveraging, and fund-matching skills. Recent changes in traditional funding sources and within USAID makes this kind of training more important than ever before. Likewise, learning how to better access the private sector (business and private individual), establish endowments, and strengthen other funding mechanisms would be helpful.
- More coaching on PVO-to-PVO partnerships and networking, particularly with regard to partner selection, budget clarification, contract mechanisms, and conflict management. A daylong workshop on partnership would be useful.
- Organizational development, both traditional (e.g., financial management, strategic planning, fundraising, HQ support for field) and new (e.g., adaptive management). Such training could help PVOs chart new organizational directions as a result of changing global priorities and needs.
- More evaluation training and performance monitoring. PVOs need to move beyond assumptions and popular hypotheses; include applied research as part of the threat analysis and project design phase; establish baseline data and M&E systems capable of measuring change over time; and better identify the linkages between the intervention (e.g., training) and desired result (e.g., improved conservation). However, these skills, while intuitively obvious to the scientist through years of applied research and field work, are proving to be not so simple for the field practitioner used to the "process" models of previous decades.
- More opportunities for PVOs/NGOs to get together to share experiences through thematic workshops—perhaps one of the best mechanisms for learning. This would be a step in the right direction. Note that the capacity to measure project impacts is also more important than ever to today's donors and, in a way, represents another component of PVO sustainability.

Ongoing Training Needs for Grantees

(Charles Patterson)

PVOs need ongoing training to:

- Better understand both the larger and more specific contexts of the program and its mechanics. In other words, while newer grantees definitely need USAID 101, they likely also need USAID 201 and 301 and need it more frequently. Questions pertaining to foreign aid budget for development work, origin and purpose of the USAID-PVC partnership, and differences between the many funding vehicles (e.g., cooperative agreements, grants, RFPs, RFAs, etc.) need elucidating.
- Know more about how to partner with businesses. While this kind of partnering is a good idea, it is not so easy for the average PVO to carry out. Periodic meetings need to occur where PVOs can share best practices and other ideas.
- Understand how to better set objectives and evaluate results. Many NGOs that PVOs are working with cannot show whether sub-intermediary results, such as changes in farmer practices, are sufficient to achieve intermediary results (e.g. changes in productivity and sales) and even whether these changes ever achieve larger objectives, such as increased income. No reliable mechanism exists to measure changes occurring in sexual, social, and industrial practices and their effect on larger desired outcomes. Has the logic of the logical framework been abandoned? What are the best alternatives for evaluating intermediate results?

- Develop better project designs and methods. USAID needs to help PVOs figure out the ends and the means to achieve better designs and methods through incorporation of best practices, innovations, and improvements. What are the best ways of keeping abreast of these?
- Learn how associations of local NGOs can advocate with their local and national governments to effect changes in legislation and government application of the law.

The following summarizes presentations by topic area:

Funding/Financial Management/Organizational Development

The PVO presenters noted that fund leveraging has become more difficult during the past several years and requested training on how to better access private donors and endowments. They suggested that the training take the form of a "funding refresher course." This should include an overview of types of funding, including explanations of the differences among DA, Emergency Funds, OE, etc. Additionally, this training should include a review of funding mechanisms, such as RFAs. Similarly, the presenters indicated a need for information on the general USAID budget context, such as how much annual funding is allocated for the type of work performed by PVOs. The presenters said it would be beneficial to have general financial management training, including training on the differences in accounting requirements for grants vs. cooperative agreements, and training on sustainability strategies, strategic planning, and support for field operations.

Partnerships/Networks

In terms of partnerships, the PVO presenters requested an explanation of USAID's rationale for partnering with private businesses. In addition, they expressed a need for more guidance and clarification concerning expectations, deliverables, budget issues, and USAID's role in resolving potential partnership conflicts. The PVO presenters also indicated a need for training on the lessons for establishing partnerships and how to work more closely with corporations.

In the area of networks, the presenters expressed a need for advocacy training, with a specific focus on how to influence local and national changes in legislation and government regulation. Furthermore, they noted an overall need for training on how to have enhanced alliances between PVOs

Monitoring & Evaluation

Finally, the PVOs indicated a need for further planning, and monitoring and evaluation training. In terms of planning, they requested clarity on the differences among the logical framework, results matrices, and planning matrices. The presenters also requested training on how to make the DIMP process more collegial.

