

PACT South Africa HIV/AIDS Grant Management Program

EVALUATION REPORT

Prepared by

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with
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March 2010

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DISCLAIMER

The authors' views expressed in this publication do not necessarily reflect the views of Pact South Africa.

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EXECUTIVE SUMMARY

Capacity Building for Aid Effectiveness

Long before HIV was known or PEPFAR (the U.S. President's Emergency Plan for AIDS Relief) was created, the linkages between "aid effectiveness" and "capacity building" were being debated within the foreign aid community. For some donors, aid effectiveness meant achieving quick results through provision of external technology and technical assistance. Other donors took a more long-term view, primary emphasis on strengthening LDC government systems and human capacity, and less emphasis on short-term results.

From South Africa now comes a program that presents to the development community important lessons and understanding in how to combine aid effectiveness and sustainability. This is the grant making program of USAID/South Africa and its grant management partner, Pact South Africa, which is poised as a leader in building the capacities of local non-governmental organizations. The immediate goal is fighting AIDS in Africa, but lessons being learned are applicable throughout the spectrum of foreign assistance.

The PEPFAR Challenge

PEPFAR was announced in 2003 with its roll-out taking place in 2004. A major priority during 2004 was for the PEPFAR Country Teams to identify and bring on board local new partners who could assist in the scaling up of HIV and AIDS services. Once new partners were on board, the PEPFAR emphasis was technical assistance to the new partners to enable them (1) to use the USG funds appropriately (able to meet USG audit standards), (2) to provide services in accord with OGAC guidelines and to report to the USG on achievements according to OGAC-defined indicators, and (3) to expand services.¹

Pact South Africa's Grant making and Capacity Building Program

In the 2004 roll-out of PEPFAR, South Africa became the country receiving the largest share of PEPFAR funds. USAID/South Africa immediately recognized the greatly increased program management challenges this presented to its small staff in the health office. Thus in 2004, USAID/SA established a five-year cooperative agreement with Pact to assist it in the challenge. This first award provided \$72 million to Pact for this purpose.² A second cooperative agreement, "Umbrella Grants Management for PEPFAR," conveys a total estimated USAID amount of \$239,562,000 -- slightly less than a quarter billion dollars -- for the five-year period 2008-2012. Pact/SA now provides support to some 90 contracted organizations -- 20 partners and about 70 sub-partners -- plus many more local affiliates and community-based organizations (CBOs).

¹ OGAC, the Office of the Global AIDS Coordinator, which is located under the State Department and is the ultimate decision-making body for the PEPFAR program. Along with the State Department, USAID and CDC are the principal USG agencies implementing PEPFAR.

² Pact Inc. Proposal in Response to USAID/SA APS 674-07-001 (2006, powerpoint).

Pact's Theory of Accountability and Capacity Building in Grant Making

The key words in PEPFAR are “emergency” and “relief.” Immediate scale-up of activities to fight the epidemic was the primary goal. Effective and sustainable community health systems were not the priority in 2004. Pact brought a different emphasis that a sustainable response requires strong capable organizations working effectively with others in an integrated health system. This is a more developmental approach that presaged changes in PEPFAR 2 in 2008-2009.

Pact/SA refers to its “core identity” as “Grant Maker and Capacity Builder.”³ Its program hypothesis has been that “the combination of effective grant making and capacity building should result in improved abilities of the grantee organizations to deliver higher quality and more efficient HIV and AIDS services at a larger scale. These changes should result in reduced HIV prevalence and improved quality of life and survival of PLWHA and OVC.”

About This Evaluation

This was an independent external evaluation commissioned by Pact South Africa. Its purpose has been to “*determine the extent to which Pact’s grant-making and capacity-building services have enhanced the capability of grantees to implement more efficient, high quality and scalable HIV and AIDS programs.*”⁴ Pact set forth three key questions:

- a) What key features of the Pact SA grant management program enhanced or prohibited successful implementation and achievement of the key program objectives?
- b) What were the key results, strengths and weaknesses of the capacity development processes implemented by Pact SA under the grant management program?
- c) What key elements in the Pact SA internal management structure and systems contributed to achievement or failure to achieve program results?

Pact/Washington staff posed additional questions:

- Lessons learned: What can Pact world learn from this evaluation that is useful outside South Africa? What are the lessons learned for Pact elsewhere?
- Replicability: Is the South Africa model replicable for other countries? Are the South Africa systems replicable? Could the same program be just as successful for example in Thailand?

MAJOR CONCLUSIONS AND RECOMMENDATIONS

Overall Conclusion: Pact has been extremely successful in achieving the objectives stated in its cooperative agreement and even going beyond the initial expectations of USAID/South Africa. Our research provides both quantitative and qualitative evidence that affirms Pact’s theory of change: that substantive capacity building is a key and integral part of effective, developmental grant making. The client, USAID/SA, expresses full satisfaction with Pact performance. Pact’s grantee partners confirm that, with few exceptions, Pact SA’s grant making and capacity building services have indeed enabled these partners to implement more efficient, high quality and expanded HIV and AIDS programs.

³ Pact Inc. Proposal in Response to USAID/SA APS 674-07-001 (2006, powerpoint).

⁴ Scope of Work, Evaluation of the Pact South Africa Grants Management Program, September 2009, p.1

The cost of effective capacity building appears to be fully justified when viewed against the cost of not building capacity or not doing it properly.

Impact, Results: Evidence is abundant testifying to the following major results, which could not have been achieved to the same degree without the grant management and capacity building by Pact.

1. *Rapid growth in the scale and reach of grantees' HIV and AIDS services, shown in the substantial achievement and exceeding of PEPFAR targets by almost all grantee partners.*
2. *Organizational growth and improved effectiveness, which make for sustainability of the partner organizations and their ability to provide high quality HIV and AIDS services.*

Answers to the Evaluation's 3 Key Questions

- a) Pact SA's grant management program has been very successful in achieving and even surpassing the program objectives. The client, USAID/South Africa, expresses full satisfaction in Pact's performance. Key features are Pact's very rigorous tool-based approach, its combination of compliance and support measures, and its relationship-based capacity building inputs, especially development of each grantee's financial management and MER (monitoring, evaluation and reporting) systems and skills.
- b) Concerning capacity development processes, Pact SA has built capacity in five areas: financial management; monitoring, evaluation and reporting (MER); program planning and implementation; organization development; and HIV and AIDS technical capacity. Interviewees in all categories (grantees, USAID/SA and Pact SA) identified many strengths and best practices. Important among them is Pact's emphasis on partnership and building relationships of trust, both with USAID and with the grantees. USAID interviewees said they are "hard-pressed to identify any weaknesses," although they note many challenges going forward. With some variation, specific successes are the grantees' abilities to meet PEPFAR's rigorous standards (including passing financial audit) and to achieve impressive increases in the numbers of persons served with improved prevention, care and treatment services.
- c) Pact SA internal management structure and systems appear sound. Pact SA has developed a highly systematic approach to managing the complexity of PEPFAR funds used by a total now of over 90 non-governmental organizations (20 grantees and their 70 sub-partners plus local affiliates and CBOs) delivering services across South Africa and, through FY 2009, across the whole spectrum of HIV and AIDS prevention, care, and treatment. The key elements making for success are the effective staff, the systems that have been established, and Pact's management of good working relationships among staff and with USAID/SA and the grantee partners. USAID personnel felt lacking in knowledge concerning Pact internal structure and systems but, as one said, "*They must be working, because the results are good.*" Pact staff are stretched thin, however, and challenged in servicing so many grantees, including assisting them in developing their sub-partners' abilities to produce the desired HIV and AIDS results.

For USAID/W and OGAC: As PEPFAR begins to transition from an emergency response to a more developmental approach, Pact's developmental approach to grant management and capacity is more relevant than ever. The Pact South Africa program can well serve as a cost-effective model for building sustainability, in other countries too, of local implementing partners under PEPFAR 2. The model appears fully transferable.

For PactWorld: There is much to be learned from this program of Pact South Africa. Because South Africa carries so large a proportion of the global HIV/AIDS burden, USAID/SA had substantial funds with which to capitalize Pact's work – perhaps more than in any other country. Thus the effort was intensive, which made for tremendous opportunity to develop and refine approaches. These approaches appear fully replicable elsewhere.

I. INTRODUCTION: PACT AND PEPFAR IN SOUTH AFRICA, 2004-2012

A. THE FIRST COOPERATIVE AGREEMENT: “RAPID RESPONSE HIV/AIDS GRANTS MANAGEMENT FOR USAID/SOUTH AFRICA” (2004-2008)

In the 2004 roll-out of PEPFAR, South Africa received the largest share of PEPFAR funds. PEPFAR funding for South Africa was about \$US 90 million (\$89.3 million) in fiscal year (FY) 2004.⁵ This new PEPFAR program, functioning in ways very different from the traditional USAID programming norms, presented great challenges to the local country teams.⁶ The challenge for USAID/South Africa is described by one USAID staff member as *“tremendous—how to bring in and manage an expanded set of new partner organizations and assure they are using U.S. funds appropriately, in a way that can pass U.S. government audit. The money we were to give out in grants to new partners skyrocketed but our staff remained almost the same. We feared we could not manage those partners and the funds adequately with our limited staff.”*

To assist, USAID/SA established a five-year cooperative agreement with Pact, titled “Rapid Response HIV/AIDS Grants Management Program for USAID/South Africa.” The purpose was stated in the Cooperative Agreement as follows:

“The Associate Cooperative Agreement Award will support the USAID/SA Health Strategic Objective (SO) ‘Increased use of HIV/AIDS and other Primary Health Care services’ by providing HIV/AIDS grants to local and US international Non-Governmental Organizations (NGOs), Faith-Based Organizations (FBOs), and Community-Based Organizations (CBOs) for purposes consistent with the Mission’s Health SO and targeted Intermediate Results (IRs). The Cooperative Agreement will serve as an umbrella mechanism for making such grants directly to recipient organizations or through a local and US implementing partner. Through ...the execution and management of sub-grant awards, and the compilation/reporting/dissemination of results, Pact will contribute to USAID/SA’s response to the HIV/AIDS crisis in South Africa.”⁷

With PEPFAR’s emphasis on rolling out funds and bringing in new partners, the USAID-Pact cooperative agreement emphasized Pact’s responsibilities as grants administration “through appropriate oversight of performance and financial management, consistent with USAID standards.” The agreement stated: “Pact will maintain a system to provide prompt disbursement of funds to grantees for program implementation. Pact will identify needs for technical assistance and institutional capacity building relating directly to shortcomings in [grantees’] financial management and program monitoring/results reporting capabilities.”

⁵ <http://www.pepfar.gov/countries/southafrica/index.htm>

⁶ The State Department as lead with USAID and CDC as principal USG implementing agencies, along with the Department of Defense and Peace Corps.

⁷ USAID Cooperative Agreement 674-A-00-04-00025-00, dated January 16, 2004, granted to Pact (Private Agencies Collaborating Together) the sum of \$65,304,460 (total estimated program amount) to provide support, February 1, 2004 – September 30, 2008. This was funded as part of Pact’s Community REACH (Rapid and Effective Action Combating HIV/AIDS) Leader with Associates Award.

This award eventually provided \$72 million to Pact for this purpose. The overall goal was to “Reduce the impact of HIV/AIDS and improve health care for South Africans.” Pact subsequently summed this up as: “a grants management program for enhancing the rapid scale-up of the PEPFAR program in South Africa.”⁸

According to Pact, about 90% of this funding is passed on to South African grantees, with only 10% remaining with Pact to support all of its grants management and organization development work.⁹

USAID/SA had three linked principal requirements for Pact’s grants management. First was getting the money out to organizations selected by USAID.¹⁰ Second was assuring that the grantees had adequate financial management systems and would use USG funds appropriately. Third was that grantees would be able to implement and monitor their activities in such a way as to have quality data to report to PEPFAR.

Pact responded by instituting a careful systematic approach for PEPFAR grant making and grant management consistent with USAID expectations. This began with assessment of the grantees’ capacities to carry out the expected work. Thereafter, Pact provided technical assistance to strengthen the grantees’ financial management systems (and, for some grantees, to develop financial management systems where none really existed). Pact also worked with grantees to initiate or develop systems for monitoring and evaluation and the ability to report appropriately on achievements. Pact refers to this latter capacity as MER -- monitoring, evaluation and reporting.

B. PACT’S THEORY AND PRACTICE OF GRANT MANAGEMENT AND CAPACITY BUILDING

Pact/SA refers to its “core identity” as “Grant Maker and Capacity Builder.”¹¹ Pact globally has a very developmental mission focused not on health services *per se*, but on capacity building:

“Pact’s mission is to build empowered communities, effective governments and responsible private institutions that give people an opportunity for a better life. We do this by strengthening the capacity of organizations and institutions to be good service providers, represent their stakeholders, network with others for learning and knowledge sharing, and advocate for social, economic and environmental justice.”¹²

⁸ Pact Inc. Proposal in Response to USAID/SA APS 674-07-001 (2006, Powerpoint). An extension to wrap up activities took the grant to 2009.