For M&E, the PVO presenters indicated that the establishment of baseline data is still a difficult process for many PVOs. Additionally, they expressed the need for training on how to better capture, refine, and share best practices. Specifically, the PVOs requested that the Agency's Development Experience Clearinghouse (DEC) be reorganized to provide best practices more easily, such as by sector.

Small Group Recommendations

Session participants broke into small groups to come up with a list of training and workshop suggestions for USAID, as well as suggested delivery mechanisms. A representative list follows:

- Communicate basic requirements (e.g., a handbook) to help newer grantees get their "ducks in a row" as far as organizational requirements—i.e., all those things that must be in place before seeking a grant, so as to come to the table appropriately.
- Provide mentoring opportunities, where an "older" PVO is willing to take on a younger PVO for mentoring purposes. Could have a list of potential mentors on the website? Mentoring workshops?
- Consider email alerts for different things.
- Provide training for new grantees during first cycle of grant (i.e. evaluation, monitoring, and results reporting).
- Create systems to monitor product development.
- Provide best practices for the specific type of project being evaluated.
- Allow for the development of short-term, mid-term, and long-term plans, as well as iterations of these.
- Provide training to truly "start up" projects. There is so much to learn, and the established systems are complex and difficult to navigate.
- At the Annual PVO Conferences, include separate sessions for those PVOs that are not yet funded; these sessions could possibly be led by new grantees.

Panel Discussion: U.S. Trends in Standards/Accreditation for PVOs

Measuring organizational capacity has always been a major issue for PVOs. As the nonprofit sector has grown, so has interest in whether common standards for organizational performance should govern management of the voluntary sector, NGOs, and PVOs. Much concern exists about the accountability of these charitable organizations for all the resources collected (e.g., for the tsunami). The expert panel on accreditation and standards addressed these and other issues, offering a variety of perspectives. The panel was moderated by Ann Morison Murphy, Council on Accreditation, who, with the other panelists, is deeply committed to standards development, relevance, and accountability mechanisms and how they inform the answer to "What Makes a Good NGO?"

Amy Coates Madsen, Standards for Excellence Institute

The Standards for Excellence Institute (SEI) facilitates adherence to a set of standards based on certain criteria. It was begun as part of the Maryland Association of Nonprofit Organizations in response to several scandals in the mid-90s, increased scrutiny from the media, growth in the number of nonprofits, growing public distrust, and gaps between expectations and performance.

Based on code of conduct. The SEI program of eight principles and 55 standards is based on a code of conduct and is a consensus model for how well-managed and most responsible organizations operate. The eight principles are a blueprint for managing an organization's approach to the following:

- Mission and program
- Governing body
- Conflict of interest
- Human resources
- Financial and legal issues
- Openness
- Fundraising
- Public policy and public affairs

As part of this program, association members are asked to pledge their commitment to the guiding principles. The intent is not merely to promulgate standards, but also to give members the resources they need to implement recommended practices in their organizations.

Most challenging standards. Several common challenges that typically "hold people up" have emerged from self-assessments with organizations:

- Conflict of interest
- Not evaluating all programs
- Not having advocacy policies in place
- Having no confidential means to report impropriety
- Having inadequate financial policies

Benefits of certification. Benefits are internal (stability and strength of the organization itself) and external (donors).

Effect of certification. Membership survey results show that over time, the gap between expectations and performance has shrunk for those certified in the program. National replication is under way as SEI branches out to other States.

H. Art Taylor, BBB Wise Giving Alliance

The BBB Wise Giving Alliance (the Alliance) arose from the desire for accountability, to constituents as well as donors, although the work it does is aimed at helping donors have information at their disposal when considering an organization to contribute to.

Based on meeting of standards. The alliance evaluates an organization according to a set of 20 standards for critical areas that organizations should promote, such as how its board is organized, truth in solicitation practices, donor privacy, financial management, and overall effectiveness. A report is completed and placed on the Alliance website (www.give.org), and reveals whether an organization has met the standards.

How organizations use the website. Organizations can use the Alliance website to enter information on an electronic questionnaire, from which a report is generated. There is no excuse for any organization not to be accountable that wants to be accountable. Everything is free as far as getting a report issued.

Seal program. Certified organizations can pay a fee to use a BBB Wise Giving Alliance logo on their materials to promote that they met the standards.

Ken Giunta, InterAction

InterAction (www.interaction.org) is the largest coalition of U.S.-based NGOs, operating and running the full ideological spectrum. Its mission is to preserve the public trust. Its PVO standards cover the gamut and draw partially from the BBB Alliance standards.

Standards for specific areas. In addition to drawing from the standards developed by the BBB Wise Giving Alliance, InterAction, as a trade association, has added standards that deal with specific program areas, such as child sponsorship and protecting children from predators in the field.

Membership requirements. A prospective member must comply with the standards to join. To date, compliance has been a matter of annual self-certification.

Two pilot initiatives. Because its standards have not been uniformly applied with the same degree of rigor, InterAction launched two pilot initiatives to increase compliance. One governs child sponsorship, InterAction having defined evidence of compliance for each standard developed in this area. This work has led to a child sponsorship certification manual assessing the five major child sponsorship organizations' approach to and compliance with the standards. These organizations have harmonized their approaches as a result. A Self-Certification Plus tool helped them improve their internal management, policies, and procedures.

NGOs should be able to "clean their own house." NGOs are not a monolithic group, and there is no one cookie-cutter way to hold them accountable—however, they should be able to govern themselves. Certified peer review is a likely direction. Mr. Giunta believes that it would be a mistake to impose a single set of standards on the sector, because it runs the risk of becoming politicized.

> "The work of charitable groups is a hallmark of American culture and, under existing law, requires transparency. In the end, I think if a government agency demands compliance to standards, NGOs would rush to comply; however, the way it is now demands self-assessment and encourages NGOs to raise the bar on themselves each year."
>
> —Ken Giunta, InterAction

Ann Morison Murphy, Council on Accreditation (COA)

Risk prevention/management and continuous improvement are two areas of great importance to organizations and to performance standards assessment.

Accreditation approach. COA accreditation is based on evidence-based governance and service standards, application review, self-assessment with consultation, peer site review, additional technical assistance, and finally, a commission review leading to earned recognition. Accreditation is for a four-year period, and organizations must demonstrate client outcome measurement.

Accountability-based standards. Accountability is the underpinning of standards, which are client-, performance-, and capacity-based. COA is oriented now toward capacity-based work as a promising way to support organizations. It puts faith in providing tools, and assumes there is no *one* way to comply.

Mining the lessons learned. COA is making use of what it learned from its own self-assessment based on its standards. It has also been collecting and integrating data from across its divisions, so as not to work in silos, listening intently to all sectors, including small agency organizations.

Means to an end perspective. Ms. Murphy observed compatible messages from panelists on the value of providing tools to leadership that they can then use in a dynamic, creative way. This approach gives value to the whole process. A new definition of network capacity building can incorporate these elements.

Flexibility with standards. COA commissioners and organizations asked for a review of standards according to more dynamic models of service delivery—i.e., taking into account the new and creative ways that organizations will respond to new service delivery trends. As a result, the Council has shifted a more flexible way of evaluating what organizations do, using dynamic models to evaluate various approaches.

> "Are standards supportive of better organizations? That's the question. And as a result of standards, do things improve for children, adults, and families?…. In any case, indigenous networks working together will help us to harmonize data and address important things like financial management."
>
> —Ann Morison Murphy, Council on Accreditation

Questions to Panel

A questioner from Philadelphia asked panelists what goes into the process of establishing standards for each of their groups, and whether PVOs or community organizations inform the process of establishing these standards.

Mr. Taylor, BBB Wise Giving Alliance, said they have established a panel of individuals representing funders, organizations, corporate executives, the Better Business Bureau system, and former government regulators that, among other things, commissioned a survey to discover what donors wanted from organizations. This was part of developing standards for accountability and transparency. Draft standards were drawn up for public comment and, following panel review and integration of feedback, the final version was released. The Alliance board also has a committee that looks at standards periodically for potential revision, using the same open and widely vetted process.

Mr. Giunta said that InterAction also used an organic process to develop standards, which were then vetted through the entire membership, the board of directors, and the donors. Standards are placed on InterAction's website for organizations to download, use, and adapt. InterAction also has a board-level committee that oversees standards and compliance issues, including proposed amendments. The proposals are vetted by member agencies that deal with specific issues, then elevated to the board.

Ms. Madsen responded that the Standards for Excellence Institute involved groups to inform its program. SEI put together task forces of nonprofit executives and consultants in all areas; conducted much research of existing programs in business, nonprofit, and corporate sectors; and surveyed nonprofit executives to learn about their expectations and performance.

Ms. Murphy responded that COA's development process must be open, even while it is highly specialized according to specific areas. Drafts of standards are put on the website for field comment, then pilot-tested.

Another participant asked whether there were points of convergence in the work of panelist groups and whether they would consider coming together and "standardizing their standards" for nonprofits.