⁹ Under Pact 1, funds to grantees (subgrants and subcontracts, FY04-FY10) totaled \$64,803,577 -- out of total program expenditures of \$71,921,790. Source: Pact 1. South Africa Reach Associate, Actual Expenditures by Type & FY.

¹⁰ Said one Pact stakeholder at Pact headquarters in Washington: “This was totally contrary to how we normally work, which is determining ourselves who to fund and why. There was initially lot of skepticism here in Washington as to the appropriateness of this approach.”

¹¹ Pact Inc. Proposal in Response to USAID/SA APS 674-07-001 (2006, Powerpoint).

¹² www.pactworld.org/cs/mission_and_vision.

Thus in carrying out the cooperative agreement with USAID/SA, Pact felt constrained by PEPFAR's emphasis on emergency relief rather than sustainable development of health systems. The key words in PEPFAR's name are "emergency" and "relief." Large-scale emergency relief was the primary goal. Neither empowered institutions nor was effective and sustainable public and community health systems the priority in 2004.

Pact brought a different emphasis to PEPFAR and USAID in South Africa, arguing that a successful emergency response requires strong capable organizations working effectively with others in an integrated health system. Pact realized that many of its South African grantees would really struggle to achieve the ambitious PEPFAR targets without rapid and dramatic strengthening of their organizational capacities. Pact's program hypothesis and theory of change has been that "the combination of effective grant making and capacity building should result in improved abilities of the grantee organizations to deliver higher quality and more efficient HIV and AIDS services at a larger scale."

Accordingly, Pact sought to implement a grant management system aimed at rapidly scaling up emergency relief through building stronger, more sustainable and more all-round effective organizations. This is an explicitly developmental vision – and covers a comprehensive approach to organizational capacity beyond only financial management and quantitative monitoring.

USAID/South Africa, while appreciating Pact's strengthening of the grantee's financial management and reporting capacities, initially resisted going beyond the essentials necessary for grantees to comply with PEPFAR requirements. USAID was unsure that this would be an appropriate use of PEPFAR funds, or would yield results that justified the investment of effort and resources. Pact's argument was, and in some quarters still is, regarded with some skepticism, with many donors and others arguing that there is little convincing evidence to show that investing in grantee capacity building and organizational development justifies the cost of that investment.

Pact initially used a small amount of program funds for limited organizational development ("OD") work with selected grantees. Gradually Pact was able to demonstrate the value of its organizational development inputs¹³ and USAID/SA, pleased with Pact's performance in disbursing and managing the grants according to PEPFAR requirements, concurred.

Over the years, in this and many different contexts, Pact's understanding has grown from how capacity building can contribute to effective development practice to how capacity can be built most effectively. In each context, the actual capacity building processes evolve organically as a mix of formal training, regular monitoring, mentoring, and coaching.

In this Pact is clearly placing itself within a progressive trend of grant making practice that sees the grantmaker-grantee relationship as a strategic partnership for shared social outcomes.

¹³ This is well documented in Pact's very detailed annual and semi-annual reports to USAID.

C. THE SECOND COOPERATIVE AGREEMENT: FROM GRANTS MANAGEMENT TO EXPANDED CAPACITY-BUILDING FOR SUSTAINABILITY

In 2007, USAID/SA, feeling well-served by Pact, awarded Pact a second cooperative agreement (competitively awarded) for FY 2008-2012.¹⁴ By this time USG support to HIV/AIDS in South Africa had increased about six-fold to nearly \$600 million (\$590.9 million in 2008). In its proposal to USAID, Pact clearly laid out its theory and practice of grant management in which comprehensive organizational development for sustainability occupies a central place.

Pact's follow-on cooperative agreement with USAID/SA included these additional elements of organizational capacity-building along with the core elements of grants management carried forward from the first cooperative agreement. It is testimony to the effectiveness of Pact's broader OD approach that the new cooperative agreement embodies much of the Pact approach:

Sustainability: "... includes the development of technical competence, human capacity, management systems, infrastructure, relationships with government programs and financial independence."

Institutional Capacity Development: "The host country and local organization capacity-building are important elements of the overall grants management program. Umbrella grants programs include significant technical assistance in strategic planning, registration, financial management, human resource management, networks, monitoring and evaluation, quality assurance, commodities, equipment, and logistics management, facilities, and fundraising."

Capacity-Building: "The UGM supports institutional capacity-building of indigenous organizations, a key PEPFAR strategy, thus promoting more sustainable programs and organizations. The umbrella partners will support activities to improve the financial management, organizational management and governance, program management, quality assurance, strategic information and reporting, and leadership coordination of partner organizations."¹⁵

Although USAID/SA staff say they would have been very satisfied to have Pact continue as the sole provider of these services, PEPFAR funding for South Africa had increased so substantially that OGAC in Washington required that USAID/SA take on additional firms as "umbrella grant managers" (UGMs). Three firms were contracted in addition to Pact.¹⁶ It is further testimony to Pact's approach that these other cooperative agreements also included much of what USAID/SA had learned from Pact.

In fact, Pact's developmental approach presaged PEPFAR 2, which emphasizes "capacity building initiatives to promote greater sustainability through country-

¹⁴ USAID Cooperative Agreement 674-A-00-08-00001-00. This agreement is described as an umbrella grant mechanism to manage USAID PEPFAR grants awarded through a USG competitive annual program statement (APS) process.

¹⁵ USAID Cooperative Agreement 674-A-00-08-00001-00, pages 13-14..

¹⁶ One of the four organizations selected as UGMs was subsequently phased out by USAID/SA. Remaining, in addition to Pact, are the Academy for Educational Development (AED), based in Washington D.C., and Right to Care, a South African ART-focused organization based in Johannesburg. See Appendix G.

driven efforts.”¹⁷ In the new five-year strategy for PEPFAR 2 (issued December 1, 2009) a key pillar is “building the capacity of grass roots organizations, communities and government to transition to this more sustainable HIV and AIDS response.”

Since receiving the second cooperative agreement in 2007, Pact has developed a very effective approach and methodology that integrates rigorous grant management with capacity building from the start.¹⁸ Fundamentally, Pact sees itself as an active and engaged partner with its grantees, contributing whatever it can to their success. At an operational level, it insists on extremely high levels of financial accountability, but invests resources and energy directly -- repeated meetings, communications, site visits, review of documents going to USAID, and other guidance -- in helping its grantee partners perform at these standards.

Pact’s more developmental approach is also in line with the South African government’s *Comprehensive Plan for the Treatment, Management and Care of HIV and AIDS*, which emphasizes the need to “increase resources and build capacity at the provincial and district levels to better manage, organize and implement HIV/AIDS programs.”

¹⁷ Lantos-Hyde U.S. Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008 (H.R. 5501). January 3, 2008.

¹⁸ Pact began implementing the new Umbrella Grant Management Program (awarded through an APS) in October 2007. Pact and USAID agreed that Pact’s first agreement (“Pact 1”) would run concurrently with “Pact 2” until September 2008 (later extended to 2009) in order to allow for close-out of program activities and the use of remaining funds in Pact 1.

II. EVALUATION PURPOSE AND METHODOLOGY

A. PURPOSE AND GUIDING QUESTIONS

Purpose

This independent external evaluation was commissioned by Pact South Africa “to determine the extent to which Pact’s grant-making and capacity-building services have enhanced the capability of grantees to implement more efficient, high quality and scalable HIV and AIDS programs.”¹⁹

Key Questions

Three key evaluation questions were posed by Pact SA:

- a) What key features of the Pact SA grant management program enhanced or prohibited successful implementation and achievement of the key program objectives?
- b) What were the key results, strengths and weaknesses of the capacity development processes implemented by Pact SA under the grant management program?
- c) What key elements in the Pact SA internal management structure and systems contributed (positively or negatively) to achievement or failure to achieve program results?

The Broader Capacity Building Context

The evaluation team was also directed to look at Pact's work in the broader capacity building context. As part of the evaluation process, the team leader participated in Pact/Washington’s two-day “Capacity Building Summit” (17-18 November 2009). Questions that emerged as priorities from the Summit, and literature review, were:

- 1) What evidence exists (to present to policy makers, donors, stakeholders, or peers) that capacity building makes a difference?
- 2) What indicators should be used to measure this?
- 3) What constitutes best practice for capacity building?

These questions were subsequently built into the discussion guides that the team developed for interviews with Pact and USAID stakeholders.

Timing and Shift in Emphasis: PEPFAR 1 to PEPFAR 2

This analysis occurs at an important time of transition from “PEPFAR-1” (2003-2008) to “PEPFAR-2” (from 2009). With the reauthorization of PEPFAR in 2009, PEPFAR priorities have shifted in significant ways. Very relevant to the Pact’s work in South Africa is the shift from an emergency relief mode to an emphasis on long-term sustainability of HIV and AIDS service delivery systems. USAID-Pact activities with local partners in South Africa are entirely consistent with this shift in PEPFAR

¹⁹ Scope of Work for the evaluation, p.1

emphasis. Nevertheless, this presents major challenges for the immediate coming years.

Additionally a very relevant transition has been made from the action-resistant position of the previous South African government to the new and more evidence-based strategy for fighting the HIV epidemic in South Africa. This is set forth in the South African government's *Comprehensive Plan for the Treatment, Management and Care of HIV and AIDS*. This is in many ways very consistent with the priorities in PEPFAR 2 and the other major international donors.

Evaluation Methodology: Overview

Data were gathered through document review, stakeholder interviews (Pact and USAID headquarters in Washington DC and in South Africa) and, on the grantee side, a survey of grantees, interviews with a representative sample of grantees, and a reflection workshop convened with grantees. Thus, five categories of respondents made their opinions known through this process: Pact grantees, USAID/Washington, USAID/ South Africa, Pact headquarters, and Pact South Africa.

Following the field work, the evaluation team conducted a two-hour internal debriefing for Pact on 11 December 2009, well-attended by 16 Pact staff members (despite the holiday), attesting to their keen interest in this evaluation. Findings and results were presented by PowerPoint. Discussion was lively.

B. STAKEHOLDER INTERVIEWS: USAID AND PACT

USAID and Pact personnel were interviewed at headquarters in Washington and then in South Africa. Most interviews were of one hour duration following customized interview guides developed for this purpose. Persons interviewed are shown in Appendix B.

The overall consensus was positive. The most positive responses came from USAID/SA whose Office of Health director began with "USAID loves Pact." In Washington, Pact headquarters and USAID/Washington were less clear, in some cases admitting a more superficial understanding about current issues and nuances. It was the grantees who had the greatest number of specific comments about both strengths and weaknesses.

C. SURVEY, INTERVIEWS, AND WORKSHOP WITH THE SOUTH AFRICAN GRANTEES

The Survey Process and Methodology

During November 2009, Keystone, an independent agency, conducted an anonymous survey (to ensure completely open and frank responses) with 25 of Pact South Africa's grantees.²⁰ This included all current grantees as well as three former grantees; the latter were included in order to establish some comparative analysis with their experience with other Umbrella Grant Managers.

²⁰ This work was led by André Proctor and Munya Saruchera.

Questions followed Keystone’s unique grantee feedback model and focused on how grantees experienced the relationship with Pact SA across five key performance areas:

- The pre-award assessment
- Quality of interactions and communications (relationship)
- Grant monitoring and evaluation
- Capacity building support
- General and comparative performance.

The survey was posted on Zoomerang, an online survey site. A total 23 of the 25 grantees responded, constituting a high response rate of 92%.

Interviews with Selected Grantees and Sub-Partner

A sample of nine out of the 25 current and former partners, along with sub-partner, was selected for in-depth on-site interviews. These were selected by the evaluators and sought to balance size of grantee, length of relationship with Pact, successful as well as less successful grantees and included some grantees that have moved to direct USAID funding or to other of USAID/SA’s Umbrella Grant Managers. The grantees interviewed are shown in Appendix C.

Grantee feedback was, on the whole, extremely positive concerning Pact’s capacity building and support and evaluation. Most grantees said that this was a key factor in their growth and success.

Reflection Workshop

Results were analyzed and compiled into an interim report (in PowerPoint). This was discussed with a sample of 15 grantee representatives in a “Reflection Workshop” in Pretoria on Wednesday, 3 December 2009.²¹ This discussion generated powerful new insights for the evaluation and for the grantees themselves -- who recommended that this kind of feedback opportunity and dialogue be repeated annually. A methodological lesson learned is that it is extremely valuable to enable survey respondents to reflect on the findings together. For example, the formal survey itself did not specifically ask what they felt about peer learning opportunities – yet when sparked, it raised great excitement. Stories of good experiences emerged and good ideas for greater reflection and learning together began to take shape. Pact would do well to follow up on this energy and put more emphasis on the L in its “MERL” for learning and improving within and across grantees.

D. DOCUMENT AND LITERATURE REVIEW AND THE “CAPACITY BUILDING SUMMIT”

Document review included all Pact annual and semi-annual reports to USAID as well as Pact tools and M&E plans (see Appendix H). Pact’s annual reports present abundant evidence of the step-by-step results of Pact capacity building, both in the “targets” sections and in the discussions of “implementation issues.” Our own research has given us no cause to question the integrity of these reports.