Mr. Taylor responded that the BBB Wise Giving Alliance has worked with Standards for Excellence Institute to ensure consistency, and with InterAction to ensure consistency where it makes sense, acknowledging that some of what each group does is different. Mr. Giunta called for all groups to work with their agencies and donors to harmonize those standards that are harmonize-able, a sentiment with which Ms. Madsen agreed. Mr. Morison said that COA looks closely at the standards promulgated by its colleagues.

A participant asked panelists whether they had data on how donors are using accreditation, and how effective it is at different levels.

Mr. Taylor responded that accreditation is not all about the donors, but also contains an organization-improvement focus, as represented by others on the panel. He noted that all play an important role in improving and increasing the accountability of the nonprofit sector. Mr. Giunta agreed that standards help ensure that programs reach their intended beneficiaries.

"'What is the best way to ensure that accountability measures don't just help donors, but actually reach the beneficiaries on the ground?' This is the issue the whole NGO community is addressing. A general understanding is that if an organization is meeting standards, then it is doing the quality of work in the field that it should be doing. But that judgment is still being assessed."

—Ken Giunta, InterAction

A participant asked panelists how standards have really improved delivery of services here and abroad.

Ms. Madsen responded that program evaluation is part of how an organization is assessed for accreditation purposes; therefore, providing services in the best way is a condition of earning the SEI seal. Current research is tackling issues of standards outcomes.

A participant working with a small nonprofit in the U.S. that also works internationally asked which accreditation(s) would be best for his organization? He also wanted to know whether seeking accreditation helps organizations avoid more regulation, asking whether what they are already required to do is enough.

Mr. Giunta answered that he believed current requirements are "enough," but that most NGOs fail to meet even the minimum requirements. Therefore, coming together to agree on a core set of fundamental principles is a worthwhile endeavor. That way, if one code is met, all are met. "More work must be done to achieve greater standards reciprocity," Mr. Giunta added. Mr. Taylor said it will be up to NGOs and boards to pick the standards they wish to abide by, and that they can and should go beyond the letter of the law. Ms. Murphy responded that accreditation by the Council will satisfy State requirements as well, which can eliminate the need for dual work.

A participant from World Vision asked what should be the appropriate role of the United States in terms of standards setting.

Mr. Giunta responded that while standards setting could become a politicized process, he still believed that USAID and NGOs in the private sector should all come together and see which core sets of principles apply across the board—to agree on some of the basics, the "no-brainers". That is a good role for government and NGOs.

A participant from a Christian relief organization noted the "unrealistically high" pressure all are under to keep fundraising and administrative costs low, which leads to organizations trying to hide some of that cost. She asked whether it wouldn't be better for everyone just to be more honest and let that number float up.

Mr. Taylor responded that to meet the Alliance's standards, organizations should not spend more than 35 cents to raise a dollar. The real challenge, he added, is from organizations that have real low fundraising percentages and want to promote that fact. So it is not the watchdogs touting low numbers, it is rather the organizations themselves. Plus, the media loves this focus, even though it is not a good measure of which is the better organization. Until donors are educated about what's really important, this will not change.

A participant representing the International Standards Development Association noted existing legislation that directs government agencies to best practices in the private arena to govern their own standards, something done widely. She then asked how panelists would suggest defraying the costs it takes to run a good organization.

Mr. Taylor answered that there is no defraying of costs, and that organizations should spend the maximum amount reasonable to run a good organization.

Summary

The panel agreed that risk prevention/management and continuous improvement are two areas of great importance to organizations and to performance standards assessment. In developing standards to govern these areas and others, care must to taken to:

- Build in needed flexibility.
- Ensure that organizations have input.
- Harmonize standards being promulgated by standard-setting organizations, at a minimum to obtain an agreed-upon baseline.

While it is still unproven whether certification really leads to better organizations in terms of their providing better services to their beneficiaries, panelists agreed that standards help ensure needed accountability.

Panel Discussion: International Trends in Standards and Impact on Our Work

Describing this panel as the "best and brightest on the subject," moderator Richard Klarberg from the Council on Accreditation introduced panel members, who would address international trends in standards, including civil society accountability, microfinancing institutions, capacity building to connect nonprofits with donors and resources worldwide, and accreditation and standards in the Asian Basin. He said that standards are all about accountability, strategic plans, responsibility, and sustainable development, topics of key interest to NGOs. Again, the big question is whether NGOs can become better through standards. Mr. Klarberg called standards a "roadmap" that helps an organization answer four questions:

1. What's your mission? Does it reflect the needs and aspirations of those you serve?
2. How is your organization governed or managed?
3. What are the services you provide and how do you provide them?
4. Can you show that the answers to questions two and three support the answer to question one?