²¹ Participants are listed in Annex C. A similar workshop was scheduled for 1 December in Cape Town but had to be cancelled because it conflicted with World AIDS Day activities.

As part of the evaluation process, the team leader participated in Pact/Washington's two-day "Capacity Building Summit" (17-18 November 2009). Questions that emerged as priorities from the Summit, and literature review, were:

- 1) What evidence exists (to present to policy makers, donors, stakeholders, or peers) that capacity building makes a difference?
- 2) What indicators should be used to measure this?
- 3) What constitutes best practice for capacity building?

To put Pact's work in context, the team also reviewed other literature on organizational capacity building. There is abundant published and online literature on organization development and capacity building for non-profit organizations. Especially in the U.S., some donors in the philanthropic community provide grants that support a variety of capacity-building efforts for their grantees.²² Various leaders in the field differ slightly in their approaches to capacity building (as applied nationally or internationally, in the health sector or other). But the Pact approach is consistent with the highest standards.

²² For example, the Packard Foundation makes Organizational Effectiveness (OE) grants to selected foundation grantee organizations and networks "to undertake projects that transform their organizations in a sustained and meaningful way." www.packard.org/categoryDetails.aspx?RootCatID=3&CategoryID=93.

**III. PACT’S GRANT MANAGEMENT PROGRAM:
EFFECTIVE OR NOT, AND HOW SO?**

Key evaluation question #1: What key features of the Pact SA grant management program enhanced or prohibited successful implementation and achievement of program objectives?

Major conclusion: Pact has been very effective in its grant management and USAID/SA has been extremely satisfied with Pact performance. USAID/SA stakeholders emphatically agree that Pact has performed up to and even beyond most expectations. The USAID-Pact grantee partners are also generally very positive about their experience of Pact as grant manager; however, they also point to areas of frustration and made suggestions for possible improvement. Much of the frustration and critical comment is directed at what they perceive as unreasonable, narrow and inflexible PEPFAR requirements rather than Pact attitudes or performance. Some also felt that, while Pact does extremely well in building bottom-line capacity in financial management and MER (monitoring, evaluation, and reporting) other important organizational aspects are not always given the same attention.

Key features of the Pact SA grant management program that have made for successful implementation and achievement of program objectives are:

1. Pact’s **design of rigorous systems** for financial management, program design and MER and the design and use of a highly effective set of tools for assessing and enhancing organizational capacity to implement these systems.
2. Pact **monitors compliance** very carefully through insisting on rigorous and regular financial reporting backed up by site visits, on-site audits and data audits.
3. Along with compliance monitoring, Pact **offers intensive support and capacity building** in five main areas that enable grantees to grow in confidence and in capacity.

A. PACT’S GRANT MANAGEMENT AND SCALE-UP CHALLENGES

All the USAID-Pact grants are designed to enable grantee organizations to rapidly scale up their HIV and AIDS services. Pact, as the grant manager, is faced with the challenge of assisting the grantee partners to operate at a scale typically much greater than what the partners were doing before.

The figures on Page 19 dramatically illustrate how the value of PEPFAR funding to each partner has increased over the five year period under review.

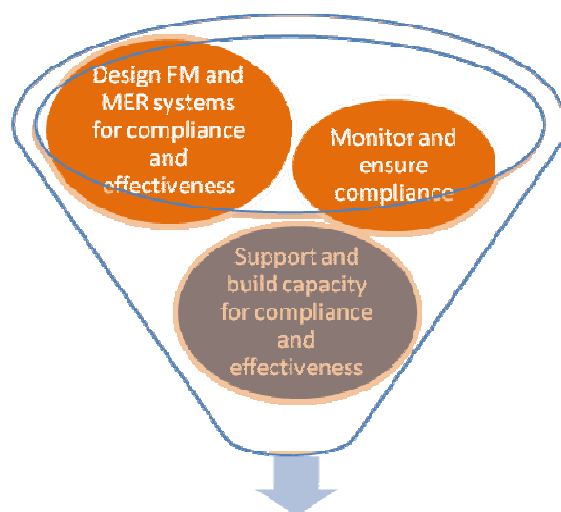
Most partners have had to go through a major overhaul of their staffing, management systems, programs and practices in order to achieve the specific PEPFAR-defined targets and comply with PEPFAR’s rigorous planning, monitoring and reporting systems. The overwhelming majority of partners affirmed in the survey and in interviews that Pact’s clearly framed and rather stringent conditions and expectations, as well as Pact’s patient, respectful support and capacity building, were fundamental elements of its success.

Pact has developed a very effective approach and methodology that integrates extremely rigorous grant management with capacity building from the start. Fundamentally, the picture that emerges from grantee feedback is that Pact sees itself as an active and engaged partner with its grantees, learning with them and contributing whatever it can to their success. Pact sets the bar very high, particularly in financial management and MER, and invests resources, time and effort in helping its grantee partners perform at these standards.

When grantees were asked to compare Pact to their other grantmakers (and not just the USAID world), half of the grantee survey respondents rated Pact as “one of the best grantmakers” and a further quarter as “above average.” Across most of the specific areas of grantmaker performance listed, the majority of grantees interviewed rate Pact much higher than their other grantmakers.

B. KEY ELEMENTS OF PACT’S GRANT MANAGEMENT MODEL

Figure 1: Three key elements of Pact’s grant management model



Grantees implement programs consistent with PEPFAR requirements, expand services and know how to report on achievements.

1. Pact has **designed rigorous systems** for financial management, program design and MER (monitoring, evaluation, and reporting) that enable grantees to comply with PEPFAR requirements and that support effective and sustainable scaling up of services. Pact has also designed a highly **effective set of tools** for assessing and enhancing organizational capacity to implement these systems. These systems and tools are embedded in Pact’s culture and practice.
2. Pact **monitors compliance** very carefully through insisting on rigorous and regular financial reporting backed up by regular on-site audits. Program monitoring includes regular site visits and data audits.
3. Along with compliance monitoring, Pact **offers intensive support and capacity building** that enable grantees to grow in confidence and in capacity to implement expanded programs effectively and at a vastly increased scale. Pact provides this

support in a highly integrated way. The specific capacity building interventions are described in Section IV below and Appendix D.

C. PACT GRANT MANAGEMENT: PROCESS AND GRANTEES' PERSPECTIVES

This section has two objectives. For readers unfamiliar with Pact SA, it describes the elements accounting for Pact's effective grant management. For Pact SA, this section presents the processes through the eyes of the Pact grantees. This includes findings from the grantee survey (November 2009), on-site interviews with grantees and subpartners, and interaction at the Reflection Workshop convened in Pretoria on December 3, 2009, following analysis of the survey results.

➤ Pre-award assessment for compliance

The process begins when USAID/SA informs Pact SA of the organizations it has selected, through its APS competition, to be funded under PEPFAR.²³ Pact's initial task as grant manager is to help potential grant awardees to meet the pre-award requirements for PEPFAR funding. Rigorous assessment has always been one of Pact's key principles of grant management and capacity building. At the start of the relationship and before funds are provided, Pact conducts an initial assessment of the organization's financial and management systems and capacity; for this it uses a Pact custom-designed tool known as MCAT (Management Control Assessment Tool).

The pre-award assessment of the organization's ability to meet PEPFAR requirements is often extremely traumatic as it reveals major inadequacies in the organization's existing management systems that must be corrected in order to access PEPFAR funding. One grantee described it as a "*complete culture and systems shock*."²⁴

Pact's effort in assisting organizations to comply requires a high level of technical knowledge and skill as well as a commitment to a real partnership relationship with the grantee. Elements of this relationship are described below.

Pact states that the process from initial assessment to grant approval generally takes 2-6 weeks. In the grantee survey, most partners fell into this range, while 22% of the respondents said it took 4-6 months. Significantly, none blamed Pact for any delays. Twenty out of 23 survey respondents found Pact's MCAT assessment relevant and useful; 78% said that it improved or greatly improved their organizational systems and structures. A majority of respondents (75%) said Pact's support in complying with USAID/PEPFAR conditions was sufficient and helpful, with 50% judging it "very helpful."

A selection of other grantee responses further illustrates the value of the assessment:

- *"Pact's pre-award assessment was invaluable in the light of PEPFAR/USAID's bureaucracy. It was very involving, but very helpful and resulted in a lot of refinement of many of FPD's systems, putting the organization in good standing*

²³ This is very different from the approach of Pact in other countries, in which Pact selects the organizations with which it will partner. Pact/HQ was initially opposed to the idea that Pact SA would simply take on partners that USAID selected.

²⁴ Interview with Broadreach Health Care.

to receive USAID/PEPFAR funding directly and hence it graduated from being a grantee to a direct funding partner.” (Foundation for Professional Development)

- *“The pre-award assessment process was extremely useful because CompreCare is a new organization that did not have good policies and systems in place; hence the capacity and support from Pact was very timely, useful and helped CompreCare to better manage themselves and their sub-partners. To this end, the pre-award assessment was MOST critical in determining the gaps and needs of the organization.” (CompreCare)*
- Some grantees felt there should be a formal two-tier system in which Pact goes further and extends the pre-award assessment to the sub-partner level. Pact SA has worked intensively with the sub-partners of some grantees, such as NACCW and CompreCare, and much of its most effective organization development (OD) work has taken place here. But this is only a small fraction of the need.²⁵ Other Pact partners have felt that their sub-partners have not been adequately supported. As one partner puts it: *“AMREF is working with sub-partners with no capacity at all and hence needs Pact’s MCAT and pre-award assessment support to reach their grassroots.”*

However, while Pact uses its assessment tools very effectively at the beginning of the relationship to assess organizational capacity and compliance, there appears to be little *formal* re-assessment of the growing capacity and effectiveness of grantees over time nor to determine to what in Pact’s interventions this growth might be most attributable. This is important if Pact is to understand and demonstrate the impact it is having on its grantee partners and how it can improve. Certainly Pact staff monitor and reflect on their effectiveness all the time, but Pact should explore ways to formalize this monitoring and integrate it into its’ own impact planning, learning, and reporting system.

Recommendation: Pact should explore ways to formalize its informal reflection and monitoring and integrate this it into its own impact planning, learning, and reporting system.

➤ **Implementation plans and required documentation**

Pact staff directly assist grantees, and many sub-grantees, in developing PEPFAR-compliant Implementation plans (work plans) and submitting other documentation required to access funding. This documentation is substantial and includes clear program descriptions, expense accounting policies, and budgets. Pact must also assist as needed to ensure that registration documents are in order, that the organization is tax-compliant, that governance systems are in place, and that the organization has the support of relevant government authorities.

Again, grantees speak eloquently of Pact’s technical proficiency and its commitment to supporting grantees to meet the requirements. One reported, *“Pact has all the skills in their stable. There is always someone that you can ask about any challenge. We’ve used them hugely.”* Another added, *“We honestly did not think that we could meet the conditions, but Pact convinced us that, with their help, we could.”* And

²⁵ This is discussed more fully in Section VI below.

another, *“Pact (is) out to make it work with us, not catch us out. They are a really good intermediary... collegial, supportive, and insightful.”*

Confidence and trust are extremely important preconditions for success in Pact’s work, and possibly one of the most significant factors in Pact’s positive impacts on its grantees. In spite of being relatively easy to measure, this is seldom done. Confidence deserves to be tracked and reported alongside quantitative impact data as a key enabler of Pact’s success. Learning happens best in long-term supportive relationships.

All grantee plans are reviewed by Pact before they are submitted to USAID, and often returned a number of times until Pact is satisfied they will be accepted. In many cases, Pact’s staff works very closely with grantees, and in some cases sub-grantees as well, generating multiple drafts of documents until they meet the standard required. Feedback from grantees testified that the learning, both in skills and in confidence generated through this closely supported *doing together* is as valuable as the product it generates.

This support continues throughout the grant period where necessary. A senior USAID Activity Manager commented that Pact *“is very effective in assuring that workplans and other documents are well developed, so when they reach me, my comments are only minor -- only tweaking needed.”*

All survey respondents rated Pact’s assistance in helping understand USAID/PEPFAR rules and procedures “helpful” or “extremely helpful.”

When asked if results would be different if Pact were not providing this support, another USAID Activity Manager responded: *“Oof! I cannot imagine! ...the work Pact is doing is so important. For OVC, we at USAID are only 3 people but the OVC partners are so many: 32 primes plus more subs. To assure accountability, there must be good monitoring. We could not monitor adequately. If there were no Pact, data quality and reliability would be very poor. You can imagine how the finances would be! The fraudulent activities that could occur! If something is fishy, Pact is able to pick it up quickly.”*

➤ **Comprehensive funding agreements**

Pact has designed and built comprehensive financial management, general operations and MER systems that ensure compliance with PEPFAR requirements. In fact, these systems go significantly beyond these to meet the real growth needs of the organizations themselves. These procedures are detailed in a comprehensive letter of award which constitutes the agreement between Pact and the grantee.

When the grant application has been approved by USAID, Pact SA signs a comprehensive funding agreement with the grantee. This takes the form of a 50-page award letter that clearly stipulates specifications of the award (grant), including monitoring and reporting requirements that are generally far more demanding than any the recipients have ever previously experienced. Specified reporting requirements include: Monthly financial reports, an Implementation Plan (IP), Branding and Marking Plan, and a Monitoring, Evaluation and Reporting (MER) Plan; thereafter, Performance Reporting (Quarterly Report, Semi-Annual Progress Report, Quarterly Data Report, and Annual Progress Report), and periodic Financial

Reporting; and, finally, a Final Performance Report, Final Financial Report and a Final Foreign Tax Report.

Other rules and regulations stipulate approval processes for hiring key personnel, training and, where sub-partners are involved, sub-partner agreements and management systems.

Feedback from grantees is generally that Pact's expectations are extremely demanding but specific and clearly communicated -- and that the intensive support offered by Pact is crucial in meeting them.

USAID staff praise Pact for its efficiency in managing this essential process. When asked how Pact grant making differs from that of other UGMs, one activity manager responded: *"Speed. In the pre-award and award process...Pact is able to get grants signed more efficiently. It is important that much Pact decision-making stays in-country. Other UGMs have had greater need to get their U.S. headquarters' signature. Also Pact has had so much more experience, so is more efficient."* It is a tribute to Pact HQ that it has this trust in its field program.

➤ **Embedding rigorous financial management and operational systems and practices**

Pact's (and USAID's) expectations on financial management and financial reporting are very stringent – and far more demanding in the eyes of grantees than most other funders. Yet while grantees found the initiation traumatic and the ongoing reporting onerous, they also speak of the real benefits this brings, and the responsiveness and the support that they get from Pact staff to keep going. Said a Pact staff member about one grantee: *"They were very weak initially, in chaos. USAID was ready to throw in the towel. They had way too much in unsupported costs. They're not there yet, but signs are encouraging...Perseverance!"*

With much struggle and a lot of support, most grantee partners have come to master the requirements and have adjusted to the rhythms of life in the big league. Most speak appreciatively of the new levels of discipline and professionalism that it has brought to their organizations – a necessary precondition for success at scale.

A typical comment from one grantee reads: *"Pact checks and verifies every single document submitted by CINDI/partners and refers back anything that may not be correct. The monthly support and checks provided by Pact are very useful for CINDI as it ensures compliance with PEPFAR and USAID as well as audit requirements."*

Pact insists that similar standards of management and accountability are demanded from sub-grantees as well. Two partners with sub-grantees spoke appreciatively at the Reflection Workshop that *"Pact helps us assess our sub-grantees and helps us deal with difficult grantees."* With Pact support in designing financial reporting systems for sub-grantees, NACCW, for example, has shown that rigorous financial accountability can be extended to community-based and remote rural sub-partners. This has been successfully adapted by at least one other partner in an interesting peer learning exchange.

Financial management support takes the form of formal training courses complemented by intensive hands-on support -- mentoring and coaching -- from Pact's team of program and grant managers.²⁶

Interviewees were united in the value of the mentoring and coaching in financial management. Even the Nelson Mandela Children's Fund (which was highly critical of much of Pact's approach and had a conflictual relationship leading ultimately to the withdrawal of PEPFAR funding), admitted that they had incorporated much of what they learned from Pact into their new grant management systems. One staffer who later moved to USAID said "*The capacity building was very useful. Even after the partnership Pact-NMCF ended, I still used what I learned from Pact.*"

Feedback on the usefulness of the formal training is more mixed. Cross-tabulation of the grantee survey results suggests that younger, smaller grantees and sub-grantees generally found the formal training very useful, while some of the larger more established grantees with more professional staff found it less so.

To some extent this could be attributable to a certain over-confidence more prevalent among larger organizations – especially international firms such as Broadreach Health Care which had very little positive to say about Pact's interventions. But all respondents emphasized that the ongoing mentoring was the most valuable form of training.

Most grantees interviewed spoke warmly of *Pact's flexibility in helping them adjust to the PEPFAR and USAID regulations*. Two interviewees, each with a particularly intensive relationship with Pact, spoke of Pact's value as an intermediary with great local knowledge that could persuade USAID to relax conditions where this is justified. For example, when NACCW, in its OVC program, wanted to include a transport allowance in its bursaries (scholarships) for girl heads of households, this was initially disallowed by USAID. Pact, however, understood that without transport these girls would not get to school or the training center. Together, NACCW and Pact were able to have this expense approved. Similarly, Hospice and Palliative Care Association (HPCA) recounted an example in which Pact intervention permitted a relaxing of regulations regarding supporting food gardens.

Others, while understanding that Pact does not make the rules, felt that Pact was still sometimes unreasonable in enforcing regulations that did not make sense in their local contexts. For example, two interviewees cited cases of what they felt were essential expenses being disallowed because USAID criteria were insensitive to contextual realities – and felt that Pact was unreasonable to enforce them.

Some grantees stated during the Reflection Workshop that at first they felt Pact was merely an extension of the donor. As they put it "We were not always clear whose side Pact is on – ours or USAID's." However, as the relationship developed, most said they began to see Pact as an intermediary able to gain trust and acceptance from both the donor *and* the grantees.

²⁶ An intensive series of formal training courses is provided in the first year. This includes: Basic grants management course (introduction to PEPFAR rules and regulations) for partners and sub-partners before or just after signing; USAID compliant financial management, procurement and reporting; and Advanced grants and sub-grants management.

➤ **MER and Program Monitoring**

In a similar vein, Pact has developed MER systems that meet PEPFAR's needs (which Pact says are minimal) but that also encourage organizations to extend their monitoring and deepen their analysis for the organization's own learning and improving. Pact's MER Director and her staff are fully engaged in helping grantees with data quality, data gathering and analysis issues. Grantees universally speak very warmly of their supportive and high quality assistance. Almost all grantees and USAID staff agree that Pact's MER systems and the committed support provided by the MER Director and her staff has been a key factor in grantees understanding PEPFAR's MER requirements and complying with them to ensure renewal of their grants.

The survey results are interesting here:

- 83% of grantees say that Pact's MER requirements are significantly or extremely helpful for their own learning.
- 65% say that the MER requirements are just right for them.
- a significant 30% say that Pact's requirements do not allow them to report all their achievements.
- 43% do not seek feedback from their sub-partners and beneficiaries in their M&E, and
- 25% of grantees say that they do not really reflect regularly on their monitoring data.

Comments during interviews emphasized the usefulness of the MER system in enabling compliance with PEPFAR's reporting requirements. However, other comments indicated less satisfaction when it comes to the usefulness of M&E for the grantees' own learning and improving.

There is a fairly strong feeling that Pact could encourage more monitoring of and learning about the quality of services and how best to meet holistic community needs. This would, however, require more resources and moving far beyond PEPFAR's narrow impact indicators. Here is a summarized selection of comments:

- *"Recommendations concerning M&E were done to a very high standard but funding to support this is not adequate."*
- *"We would like to look at more qualitative indicators."*
- *"...the partnership... does not accommodate developmental processes for CBO capacity development, especially when dealing with emerging... CBOs."*
- *"...need to improve organization-wide learning... often sacrificed with the deadlines that we chase in meeting Pact targets."*
- *"...improvement only in the project funded by Pact. Does not affect our other programs."*
- *"...does not allow us to explain challenges properly and share best practice."*

Pact does a pretty good job of helping grantees to meet PEPFAR MER requirements. But additional support could be provided by Pact (with USAID concurrence) to build a more robust capacity for MER that could also include quality of care indicators, qualitative indicators, and more use of M&E results for program improvement.

These responses suggest one or two areas for improvement. The clear majority of survey respondents (well over 50% in each area) find most of Pact's MER support

very or extremely helpful. However, a significant minority (7 to 8 out of 23) say they do not find Pact's site visits and their engagement with sub-partners very useful.

Responses from grantees in the interviews were also generally positive -- but can be divided into two responses. It appears as if not all grantees receive the same level of engagement and support – probably due more to grantees not asking for it than to selectivity by Pact.

Some grantees are very satisfied with current practice. These tend to be organizations with which Pact has a particularly intensive support relationship, and who might see themselves as service providers rather than developmental agents.

However, there are two areas in which the evaluation researchers received less positive feedback. One was a discomfort with the narrow quantitative “body count” focus of the PEPFAR indicators and the feeling that PEPFAR reporting is little more than a “numbers game” which offers no insight on how beneficiaries experience the services – let alone how the services contribute to sustainable and integrated programs that meet holistic community health needs. They tend to see Pact as falling in with this approach and not supporting a richer alternative.

This kind of response tended to be associated with smaller more community-based partners with a holistic community developmental mission. In HIV and AIDS services the qualitative dimension cannot be ignored. For example, the Hospice and Palliative Care Association (HPCA) made an impassioned plea saying that *“Patients are treated so harshly at many centers, especially big hospitals, that if we don't measure and report on compassion you end up with a health system that dehumanizes and alienates citizens.”* Care is not simply technical. Their experience suggests that caring family-centered facilities contribute best to capable caring families, reduced admissions and improved quality of life all around. Yet the partners cannot communicate or share this learning and experience within PEPFAR's formal M&E systems.

Another important piece of critical feedback was that, as presently constituted, Pact's *relationships* with grantee partners tend to be exclusively *with individual organizations*. In the interviews there was a call from a number of grantees for greater opportunities for peer reflection and learning. M&E for accountability purposes is important, but it would be much more valuable if the learning and improving dimension could be taken more seriously.

This sentiment raised a chorus of support from all present at the post-survey Reflection Workshop in Pretoria.²⁷ Participants said things such as *“We work very individually with Pact. We call Vincent a lot and consult. But for some difficult things we can share experiences and explore solutions together.”* *“We need more than just to meet at workshops and courses – we need real spaces for sharing and learning together.”* *“We never discuss our relationship. I don't always want to approach Pact as a lone child to a parent. We can plan and learn together very well.”* *“What about an annual forum where we look at and discuss our reports, how we found the year,*

²⁷ This is a good example of why it is so valuable to enable survey respondents to reflect on the findings together. The formal survey itself did not specifically ask about what they felt about peer learning opportunities – yet when sparked, it raised great excitement. Stories of good experiences emerged and good ideas for greater reflection and learning together began to take shape.

what we are doing differently now, what challenges we are having with M&E, working with sub-grantees etc?”

Recommendation: Although that Pact actively seeks feedback from *individual* grantees on issues that specifically affect each of them, Pact should consider supplementing this with a *collectively reinforcing* approach – such as periodic anonymous surveys of grantees and sub-grantees followed by *collective* reflective workshops that can bring about open, network-wide dialogue on problems and solutions as seen from the grantee partners’ perspectives. This would be a highly generative learning mechanism that would contribute significantly to better practice, better relationships, and horizontal learning.

In spite of all the praise for Pact’s responsiveness and help, there remains a deep underlying fear of losing everything that clouds the relationships. One participant in the Pretoria workshop said: *“We would really like more feedback from Pact on how we are doing – both to ourselves individually AND collectively – before we hear the heavy knock on the door from USAID.”*

A related sentiment that was expressed strongly at the Reflection Workshop was that Pact does not respond routinely to issues raised in reports or give feedback – and that reporting at this time tends to be more of an accounting exercise than designed for individual and collective reflection and learning.

➤ **Timely and efficient disbursement of funds**

This was the area of least disagreement. All grantees commend Pact on its efficient disbursement. A typical grantee comment reads: *“The Pact support and grant management capacity puts NACCW in good stead to access more funding from other donors....”* And a USAID staff member stated: *“Pact has always had very good controls and a very orderly process. There are rarely any issues of partners running out of money.”*

IV. CAPACITY BUILDING: AN INTEGRAL PART OF EFFECTIVE GRANT MANAGEMENT

Key evaluation question #2: What were the key results, strengths and weaknesses of the capacity development processes?

Major Conclusion: Key **results** of Pact’s capacity development processes include:

1. Rapid growth in the scale and reach of grantees’ HIV and AIDS services.
2. Increased ability of these key organizations to use funds (and increased budgets) effectively and responsibly.
3. The significantly increased ability of these same organizations to monitor, analyze and report on their processes and achievements in ways that strengthen their performance while also meeting donor standards.
4. Other organizational growth and improved effectiveness in service delivery.
5. Positive energized relationships reflecting the evolution of a high degree of mutual confidence and trust.

Strengths are many -- and may be considered as candidates for best practices.

The principal **weakness** is Pact’s inability to provide capacity development services to the 100s of subpartners, affiliates, and CBOs of its grantee partners.

A. IMPACT OF PACT’S CAPACITY BUILDING: THE KEY RESULTS

The ultimate test of the effectiveness of capacity building interventions is reflected in actual changes to which the intervention clearly contributed. In most cases, Pact’s success as an enabler of greatly expanded HIV and AIDS services is dramatically visible. However, it is likely that Pact and its grantees’ impacts would look even more impressive had they measured their performance against a wider set of indicators.

Pact’s capacity building inputs have led to results in the following five areas.