As to whether standards-setting programs can work outside of the United States, Mr. Klarberg said likely so, with contextual accreditation that understands and embraces the uniqueness and vitality of differing organizations. The whole standards process must deal with the context in which an organization provides services—a key theme the panel would address.

Catherine Shea, International Center for Not-for-Profit Law

Ms. Shea's organization works with local development partners to develop good laws and regulations to govern CSOs or NGOs in a number of countries. She shared her research findings on international standards-setting programs, which revealed many valuable purposes for standards. Ms. Shea's presentation addressed three interrelated questions: (1) What would a wider dispersion of standard-setting programs do in the international arena? (2) What are the implications of standards programs, particularly for small or new organizations? (3) What consequences should come about for not meeting a standard (i.e., how to make standards "have teeth" internationally)?

Several models in use. Ms. Shea described two types of international standards-setting programs that are being used.

- One is a certification model that has government recognition attached to its use. Such programs are found in Australia, the Philippines, Canada, Spain, Macedonia, and several other countries. This is also beginning to happen in the United States. The U.S. Senate Committee on Finance recently held hearings on charity oversight and reform, considering a wide range of reforms to improve the accountability of the sectors, including funding to the Internal Revenue Service to support accreditation of charities.

- Another model gives "good housekeeping" seals of approval to organizations that have met certain standards of accountability, so donors can make comparisons and feel more assured about where their money is going.

Implications of standards. Standards can be useful in weeding out organizations that are sub-par; however, Ms. Shea cautioned that benign reasons might also underlie why an organization would not meet particular standards or even participate in the process. Given that NGOs are generally entrepreneurial in nature, set up perhaps to solve specific problems or crises, it may be difficult for them to meet a set of sophisticated standards, which could actually stifle their innovation. She questioned the value of creating a preference for more established groups and possibly missing the innovation that new people may bring to bear, as with the tsunami relief effort. Perhaps standards could be used to *improve or enhance* their performance rather than exclude them from participation.

How to use U.S. models in other countries. Suggestions include having targeted interventions to help countries raise their capacities, or offering "stepped" levels of acceptance, according to where an organization is in its development.

Pranav Gupta, ForeignAID.com

Mr. Gupta developed a model, or a methodical tool, for use in evaluating grassroots groups working around the world. The model was derived in part from a meeting with nonprofit executives in Kenya and India and with others. His presentation demonstrated results of the model's application to two NGOs in Central America and Angola. Five criteria (social impact; institutional development; financial efficiency and health; accountability; and design, monitoring, and evaluation) are used to assign "grades" to certification applicants, ranging from C- to A+++. Those whose overall score is above BB are considered ForeignAID-certified.

Evaluative criteria. The organizations were evaluated and graded, using the following criteria.

- **Social Impact.** Major factors include beneficiary participation, relevance, outputs, and outcomes. One organization examined received an AA, because it looks to beneficiaries for direction as opposed to deciding for its clients what their needs are. The other received a BB, partly for a lack of focus in use of resources.

- **Institutional Development.** Major evaluative factors in this area include legal, institutional, operational, and human resources. The first organization again received an AA, given that it has independent observers and an extensive membership base. The other received a B; its employees lack understanding of their mission, and the organization uses a top-down management structure.

- **Financial Efficiency and Health.** Factors include financial efficiency, financial growth, and financial sustainability.

- **Accountability.** Evaluative factors include financial management and accounting, transparency, and communication. The first organization received an A+, in part for its formal accounting systems and external audiences. The other received a CC, as it could produce no documentation, and had long allowed an inoperative computer system.

- **Design, Monitoring, and Evaluation.** Factors deal with having systems in place to monitor and evaluate information. This criterion presented a problem, as these organizations lacked even the basic infrastructure needed to comply.

ForeignAID.com has a database to help PVOs raise money for international projects.

Didier Thys, The Microfinance Information eXchange

The Microfinance Information exchange (MIX) was organized to examine the performance of microfinance (MF) institutions in developing countries. Its goal is to enable women at the end of chain to receive loans at reduced fees, based on getting people to invest in these funds. The premise is that if investment funds (e.g., Calvert, Taxworld) are transparent and can be "seen," people will be more likely to invest in them, resulting in lower costs and a real impact on global poverty. Mr. Thys' answered a series of questions, summarized below.