1. Rapid growth in the scale and reach of grantees’ HIV and AIDS services, shown in the substantial achievement and exceeding of PEPFAR targets by almost all grantee partners. The accompanying graphic and table below summarizes service totals achieved by Pact’s grantees during the first cooperative agreement. These numbers are impressive. However these figures alone do not tell us much about the quality of services, how beneficiaries experience them or how they contribute to sustainable community level health systems – additional areas where improvement has been achieved. If Pact and its partners had been systematically tracking improvement in *quality* of services, the impact would certainly be even more impressive. As it is we can only reasonably expect that this is the case.

Table 1. Pact SA Grantee Achievements by Program Area: FY 2004 - 2007

Achievements by PEPFAR Indicators (source: Pact Annual Reports)	AR Oct 04	AR Oct 05	AR Oct 06	AR Oct 07
Patients initiated on ART	0	5,057	23,694	58,577
OVC served	5,423	52,263	66,616	100,541
People reached with palliative care	14,647	30,399	46,204	50,725
People reached with AB prevention	152,872	308,585	862,662	1,120,294

2. The significantly increased ability of key organizations working on HIV and AIDS in South Africa to use funds (and increased budgets) in accord with donor requirements, and to document and report correctly on their use, so that fraud and misuse do not occur. Most grantees initially had much smaller budgets and many lacked sound financial management systems. As a result of Pact capacity building, all grantees now have financial management systems that have enabled them to go through and pass rigorous U.S. government audits. The figures below illustrate the dramatic increase in the value of PEPFAR funding to grantee partners over the five-year period. These data convincingly illustrate a massive increase in the capacity of grantees to both manage funds and to effectively implement scaled-up programs. The data also indicate the growing confidence on the part of the donor to invest more into these grantees.

Comparing Figures 2 and 3 below is illuminating. These show that the organizations with the lowest initial funding levels achieved higher rates of increase than organizations with larger grants. In some cases the follow-on grant in 2009 was eight times higher than the first grant in 2004.

Figure 4 indicates the percentage increase in grant size over the period under review, comparing funding in year-one to funding in 2009. Data reveal a range between 70% and almost 1400% with an average rate of increase of 414%.

The evidence in this report suggests very strongly that this extraordinary growth owes a lot to Pact SA's capacity building interventions and grant management systems.

However, success brings its own risks and challenges. Survey feedback revealed that for 26% of grantees, the USAID funding now makes up 90% of their current operating budget. The median is 50%. Despite Pact SA's and USAID/SA's efforts to set co-funding targets, at least half of the grantees remain heavily dependent on USAID funding -- and thus extremely vulnerable at the time of PEPFAR scale-back in funding.

Figure 2: Cumulative Funding 2004-09 of Pact SA Grantees with funding below \$10 million

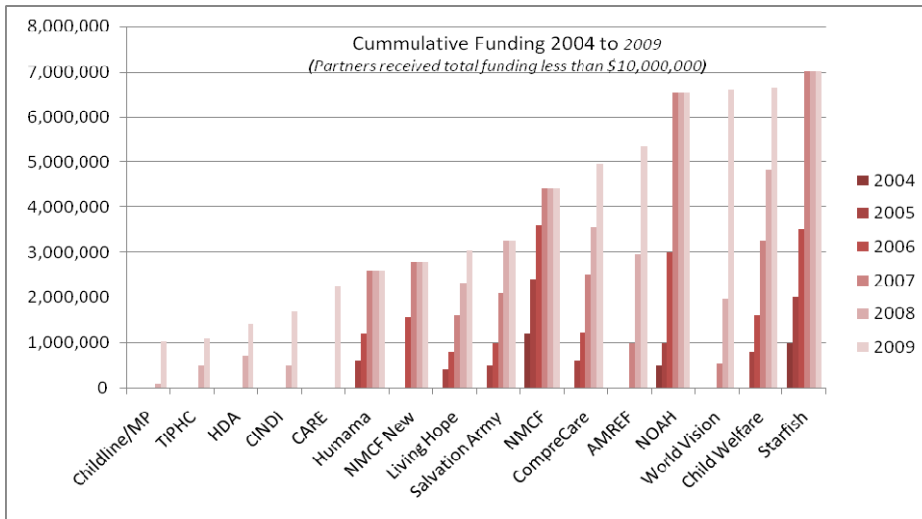


Figure 3: Cumulative Funding 2004-09 of Pact SA Grantees with funding above \$10 million

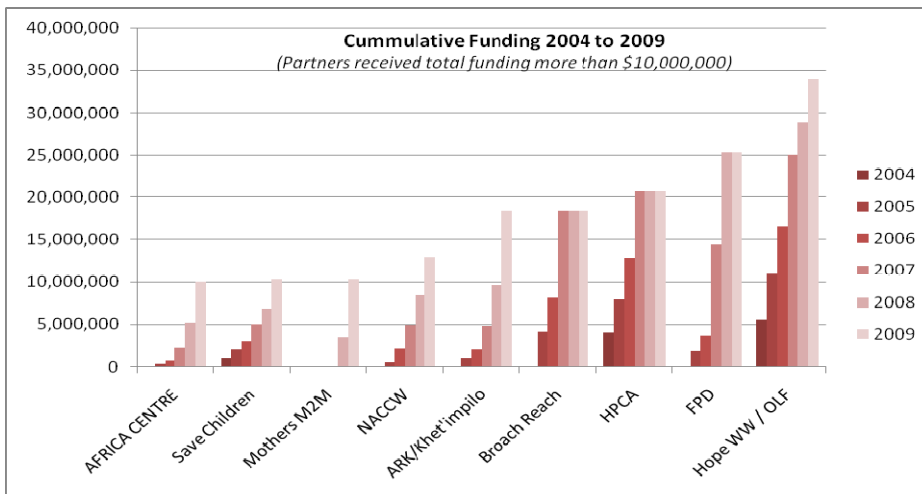
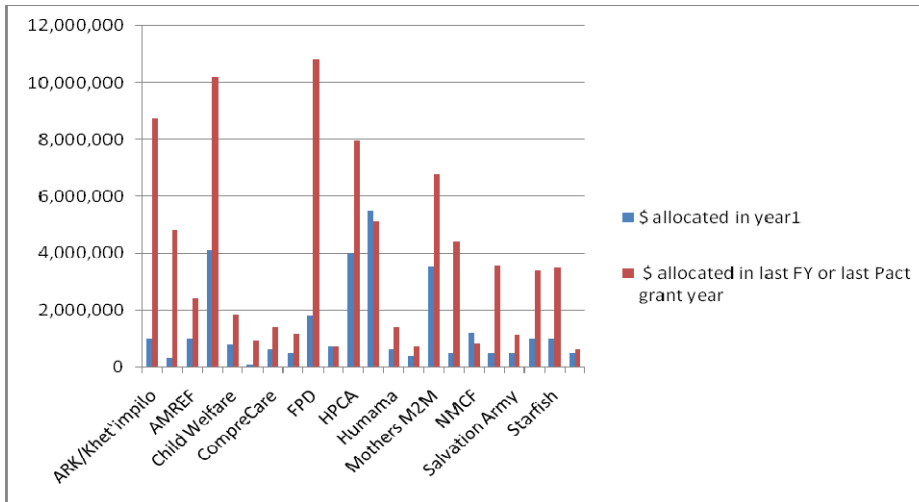


Figure 4: Percentage increase in grant size, 2004-2009



In theory, and some survey respondents indicated this to be the case, successful management of PEPFAR funding could be seen by other funders as a strong indicator of efficiency and effectiveness and should assist the grantee to attract further funding. This is something that Pact SA should track as part of its ongoing impact monitoring. Pact should engage with grantees in dialogue about how PEPFAR funding can actually enhance, rather than undermine, the sustainability of sub-grantees and their programs.

If possible, Pact should also try to track comparative data for other UGMs and other HIV/AIDS programs. Comparative analysis of this kind of analysis could provide very valuable data to demonstrate that the cost of effective capacity building is justified compared to the cost of not doing it properly or at all.

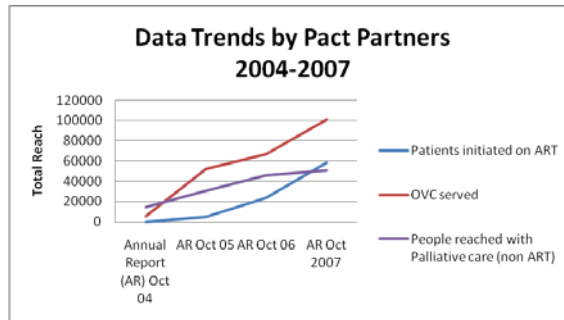
3. The significantly increased ability of these same organizations to monitor, analyze and report on their processes and achievements in ways that strengthen their performance while also meeting international standards. Not only have grantees learned how to report to PEPFAR, but they have learned the value of monitoring and evaluation for strengthening their organizations and programs across the board.

Pact has noted significant improvement in prioritization of MER among grantees during program planning and budgeting. Grantees are now committing and spending more resources on implementing MER systems and hiring MER staff. For example, in 2005, only 2 of the 17 Pact SA partners had dedicated MER officers. At the beginning of FY07, 14 of the 17 partners had dedicated fulltime MER positions.²⁸

²⁸ Source: Pact SA presentation to OGAC, July 2007.

4. Organizational growth and improved effectiveness in service delivery, which make for sustainability of the organization and its ability to provide high quality HIV and AIDS services. All

Pact grantees have experienced rapid expansion and growth, both in the scale of their programs and the scale and competence of their organizations. The narrative case studies (Appendix I) give a powerful sense of grantee growth.

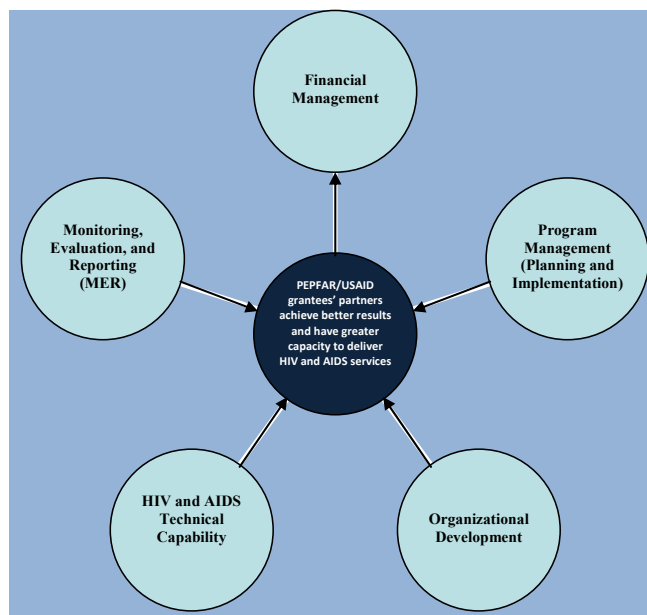


Between one third and half of the 23 respondents in the grantee survey report a great improvement across all competency areas. One grantee said that there had been resources for all staff to benefit from capacity building and that even administrative staff see their role in the success of the organization. Another grantee, HPCA, said: *“Pact support enabled us to be where we are today. Pact laid the foundation for our graduation to direct USAID funding.”*

5. Extremely positive energized relationships reflecting the evolution of a high degree of mutual confidence and trust. Pact’s approach has led to very good, collaborative relationships between Pact and its partners. Although positive and productive relationships are not usually seen as an outcome or an impact in the conventional sense, it is such an important factor in any shared enterprise and usually essential for success. Feedback from all stakeholders was, with minor exception, overwhelmingly positively of the relationships Pact maintains with its grantees. (See Appendix F.) As one grantee put it: *“Pact motivated us and made us feel capable. We never felt policed. It was a very open and trusting relationship and we never felt we needed to hide things or claim more than we achieved.”*

B. WHAT KIND OF CAPACITY DEVELOPMENT DOES PACT SA PROVIDE?

Figure 5: Pact SA’s Model of Capacity Development



C. BEST PRACTICES: STRENGTHS OF THE PACT SA APPROACH

But *how* does Pact build capacity? Data and testimony from the client, USAID/SA, and Pact grantees provide a clear picture of the strengths of the Pact SA approach. These all may be considered candidates for designation as best practices in capacity building.²⁹

1. **Pact has capacity building as its core mission:** When asked “*What are the main reasons Pact SA has performed so well?*” a senior staff member responded:
“It is the mission and vision of Pactworld. We really and truly are capacity builders -- not just being there for what the donor wants. This probably is the biggest difference between Pact and the other UGMs.”
2. **Pact has a clear theory of change** as it concerns capacity building and seeks to improve through a process of continual learning. Pactworld (HQ) has formalized this in the term MERL: Monitoring, Evaluation, Reporting, and Learning. Pact SA is now designing a module on “Evaluation and Learning,” Pact SA is leading the process of module development with support from HQ and RESNET MERL staff. (The module will form part of the MERL training series used by Pact worldwide.)
3. **Strong customer focus:** A Pact staff member summed this up succinctly:
“Malika [Pact SA country director] has a very strong customer focus – both on the donor side and on the partner side. If USAID says it needs something, we should move heaven and earth to do it. On the partners’ side, even if we can’t immediately achieve what they want, they should immediately hear back from us that we are working on it.”
4. **Pact puts priority on mutually respectful relationships of trust and confidence:** Pact views its relationship with its grantee partners as a genuine partnership in which each partner contributes uniquely to achieving shared outcomes. Pact management and staff work hard to maintain mutually respectful relationships of confidence and trust. Feedback from nearly all grantees affirms this as a key element of their success (something seldom measured in formal evaluations).
5. **Pact views its relationship with USAID as a partner and works closely, collaboratively:** Said one Pact staff member: *“We have a true partnership with USAID. We always present all the issues to USAID. All these issues are documented with the grantees; our interactions are always documented. We work closely with the USAID activity managers and often participate in site visits together. The activity managers are always in the loop; never surprised. The whole interaction is very open. There is high level of trust all around.”*
6. **An effective process enabling grantee partners to manage funds and perform in compliance with PEPFAR requirements** – as described in section III above.
7. **Flexibility in its relationship with the client, USAID:** While Pact’s initial mandate was to manage grants to USAID-selected NGOs, Pact has been very responsive to USAID’s requests to support certain South African government entities as well. *“One of the great things about Pact is its flexibility. Pact has*

²⁹ The recent publication, *A New Vision for a New Decade* (Pactworld, December 2009), outlines nine fundamental principles of effective capacity building. Pact SA’s strengths illustrate these principles.

been a flexible mechanism that has allowed USAID to accomplish other aims - for example, hiring consultants to DOH and DSD. And now to hire the nine provincial PEPFAR coordinators to work with each provincial government to ensure that there is systematic information sharing among PEPFAR partners, Provincial Governments and USG agencies. Government has very limited capacity for all program design, implementation, and M&E. So I see Pact working alongside government and USG to get money out there and spent well.” (a USAID activity manager)

8. **A rigorous approach to assessment of each new partner, and tools enabling any Pact staff member to do this in a standardized way:** A senior staff member explained: *“Pact assesses every area of organizational capacity and collaboratively develops a plan for strengthening areas of weakness. Pact then provides ongoing assistance to implement all the areas identified in the plan.”*
9. **Combination of training³⁰ followed by mentoring:** Training is not just a stand-alone input but is followed by Intensive (frequent, ongoing and empowering) implementation support. This takes place through site visits, documentation review, phone calls, emails, and so on. *“... we do not leave the partner on its own, but work with a partner throughout – so they take the learning and make it useful for themselves. Ninety percent of the time is spent on mentoring/supportive supervision.”* (Pact program staff)
10. **A focus on the whole organization:** Pact began with multi-grantee training activities, but has shifted to single-grantee training involving all key staff of the organization. While grantees complain about certain aspects of the formal training, it apparently has a good reputation. Said one Pact staffer: *“Non-grantees call and want to participate in the training.”*
11. **Assistance is provided by full-time resident staff** -- *“not just fly-in consultants.”* Local experts/specialists are brought in, however, for specific training needs (such as bereavement counseling or implications for partners of the new Children’s Act).
12. **Pact’s emphasis on MER, not just PEPFAR reporting:** One area in which Pact results are said to have exceeded USAID’s expectations is MER (monitoring, evaluation, and reporting). In 2004, Pact negotiated that it would not just focus on the M and R of PEPFAR indicators, but Pact’s MER. Said Pact SA’s MER director: *“With USAID/SA there is now a good understanding of the importance of MER training. We were successful in selling that idea to the donor. Now, when there is a change in PEPFAR guidance, our grantees will not struggle so because they already have a broader approach to knowledge.”* As indicated above, the great majority of survey respondents find Pact’s MER requirements very or extremely helpful. Among the grantee respondents, 83% said Pact’s MER requirements are significantly or extremely helpful for their own learning. Seventy-four percent report that they reflect regularly on their monitoring data, and 57% regularly seek feedback from their peers and beneficiaries. However, a significant minority felt that Pact should go further to include more qualitative indicators and

³⁰ An intensive series of formal training courses is provided in the first year including: basic grants management; USAID-compliant financial management, procurement and reporting; and advanced grants and sub-grants management.

allow grantee partners to include other indicators of success that also reflected their overall program goals.

13. **Training on data quality:** Data quality is a major “Achilles heel” of the PEPFAR program. Indicators are problematic, as are data. OGAC and USAID managers understand well this situation and its very substantial challenges. PACT SA has focused on this challenge and thus probably has among the best results of all PEPFAR-supported programs in terms of data accuracy. *“Pact partners do very well in this regard.”* (USAID)
14. **Support for organizational development:** The bottom-line PEPFAR capabilities are not sufficient for strong, sustainable organizations. Many grantees, especially the young and “emerging” organizations, have organizational weaknesses that have needed to be addressed before dramatically increased quantitative results are achieved. Pact staff, especially program staff, have found themselves advising on a wide range of organizational capacity building. Pact’s hiring of an Organization Development Manager in 2007 has enabled it to provide important assistance in such areas as organizational governance and leadership, strategy development, staff development and management.
15. **Networking:** For relationship building, and resource mobilization/fundraising. Pact appears to have good relationships with others in this field. This will be increasingly important going forward. (See section VI.)
16. **Pact’s tools:** The many tools and checklists Pact has developed allow it to be effective, systematic and efficient. Pact’s OD tools and training materials were reportedly used as a model for USAID other UGM intermediaries.
17. **An emphasis on systems:** Pact’s internal management systems allow it to be efficient and systematic in grants management and its relationships with both the USAID and grantee partners. It appears that things rarely fall through the cracks. One Pact staffer said: *“The systems are not perfect, but we’re working to make them better.”*
18. **Pact is adequately capitalized:** Under the current UGM agreement, even though this was not the case initially (under the first cooperative agreement), USAID also sees effective capacity building as a key precondition for results and eventually sustainability of the South African partners it supports through Pact.

D. WEAKNESSES: CONSTRAINTS AND CHALLENGES

- **Budgetary constraints limiting the services Pact provides:** While Pact has been quite adequately capitalized, it feels unable to meet grantee needs without additional staff. During individual and group interviews, Pact staff was asked “What are the most important changes that could or should be made to improve implementation?” The most common answer was resoundingly to increase staff. (See sections V and VI below.)
- **Dissatisfaction expressed by Pact grantees:** In spite of an overwhelmingly positive sentiment overall, the grantee survey and interviews did reveal significant dissatisfaction with certain aspects of Pact’s grant management program. Predominantly this concerned the perceived narrowness and

inflexibility of PEPFAR and USAID requirements. It is unrealistic to expect universal satisfaction in a program as complex and ambitious as this one. Yet, where dissatisfaction is expressed it deserves to be considered carefully and debated as an opportunity for learning – and there was a sense among grantees that this is not always the case.

- **Conflicting organizational priorities:** Over half of the survey respondents said they felt pressure from Pact to change their organizational priorities. A significant minority stated they felt strong pressure to change from what they believed was important. The most extreme example is probably the Nelson Mandela Children’s Fund (NMCF) which felt Pact was pushing it to deviate from its holistic developmental mission and consequently did not continue in the PEPFAR program. But this concern extends to other grantees as well. The discussion at the Reflection Workshop (the only opportunity the evaluation team had to examine survey feedback together with the respondents) suggested that this problem may derive more from PEPFAR’s very focused emphasis on an emergency response, which could become less problematic as PEPFAR 2 adopts a more developmental approach. It would be useful for Pact SA to explore this response in more detail in dialogue with grantees.
- **Reporting requirements too limited:** The great majority of grantees find Pact’s grant monitoring activities very helpful for their own learning as well as for reporting against targets. However, some say that the reporting requirements (and PEPFAR template) are too limited and do not allow them to report all their achievements. Pact’s MER still tends to focus narrowly on PEPFAR output targets.
- **Areas of capacity building that grantee partners felt were not adequately addressed:** These were, chiefly: long-term resource mobilization for financial sustainability, and the ability of partners to support sub-partners directly without Pact support.

With PEPFAR 2, Pact faces many additional challenges. These are set forth in section VI.

V. PACT'S INTERNAL MANAGEMENT STRUCTURES AND SYSTEM

Key evaluation question #3: What key elements in the Pact SA internal management structure and systems contributed to achievement or failure to achieve program results?

Although time did not permit a thorough management assessment of Pact SA, its internal management structure and systems appear sound if not strong. Pact SA has developed a highly systematic approach to managing the complexity of PEPFAR funds used by a total now of over 90 non-governmental organizations (20 grantees and their 70 sub-partners plus local affiliates and CBOs) delivering services across South Africa and, through FY 2009, across the whole spectrum of HIV and AIDS prevention, care, and treatment. The key elements making for success are the effective staff, the systems that have been established, and Pact's strong customer focus and good working relationships with USAID/SA and the grantee partners. USAID personnel felt lacking in knowledge concerning Pact internal systems but, as one said, "*They must be working, because the results are good.*" Pact staff are stretched thin, however, and are thus challenged in servicing so many grantees, including assistance in developing their sub-partners' capacities to produce the desired HIV and AIDS results.

A. STAFFING

- "*Pact initially worked long 15-hour days and experienced high staff turnover, but has weathered the storms and established a great team.*" This statement by Pact/SA's Country Director, Malika Magagula, is a good overview of the evolution of Pact/SA and its staff.
- "*A reason Pact is so successful is because it attracts good staff.*" (USAID staff member)

➤ **Appropriate skill mix**

As of December 2009, Pact had a staff of 28 persons. This includes 3 program managers with portfolios, grants management staff with portfolios, Irene Gathinji (OD advisor), and Rita Sonko (MER and Technical Director).

- "*The staff at Pact comes from a strong financial and MER background and so understood, right from the very beginning, that the grantees' financial and MER capacities were minimal and needed to be strengthened to make a real impact and grow the capacity of the partners.*"
- "*Hiring people with the right skills -- qualifications and experience -- and 'culture fit', fitting the culture of the organization, is important. We have 9 different nationalities, 11 different languages. This is a strength.*" (Pact Finance Director)

Asked "What are the main reasons the project/program has performed well?" one USAID staff member responded: "*Staffing. Pact has been very selective in the kinds of*

people they bring to the South Africa program: people with a broad base of experience. Also, there is a large base of South Africans working for Pact...not people parachuted in from the U.S. They know the country context, languages, culture and politics better than foreigners ever could."

➤ **Management**

"It's a healthy management team." (USAID/SA staff member)

Several Pact SA mid-level staff members concurred on the importance of the current leadership to the systems and structures that now exist within Pact. One summed it up saying: *"Pact SA has sound systems and structures, and builds the capacity of staff internally, giving people opportunities. Malika is wonderful in this. She has made this a conscious decision. Her door is always open for people to come in and talk with her.... All employees have learning experiences. Our reports to USAID are shared with all staff. Staff are rewarded, for instance, with opportunities to go to other countries for Pact. The key is: Do not build on individual people; build on policies and procedures."*

Others at USAID/SA stress that a reason for the smooth and effective working relationship with Pact is not just the systems Pact SA has developed but that the Pact SA leadership team has established a firm basis of confidence and trust with USAID -- relationships that take a long time to develop.

➤ **HIV and AIDS technical advisor and expertise?**

This evaluation asked: What about technical (HIV and AIDS) capacity-building? Should Pact provide this? The current approach is that USAID activity managers take the lead in providing HIV and AIDS technical support to the grantee partners. Pact does participate in technical capacity strengthening in various ways, especially in the support it provides grantees in program planning and reporting. In this Pact has a very wide range of technical issues to review and advise on.

Whether Pact should have a staff member devoted wholly to HIV and AIDS technical assistance and capacity building has been debated. In 2007 it was decided to bring in a technical advisor. Pact program managers say she "was great assistance to us as program managers," but she turned out to be inappropriate for the task. She was a very clinical medical doctor (MD) who had neither an MPH nor broad enough *programmatic* knowledge to work with the partners and beneficiary communities. She was the only technical advisor Pact hired.

Currently the MER Director, Dr. Rita Sonko, who has both MD and MPH degrees, also serves in the role of Technical Director and often helps with technical support. Lead persons at USAID/SA, however, think of her only in the MER role: *"Pact definitely excels, beyond other UGMs, in the OD-oriented pieces. But when it comes to technical (e.g., ART), others may have more expertise. Pact has no technical people on board."* (USAID/SA).

Other responses from USAID suggest that there may be no need for Pact to bring on a full-time technical advisor:

- *"We've now had evaluations of various modules in use and found some modules (e.g., prevention) that we recommend partners use. This is important*

for building technical capacity. There is no longer need to spend so much time inventing wheels. Rather use ‘best-practice’ modules and adapt for specific contexts (e.g., rural remote).”

- *“Important has been the recognition that neither USAID nor Pact can do all the technical capacity building that the grantees need. USAID activity managers provide the direction. We have established the technical capacity that we would like for the partner – e.g., regarding child abuse. Then we ask Pact to go out and find the experts and bring them in to do the technical capacity building.”*
- *“Pact’s major strength is its ability to do grantmaking well....In a UGM, the need for technical capacity building is relatively small. The CBOs we choose are the best in their technical area. What is needed is just to provide slithers of new technical information. What Pact has done really well is to strengthen the organizations to do the technical work that the organization knows already. This is what Pact does so well in comparison with the others.” (A senior USAID activity manager).*

Short-term technical experts. The grantee partners generally prefer to receive support from Pact staff who work with them consistently over time, rather than short-term consultants and experts. However, for needs for which Pact does not have staff expertise, it brings in technical experts as to provide focused support (e.g., bereavement counseling for caregivers, or training for OVC partners on implications of the new Children’s Act and the needs for coming into compliance).