What's the goal? The goal is to have a financial system that broadens access to resources and results in increased volume of transactions between investors and microfinance institutions, along with a lower cost of doing business through lower transaction costs.

What's the problem? It is difficult to offer up comparable information for diverse entities. That is why MIX collaborates with others to derive common global reporting standards and guidelines that will help everyone along. This is coming together now in the microfinance community. MIX is seeking to reduce transaction costs by having a central point of reference, rating institutions according to the information they provide to this central authority. The more information and detail they provide, the more "diamonds" they receive as part of their rating. Customers look for four and five diamond profiles, and have really begun to use this system.

What can MIX do? MIX makes the case that there are $2 trillion out there in socially responsible investment funds. The number of microfinancing institutions that are reporting has substantially increased over the last two years. MIX's website offers much information to users (www.themix.org).

Mark Sidel, University of Iowa College of Law and Obermann Center for Advanced Studies

Mr. Sidel noted "a crisis of accountability" in nonprofit organizations throughout the world. His work in the Asian region revealed trends in accountability and self-regulation, with capacity-building initiatives occurring within the countries themselves. Initiatives involve voluntary and mandatory requirements, roles of government, and a range of other methods of "stunning" diversity and breadth.

Three stages of activity.

- Stage 1 is self-regulation to avoid government intervention, as is occurring in China and Vietnam, where the nonprofit sector is newer.
- Stage 2 is development of models as part of efforts to enhance organizations' accountability in the nonprofit sector through incentives, awards, and other competitive mechanisms. This is occurring in countries like Indonesia and India, according to Mr. Sidel, who said it was "exciting to see (this development) in these societies."
- Stage 3 is where the extraordinarily vibrant array of initiatives is replaced by one or two broader initiatives.

Pro's and con's. Mr. Sidel agreed that standards can serve as change agents that inspire more trust and confidence, which helps to forestall additional government regulation. However, several negatives accompany this process as well. For example, moving toward standard-setting or self-assessing mechanisms can shut out newer, more innovative little organizations, and "over-modeling"—taking one successful model and applying it for adaptation to countries—presents real concerns. Another concern is the rise of those who have assumed the role of "gatekeepers" to accredit others. Mr. Sidel questioned whether their involvement is merely a way of accreting power to themselves. Finally, overseas, where particularly American organizations are evaluating overseas nonprofit groups, care must be taken to choose mechanisms that build capacity on the ground where people *are,* rather than rely on American mechanisms to translate.

> "Do standards support better organizations and strengthen them? The jury may be out on that question, but while the process of standard-setting may not support better organizations, it does support the accretion of power to the regulators."
>
> —Mark Sidel, U. of IA College of Law and Obermann Center for Advanced Studies

Questions to Panel

A participant asked panelists if they felt confident that rating methodology takes into account sufficient diversity—given that so many factors characterize a small nonprofit, context to context—and how can their methodologies be adapted to different countries?

Mr. Gupta responded that ForeignAID.com works with evaluators who are intimately familiar with the local area and culture, as one way of ensuring that models are contextually sensitive. Their rating model can also be adapted to the local context. Given that the majority of models focus on organizational development aspects, they are somewhat comparable. Also, ForeignAID.com has an internal process it uses to ensure it is not undermining any of the organizations it evaluates by an unintended lack of sensitivity, placing of prejudice or discrimination.

Another participant asked whether anything in panelists' models could help analyze the difficult relational dynamics occurring with board leadership in developing countries.

Mr. Thys responded that many microfinance institutions fail in ratings because of relational issues, such as having a board that is family-based, is not held accountable, or lacks oversight.

"We're not rating bonds; we're looking at helping an organization expand its capacity; this is not a 'gotcha' thing. We are rather partnering with them as a management consulting firm would, so that they can benefit from knowing how best to move forward. It is not about the ratings, it's about the process an organization goes through and how they learn."

–Richard Klarberg, Council on Accreditation

Summary

The panel agreed that any effort to develop standards to address the current "crisis of accountability" must:

- Ensure that the program is locally and stakeholder-driven and is a participatory process.
- Deal with the context in which an organization provides services.
- Understand and embrace the uniqueness and vitality of differing organizations.

Standards-setting programs can likely work outside of the United States, with contextual accreditation.