Technical support is one area where a more conscious strategy of facilitating peer learning and support might be appropriate.

Recommendation: With continued scale up of grantee services a likelihood, there will be an increasing need for systematic monitoring of HIV and AIDS services to assure they are being performed according to acceptable international standards. There needs to be a clear understanding between USAID/SA and Pact concerning who will take on that increasing responsibility and/or how USAID and Pact will work together to manage.

➤ **Staff turnover / retention**

Pact earlier experienced significant turnover -- for diverse reasons. Many of the issues were raised at a recent retreat, the most common reportedly having to do with remuneration. It is said that retention has improved in recent years. Several of the junior staff were quite passionate why they remain with Pact. Junior financial staff, for example, emphasized how satisfying it was to see organizations transforming and how they felt they were not just accountants but active agents of transformation sharing in the overall Pact team mission.

➤ **The recruitment challenge**

Pact, like many other USAID/SA primes, has many international staff (primarily African) who speak English. (It is a Pact SA priority to hire other African professionals as a priority over U.S.-based people.) While Pact is generally praised for its staff, one USAID/SA staffer said Pact should hire more South Africans, especially in view of the

sub-partners, local CBOs who typically do not speak English. An issue is that South Africans don't seem to apply for this non-profit sector; those who have skills tend to prefer work in the commercial sector.

Even when South Africans apply, many are not qualified or adequately experienced. For example, Pact recently advertised for an M&E specialist. About 70 persons applied but, as of this evaluation's fieldwork in early December, none were judged adequate. (Subsequently persistence on Pact's part did identify a suitable candidate who has now been hired.)

➤ **Staff development**

Pact places importance on staff development and invests in learning (both for individuals and peer networks). *"Pact has a very good work environment that provides good opportunities for professional development and advancement for staff that show initiative,"* said Pact's regional program officer.

A significant example is Pact's investment in its MER Director, from orientation to start-up of systems, support for external university-based training, and exchanges with other country programs. Also illustrative is the case of the Pact driver who was supported to develop into the role of Assistant Grants Administrator. Asked "What are you proudest of in your role?" Pact's program director responded: *"We have really seen Program Managers and Grants Accountants stepping up. Grants Accountants are now part of the Program Team.... have become more proactive, more competent in managing."*

Pact emphasizes peer support and networking in Pact communities of practice. This reflects the fact that Pact SA is not working in isolation and that it invests in learning.

At the same time, some Pact staff also emphasize *"We are aware that we need to do more to develop mid-management."*

B. ORGANIZATIONAL STRUCTURE

Pact's organizational structure has shifted over time as Pact SA has evolved and sought ways to function more effectively. Asked "What key elements in the Pact SA internal management structure and systems contributed (positively or negatively) to achievement of program results?" staff responded: "The structure. We call it the 4-pronged approach, the prongs being the 4 departments:

- Programs
- MER and Technical
- Organizational Development
- Finance, Operations, IT and HR"

➤ **The recent reorganization**

Pact admits having had problems with different departments not working closely together. In the recent 12-18 months, Pact has re-organized to better integrate operations. These changes have greatly facilitated staff working more collaboratively together.

Several staff commented favorably on the recent reorganization.

- *"We are always trying to determine how best to arrange internally,"* said one staff member. *"We can always improve internal processes to be more efficient, but we always set standards very high."*

- *“Grant accountants moved from finance to programs. This was an organizational change that helped. It moved us out of silos into an integrated team approach. We talk and refer amongst ourselves.”*
- *“The addition of OD after Pact 1 is a wonderful addition.”*

➤ **Working together as a team**

Along with reorganization, Pact has been working at team building, with a staff retreat, staff socials and a “soft skills” program. In 2009 it held a staff retreat for team building and internal strengthening. Staff analyzed skills and personalities to assess appropriateness of staff. They concluded there is a good balance, but that Pact needs to work more on “unity,” including, some say, more staff meetings, although this is difficult as staff travel so much. The “soft skills” include, for example, computer tricks, how to do a household budget, first aid training, safety and security. Frequent contact comes from different parts of Pact/SA, by phone, emails, or trainings. Various staff involved, such as grants management staff, M&E, program managers.

- *“We now work as a team. When we visit partners we do so as a unit.”*
- *“All departments participate in support to each grantee. It’s not only the program manager who works with a partner on activities. After Program finishes with a partner’s report or other document, it goes to MER. Then back to Program. Then consolidated comments are sent back to the partner.”*
- *“The Pact team are very integrated – no silos. They have a shared approach, are on the same wavelength.” (A grantee partner)*

Some staff recommend that Pact continue and expand efforts to promote collaboration and communication among Pact departments, especially as the organization continues to grow.

C. SYSTEMS

➤ **A best practice: Systems – clearly defined procedures and tools to help execute them – are essential keys to Pact’s achievements.**

Pact’s deputy director was asked “What key features of the grant management program enhanced or prohibited achievement of key program objectives? He responded: 1) *The pre-award assessment...2) the grant agreement template...3) the compliance monitoring...and 4) some policies required for expenditures. These are the little keys with which we work.*”

➤ **Careful systematic documentation.**

Program managers keep systematic files (electronic and paper) on each grantee. When site visits are made, norms specify that they are planned carefully and site visit reports are written to document what happened. Interactions, and issues, with the grantee partners are all documented, to serve multiple purposes. Among the positive benefits of Pact’s systematic documentation is keeping USAID informed. Commenting on his role, Pact’s program director stated: *“My responsibility is to be sure we have a clear planning and monitoring process in place...keeping details and driving implementation from tools and spreadsheets, etc., and assuring that we have all the necessary reports in place.”* A USAID/SA activity manager: *“Pact has always had very good controls, very orderly process, timely. Rarely any issues....”*

D. RELATIONSHIPS WITH USAID, PACT/WASHINGTON, AND OGAC

➤ **A best practice: Strong customer focus**

“Malika has a very strong customer focus – both on the donor side and on the partner side. If USAID says it needs something, we should move heaven and earth to do it. On the partners’ side, even if we can’t achieve what they want, they should immediately hear back from us that we are working on it.” (A Pact staff member)

Client Relationship Management (CRM). This is a new database (begun March, 2009) which appears to have great potential for better knowledge management and customer service. It will translate all specifications for tracking all processes and input all partner requests and actions, with pop-up reminders, to meet the requests. Pact says: *“We have a good sense that we are responsive, but no concrete data to show. This will provide evidence...will be tremendous on support side. On the compliance side, it will also allow us to track partner compliance with all regulations of the grants: USG and South African government.”*

Recommendation: Pact SA and USAID/SA should discuss getting this system up and fully functional as soon as possible. With the current 90-plus (and increasing) partner and sub-partner grants to manage, there is clear need for such a tool. This should make for greater efficiencies and, optimally, help with staff being stretched thin.

Periodic annual partner feedback surveys and facilitated reflection dialogues would also be very useful in strengthening relationships and performance.

➤ **Good relationship with USAID/SA**

Central in Pact’s success is the fact that it works very closely with the USAID/SA, relieving USAID burdens, keeping activity managers well-informed on an ongoing basis, and having built trust that Pact will follow through as needed.

- *“Let me begin by stating that USAID/SA loves Pact...so if I make any negative comments about Pact, it’s in that context.”* (Chief, Office of Health, USAID/SA)
- *“Pact is extremely adept at identifying and tracking the issues and determining follow-up on technical issues such as ART, infrastructure, data management. It is excellent in following through on implementation. When we do joint site visits, after the trip we get a trip report with details, timeline, and a chart as to who is accountable for follow-up, then ongoing process reports to track the issues.”* (USAID ART treatment unit leader)
- *“For example, Kheth’Impilo - a comprehensive partner, inherited from UK Trust. Pact was incredibly adept and responsible. The mandate was that on the ground no services -- ART, C&T, PMTCT, TB -- would be interrupted. Malika and her team were very adept in assuring that no services were interrupted.”*

➤ **Pact/Washington**

Day-to-day management of the Pact South Africa program is done totally by the Pact SA office. Pact SA reports to the Regional Director in Nairobi and gets some support from the Pact Regional Office in Nairobi.

The relationship between Pact SA and Pact HQ appears sound and supportive without HQ imposing unwelcome demands on the country office. While there is no regular, periodic reporting to Pact HQ (other than Pact SA sending to HQ the reports it presents to USAID/SA), Pact HQ provides important support to Pact SA in several ways. Pact HQ input was important, for example, in the proposal to USAID that won Pact its second HIV/AIDS cooperative agreement for South Africa.

One of the areas in which Pact SA has received special support from HQ is MERL (monitoring, evaluation, reporting and learning). The global MERL director in Washington backstops the Pact SA MERL director and provides technical support in various aspects of the South Africa work, such as developing training modules and design of methodology for measurement of results.

Pact HQ's Director of Grants and Contracts is responsible for contracts oversight, monitoring compliance with the contract, and signing off on all Pact awards over \$30,000. Pact HQ also assists in transmitting funds to international organizations with affiliates in South Africa that are Pact grantees (e.g., Save the Children UK).

- *"Pact/HQ is very networked and has established virtual Communities of Practice to facilitate sharing of experiences and promote professional development."*
- *"We occasionally tap into HQ resources. Some HQ personnel have been very helpful – such as Georgia Beans and Liz Loughran."*
- *Lynn McCoy [MERL director] has provided extensive support to our program... support right from my orientation...and the ongoing support I and my team continue to receive."*

➤ **USAID/Washington and OGAC**

Pact SA staff say that *"USAID/Washington really plays no role in this project"* and that *"Pact has not had much involvement with USAID/Washington or OGAC staff, except for occasional requests for site visits by staff on TDY."* A senior USAID activity manager affirmed this, stating: *"Expansion of the Pact project was held up by [OGAC] for a long time, and OGAC's decision to require awards to additional intermediaries was not popular in the Mission."*

E. CHALLENGES

➤ **Need for additional staff.** During individual and group interviews, Pact staff was asked *"What are the most important changes that could or should be made to improve implementation?"* The most common answer was resoundingly to increase staff.

- *"We are almost maxed out in staff currently covering fundamentals of partners' support needs. I think we do a great job at covering the fundamentals. But we could do much more in site visits and support with more staff."*

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- *“The finance and OD staff are over-stretched. Pact could do with additional staff, especially now that the partners and sub-partners are growing. Sub-partners have recently increased from 35 to 70.”*
- *“Pact desperately needs more staff to work on OD, grants/financial management, and to work with sub-grantees. During the first three years [USAID] was very helpful regarding staffing, but recently the rapid increase in UGM funding has created a staffing crisis.”*
- *“We can always tweak the organizational structure to be a bit better. But what we need to do is be better at helping USAID understand the value of what additional we could do with more staff.”*

VI. CHALLENGES AND RECOMMENDATIONS

The major challenge for Pact SA in the current transition to PEPFAR 2 will be to balance the push for effective, sustainable and high quality HIV and AIDS services on the one hand with the new emphasis on efficiency on the other – all while having a staff too limited to meet present needs. Pact currently juggles the needs of more than 90 organizations – partners plus their subpartners and affiliates who are providing the on-the-ground HIV and AIDS services. How best to do this while working toward the goal of integrated health systems and partner sustainability post-PEPFAR?

The U.S. government’s HIV and AIDS program in South Africa is unprecedented. The South African government has only recently acknowledged the full extent of the crisis, HIV prevalence remains high, and prevention measures have not halted transmission. The USG investment is larger than in any other country, and the intended shift of responsibility to local institutions, government and non-governmental, presents enormous challenges. It is clearly beyond the capacity of this evaluation to make definitive recommendations for Pact as it faces the daunting task ahead. Nevertheless, the following observations and suggestions emerged out of this study and we hope will contribute usefully to the thinking going forward.

➤ **How best to meet the needs of the sub-partners, formal and other?**

Pact has a growing portfolio of organizations (partners, subpartners and others) that need more TA for capacity building than Pact can provide on its own.

Pact focuses principally on building the capacity of the organizations that are formally its “partners.” Pact currently has three program managers who divide responsibility for supporting and monitoring the 20 partners (through site visits, email, document review, etc.). Some of the 20 partners have organizations (sub-partners or other entities) under them – which have similar capacity-building needs as the partners. Sub-partners have recently increased from 35 to 70. In addition, some partners have many other affiliates or groups under them (see box).

To illustrate: One of Pact’s 3 program managers looks after 6 of the 20 partners. These 6 have a total of 16 subpartners formally recognized and with signed agreements. In addition, some partners have many entities under them that are not formal subs. For example, Child Welfare SA has no formal subs but is a membership organization with about 80 *affiliates* in all provinces, many of which get PEPFAR funds. Likewise, NACCW has no formal subs, but supports 70 CBOs that also implement programs with PEPFAR funds.