Panel: A Discussion on Private Sector Partnerships

Bruce McNamer from Technoserve moderated this panel that examined four pairings of PVOs/NGOs with private sector companies, looking at the mutual benefits, common threads, potential pitfalls, and other characteristics of partnerships occurring in various contexts.

Ms. Holly Wise from USAID's Global Development Alliance provided some overarching context, explaining that Global Development Alliance has been working in the partnership mode with some success, leveraging huge resources from government funding for development activities. Recent efforts have sought to reposition USAID according to a new reality that sees a smaller role for government, more players in the field, new wealth, more think tanks and universities, and a great wave of philanthropy. Ms. Wise observed that partnering is not just about combining funds, or fundraising, but about figuring out how to engage in real, sustained partnerships and how to leverage resources from private corporations to work effectively in the nonprofit sector. The "stories" told by the partners themselves provided insight into how to form and keep good partnerships and how to make the partnership work for both parties.

Aid to Artisans (Clare Brett Smith) + American Express Philanthropic Program (Cornelia Higginson)

The Aid to Artisans (ATA)-American Express (AmEx) partnership is one based largely on trust and shared values. ATA meshed well with the two areas of focus for AmEx's philanthropy: cultural heritage and economic independence. ATA pulls both themes together because it provides the assistance that gifted groups of grassroots people need to make a living at what they do. A current project in Mexico seeks to give indigenous potters a market for their products and to eliminate their traditional use of toxic lead-based glazes. Use of lead paints endangers the physical and mental health of the potters and their families, especially children.

AmEx's "carrot" to stop the harmful custom of using lead in glazes was to make the marketplace effective for the artisans, so they would be *willing* to change. ATA credits AmEx for being brave and confident enough in the project and in the nonprofit organization's mission to become a founding partner. And while the grant has ended, the passion for the project in Mexico has kept it going, with American Express in Mexico doing the marketing and PR and promoting the program heavily in its external communications.

Ultimately, ATA is leveraging so much more than AmEx dollars. The power of this partnership includes the fact that ATA can put a human face on the impact it is having. The Global Development Alliance, which has field offices around the world and allocates small amounts of funds to missions and bureaus doing work on the ground, assisted the Mexico alliance through seed money.

Freedom From Hunger (Rob Davis) + GlaxoSmithKline Global Community Partnerships (Richard South)

This partnership was able to converge on an important mission area for GlaxoSmithKline (GSK): its commitment to develop medications for underserved populations and to sell drugs at preferential prices to those communities. This purpose led it to Freedom From Hunger (FFH), whose focus on healthcare and education overlapped two main areas of interest for GSK, which also liked FFH's open, communicative and collaborative approach. The two partners targeted a clear, unmet need, in this case, around combating Malaria. This focus included a huge need for education, as people did not understand the causes of Malaria. GSK's particular focus was on information, communication, and education, not on creating a market for its products. GSK brings to the table in-kind services and media communications to its stakeholders. It can also leverage contacts and connections in many countries.

The partners both found the personal relationships that create trust to be invaluable. FFH credited GSK's involvement and brand name brough added cachet and credibility to the work of FFH, which in turn provided GSK with immediate access to 150,000 women.

So as not to compromise its mission and to mitigate any concerns about being "an apologist" to GSK, FFH conducted a quick due diligence, and found that GSK was not asking the nonprofit to do anything that compromised its mission. However, the partnership has prompted a dialog within the FFH organization as to where the lines should be and what questions should be asked when partnering with the private sector. Both agreed it is important to "lay all the cards on the table" at the outset. FFH and GSK are in the process of expanding their partnership from West Africa to India.

INMED Partnerships for Children (Linda Pfeiffer) + The Monsanto Fund (Deborah Patterson)

Mutual trust and respect has led to programs around the world focusing on partnership with other NGOs. INMED and Monsanto's partnership began five years ago and has grown over the years to serve more than 100,000 children in six states and Brazil. USAID in Brazil is the local partner on the ground, with Monsanto serving as INMED's funding partner.

Both partners emphasized the importance of partnership at *many* levels; all the various levels have a real interest in the project, and it is crucial that they all be involved. Also of critical importance is to have a clear understanding of the roles within the partnership and to always maintain flexibility. Brazil was a geopolitical area of interest for USAID so the partnership was reformulated there.

Having the right partners makes all the difference. The fact that INMED understood its partner's business and its evolution over the last five years proved key to the partnership's sustainability. "INMED understood where we were going and how to get on board with us," observed Ms. Patterson. That is important. Relationship management is key, and partners must spend a whole lot of time together.

> "This could have been just a grant, but it has been the *listening* that has made it grow."
>
> *—Deborah Patterson, The Monsanto Fund*

Trust is another important element. Monsanto staff were novices when they took the grant international. But a result of constant communications with INMED during the Brazil project, Monsanto grew to trust INMED's knowledge and expertise and leveraged that to develop a strategy for its international grant-making program for developing countries. "INMED has helped us build a vision around what we can and should do."

To be sustainable, partnerships require common ground, leadership at many levels, and accountability for outcomes. Ms. Wise noted that partners also need to decide certain things up front with regard to how they will talk about issues that arise, especially those that are controversial and may undermine forward progress (e.g., bio-tech, malaria and pharmaceutical companies, etc.).

Fundación Alvaralice (Maria Eugenia Garcés Campagna) + Synergos Institute (Andrew Sillen)

Fundación Alvaralice is a nonprofit foundation set up by members of the Garcés Echavarria family in memory of their parents and in line with their civic spirit and commitment to Colombia's social development. The Fundación is dedicated to improving the well-being and social fabric of Colombia through programs and alliances with other institutions focused on education, healthcare, housing, microfinance, and job creation. Synergos was formed in the 1960s to address global poverty. Synergos also supports community grant-making organizations in the developing world, and seeks to bridge the private philanthropic world of wealth and the communities in which it operates.

These partners said the key to building strong projects that involve all stakeholders is to recognize that each has different interests and is motivated by different things. Private philanthropists have a range of infrastructure resources; Synergos bridges the capacity gap so that people can engage in other sectors.

The Fundación's Restorative Justice Project addresses problems of growing socio-economic disparity and needed social and economic development in Colombia, attributable largely to the country's long, violent history. A major upcoming event to call attention to these issues is the "Symposium for Restorative Justice and Peace in Colombia 2005, which features Archbishop Desmond M. Tutu as a keynote speaker. The project has also secured the involvement of Canada, Netherlands, Belgium, and France, and will travel through many cities.

In answering the question of how to facilitate partnership or funding around philanthropists, Mr. Sillen replied that successful partnerships involve not making a "pitch," but having an iterative discussion. "How you pivot the needs of both toward an agreed-upon end is how you make the job interesting and the results worthwhile," he said.

> "Nothing that is good and sustainable comes to a donor 'fully cooked'. It is important to key into the core needs of an organization to elicit better and more sustainable giving on the company's part."
>
> —Andrew Sillen, Synergos Institute

Questions to Panel

A participant identified the point of entry as the place where his organization is having difficulty and asked for advice on how to get a foot in the door.

> "You can't come in saying you want a partnership. That's like saying you want to get married on the first date. I always say let me run it by my local colleagues to see if it resonates…it's a long and winding road."
>
> *—Cornelia Higginson, American Express Philanthropic Program*

Ms. Patterson of the Monsanto Fund advised organizations to think about multiple areas of entrée, beyond just the foundation. She also urged that people do their homework to ensure that the initial idea is in alignment with "who" that company is—to understand the company's growth curve and emerging markets. Robb Davis of Freedom From Hunger pointed out that local connections matter. Companies that are trying to create markets in poor areas are looking to help people put things on the ground that can make a difference.

Asked if any of its private-sector companies involve employees in nonprofit initiatives, Dr. South said GSK has a variety of different programs, with which staff can volunteer, including centers around the world where staff go and help out with children's camps, for example. GSK also has fund-matching programs.

Ms. Wise noted that USAID values all partnerships, including those not represented on the panel, where marketing for the firm is an explicit part of the relationship (e.g., Green Mountain Coffee). She urged participants to seek out new ways to partner. Young people, for example, have a different need and a different philanthropy that excites them. "Look at the bottom of the pyramid," she added, "there is much energy around being able to show what the business case is—how what your organization can do will affect the company's bottom line."

Summary

The panel observed that in the area of private sector partnerships, sustainability calls for partners and would-be partners to:

- Have common ground, leadership at many levels, and accountability for outcomes.
- Focus on trust, people, and on managing those relationships.
- Consider ways to be agile and move in circles other than those that are customary.

USAID encourages nonprofits to seek out new ways to link with the private sector and the new generation of foundations, which have a different need and a different philanthropy.

Conference Close

Ms. Gilmore thanked all panels and participants for a "wonderful job," noting the added richness supplied by so many overseas participants. It is clear—there are both tremendous challenges and amazing rewards of being a good NGO.