Who provides the TA to all the subs-partners in this system of service providers? There appears to be a lack of clarity or consensus in Pact or USAID’s policies regarding direct assessment and capacity-building support for sub-grantees – especially the local sub-grantees of international partners. Yet these organizations are the interface with the communities they serve, and play a key role in the PEPFAR funded system of service provision.

In a limited number of cases, Pact provides this directly. In other cases, Pact builds the capacity of its partner with the expectation that the partner then provides the TA to its subs (the “cascade” approach, which often loses effectiveness in the re-transmission). In both cases, the TA need and burden on the suppliers is great. A challenge, according to one Pact program manager, is “to balance between the *administrative [compliance] requirements...making sure all documentation in place...and programmatic support. I should be insuring that implementation is sound, that they’re meeting all their HIV and AIDS goals, but I spend too much time on administration.*”

Pact’s director commented: *“The real value of OD has been at the sub-partner level – NACCW sub-partners gained the most – but there are budgetary constraints at the moment that do not allow OD to be available to all the current 70 sub-partners or for Pact to hire more OD staff.”*

Pact has demonstrated the value of capacity building among its direct partners, but as the network of providers grows in extent and in complexity it will become increasingly important to find more expansive solutions to building the capacity of the system as a whole.

Recommendation: Consistent with the PEPFAR goal of sustainability and local partners assuming responsibility for services, Pact should strategize with USAID as to how to build the capacity of the network or system as a whole and, specifically, how to best meet the needs of the sub-partners and their community-based service networks. Should Pact provide direct capacity-building services to the subs? Or are there alternatives, for example, should Pact focus on enabling partners and other actors to play a more active role by supporting effective horizontal learning among constituents?

➤ **Who will monitor the quality of HIV and AIDS services Pact partners and subs provide?**

With continued scale up of grantee HIV and AIDS services, there will be increasing need for systematic monitoring of those HIV and AIDS services. The objective is to ensure not only that they are being performed according to acceptable international standards but, importantly, that they meet the holistic needs of the ultimate beneficiaries and contribute to sustainable systemic solutions. Who will do this for the grantee partners and subpartners and how? This has been a consideration as Pact has debated whether it should have a staff member devoted wholly to HIV and AIDS technical support and capacity building.

Recommendation: There needs to be wide consultation with stakeholders and a clear understanding between USAID/SA and Pact concerning who will take on this increasing responsibility and how USAID and Pact will work together to manage this. Pact should explore independent and reliable feedback mechanisms that enable the quantitative reporting of qualitative processes alongside their current M&E systems.

➤ **Pact’s need for additional staff**

During individual and group interviews, Pact staff was asked “What are the most important changes that could or should be made to improve implementation?” The most common answer was resoundingly to increase staff. *“Pact desperately needs*

more staff to work on OD, grants/financial management, and to work with sub-grantees,” said one of Pact senior staff. “We are almost maxed out in staff currently covering fundamentals of partners’ support needs. I think we do a great job at covering the fundamentals. But we could do much more in site visits and support with more staff.” As sub-partners have recently increased from 35 to 70, the challenge has become acute.

Recommendation: USAID should give high priority to allowing Pact to hire additional staff. Together USAID and Pact should clarify expectations and priorities for Pact going forward with the new emphases of PEPFAR 2 to determine whether shifts in strategy are needed and the optimal skill sets for additional staff.

➤ **Pact monitoring and evaluation of the contribution of its services on grantee performance and achievements**

For the development field as a whole, it is important to have evidence to present to policy makers, donors, and others that capacity building makes a difference.³¹ Some CDC staff in South Africa are said to be “against the UGM approach, arguing that the overhead cost for funding the intermediary would be better spent on direct capacity building for the grantees.” But USAID interviewees said Pact’s capacity building does make a big difference, adding that “Pact should work to improve the evidence base on the value of capacity building.”

There is a real need for Pact to monitor and understand better the transformative impact that it has on grantees and the causal linkages that exist between its inputs and their achievements.

Pact has taken some steps in this direction but not yet developed an adequate system to track and assess its contributions to grantee successes. Under Pact’s second cooperative agreement, Pact has planned to conduct re-assessments of grantee capacity against “Indicators for Capacity Building” that Pact laid out in its proposal to USAID/SA. By February 2010 Pact had re-assessed several partners, although the results were not available for this study. Similarly, Pact’s annual reports contain descriptions of the issues Pact has identified with specific grantees and what action it has recommended. Nowhere, however, is there a coherent narrative of how grantees have transformed as a result of Pact’s grant management and capacity building and how Pact has contributed, positively or otherwise, to program outcomes. As a result, Pact’s reporting tends to be a rather pro-forma exercise in process and progress updating rather than a learning opportunity to communicate and reflect on the impact it is having.

Comparative case study methods can show this very well. For this report we constructed two case studies from Pact’s annual reports and from the interviews to illustrate the value of this method (see Appendix I). When built into the design of an impact planning and learning system at the start, case selection and data collection can be much more reliable and the causal linkages demonstrated much more valid.

Although the client, USAID/SA, is very pleased with Pact and its reporting, this constitutes a missed opportunity. Despite its considerable achievements, Pact SA is not contributing optimally to advancing the evidence base for the benefits of

³¹ The Pact Capacity Building Summit, convened in Washington DC November 17-18, 2009, identified such evidence as a major need for the field.

capacity building in grant making. To do this, Pact would need the kind of qualitative evidence of causal linkages that can only be gathered from a system of ongoing interviews, well-designed feedback surveys and longitudinal comparative case studies.

Recommendation: Pact should put in place its own internal impact monitoring and learning system that will allow Pact to gather evidence that demonstrates concretely the causal linkages between its interventions and grantee outcomes. This should include a mix of methods including qualitative feedback and comparative case method.

➤ **Looking forward to 2012: program realignment under PEPFAR 2**

The discussion above derives principally from this evaluation's look *backward* at Pact performance 2004-2009. Looking forward, the remaining three years in Pact's cooperative agreement will require a major shift in Pact thinking and strategy.

A USAID activity manager contemplated the transition and challenges it will pose for Pact:

"Within PEPFAR 2, as we transition to a sustainability model and with a flat-line budget, we are really looking at scaling up efficiencies and better practices. We'll need to cut partners that do not have scale-up potential. This includes some of the UGM partners, not just the UGM subs. With Pact we'll need more management systems, more efforts to insure efficiency at sites we have rather than increasing the number of sites.... The program here is so big and reporting has become so difficult. Subpartners, subs to subs to subs.... Consolidation efforts... will be continued emphasis on capacitating indigenous organizations Pact is valuable for this.... The Partner Inventory exercise that has just been completed, June 2009, will allow us to identify the cost efficiencies and lead to more rationalization in terms of cost efficiencies. Pact will be involved in analysis and tasked to help scale up cost-efficient services and reduce waste. Evaluative criteria will need to be developed.... We're transitioning now from our Data Warehouse to support the DHIS, the government's reporting structure. Pact will need to work with partners to transition to the new reporting platform."

➤ **Horizontal learning relationships**

To address the issues of scale, sustainability, and indigenization of the PEPFAR program, this evaluation recommends that Pact, with USAID and other practitioners, apply their collective minds to leveraging and incentivizing the potential of horizontal learning relationships.

Some interesting suggestions for enhancing peer learning emerged in feedback from grantees in this study. For example, competent individuals within capable organizations right down to the community level can be harnessed to provide support to others in long-term mentoring relationships if the system incentivizes this behavior. Some ways of doing this might be to allow organizations to budget for capacity-building services, to identify and put on retainer (with pay) individuals to provide such support, and to reward performance against special "collaboration

indicators” against which partners are encouraged to report. An example could be the extent to which an organization has helped others to develop new capacity.

Of course, assessment would be as crucial in this as it is in Pact’s present strategies. For this, Pact will be able to adapt its present tools appropriately or design new ones. Pact would seek out others grappling with these issues.³²

Recommendation: In collaboration with others working on development issues, USAID and Pact should creatively explore new ways of building the capacity of networks and systems. Horizontal and peer learning relationships should be supported in ways that also help reduce the unnecessary and unhelpful competition between organizations that the present system of grant making too often encourages.

➤ **The challenge to USAID and Pact to make the best use of a range of local NGOs**

The point was made in the Reflection Workshop and in the grantee survey that working on a large PEPFAR grant can result in a distortion of the grantee’s activities and even negatively compromise its original core mission, especially if PEPFAR support comprises the largest source of funding for the organization.

For example, PEPFAR’s heavy emphasis on getting quick results may conflict with the core mission and priorities of an NGO (such as AMREF, for example) that emphasizes a very developmental approach, working with grass-roots community organizations to deliver services even in remote rural areas...This type of NGO would argue that it is best to build service delivery capacity from the ground up, using indigenous community groups that are known by the communities and know the local context. The main priority for such an NGO would be to build a service delivery structure that is appropriate for the local context and has long-term sustainability – and such an NGO might be less concerned with meeting ambitious short term targets or the potential for rapid scale-up. Neither the rapid results approach nor the more grass-roots developmental approach is bad; they just represent different approaches to a common problem – and need to be understood and monitored differently.

Recommendation: It would be unfortunate for PEPFAR to focus only on one of these approaches – especially as it seeks to indigenize. Both the rapid scale-up, resource-intensive approach and the more developmental grass-roots approach have a place in South Africa and are deserving of PEPFAR support. The more efficient, rapid scale up approach may be better suited for combating AIDS in the cities and large/medium-sized towns where human resources and health facilities are most plentiful and it is therefore easier to scale up services. On the other hand, the decades-long experience of family planning and child survival programs has demonstrated that community-based service delivery can work well in rural areas where doctors, nurses and full-service health facilities are much scarcer. The challenge for USAID and Pact is to figure out how best to support both these approaches where they are best suited.

³² There is at least one interesting collaborative project designing good competency standards for assessing and certifying key competencies in the complex field of Development Management and Practice at community level. This is, in Cape Town, The Sustainability Institute in collaboration with Keystone. The Centre for Development Practice (CDRA) is also doing path breaking work in the field of facilitating horizontal learning.

➤ **Umbrella Grant Mechanisms: for PEPFAR and USAID global learning**

For PEPFAR and USAID globally, the South Africa experience provides useful guidance concerning UGMs. This is that a UGM mechanism can be extremely helpful in easing the management burden and assuring proper use of USG funds. (See Appendix G.) However, it is important if not essential to select for this purpose organizations that have significant experience or at least commitment to building institutional capacities of other organizations. An organization with good HIV/AIDS technical skills but little experience in institutional capacity building may not be appropriate for the UGM role.

* * *

APPENDICES

- A. Acronyms
- B. Stakeholders Interviewed: USAID and Pact, South Africa and Washington, DC
- C. Pact Grantees and Sub-partners: Interviewed and Visited
- D. Pact South Africa Capacity Building Processes: 5 Areas of Support
- E. Pact South Africa Partners and Program Areas
- F. The Range of Grantee Responses to Pact's Grant Management and Capacity Building
- G. The Umbrella Grant Managers and the Pact Approach Contrasted
- H. Documents Reviewed
- I. Illustrative Case Study of CompreCare and the National Association of Childcare Workers (NACCW)
- J. Pact SA Grantee Survey (separate PowerPoint document)

ACRONYMS

AED	Academy for Educational Development
ABS	Annual Budget Submission
APS	Annual Program Statement
AMREF	African Medical Research Foundation
ARK	Absolute Return for Kids
ART	Antiretroviral Therapy
CINDI	Children in Distress (CINDI) Network
COP	Country Operational Plan
CWSA	Child Welfare South Africa
DOH	Department of Health
DSD	Department of Social Development
FHI	Family Health International
FY	Fiscal year (1 October-30 September)
HAD	Health and Development Africa
HR	Human Resources
IT	Information Technology
MCAT	Management Control Assessment Tool
MD	Medical Doctor
M2m	Mothers2Mothers
MER	Monitoring, Evaluation and Reporting
MER-OCA	Monitoring, Evaluation and Reporting – Organizational Capacity Assessment
MERL	Monitoring, Evaluation, Reporting and Learning
MPH	Master of Public Health
NACCW	National Association of Child Care Workers
OCA	Organizational Capacity Assessment
OCAT	Organizational Capacity Assessment Tool
OD	Organization Development
OGAC	Office of the Global AIDS Coordinator
OLF	Olive Leaf Foundation
OVC	Orphans and Vulnerable Children
NGO	Non-governmental Organization
PACT	{Established as} Private Agencies Collaborating Together
PEPFAR	[U.S.] President’s Emergency Plan for AIDS Relief
PLWHA	People Living with HIV and AIDS
TA	Technical Assistance
TSA	The Salvation Army
UGM	Umbrella Grants Management
USAID	U.S. Agency for International Development
VCT	Voluntary Counseling and Testing

Appendix B

STAKEHOLDERS INTERVIEWED: USAID and PACT

Pact HQ/Washington DC

Who	Reason for inclusion in Evaluation Process	Date (2009)	By
Georgia Beans	VP Operations (Program history and oversight regarding grants management and capacity building)	Nov. 12	Barbara Pillsbury
Liz Loughran	Ex Vice president Africa overseeing the program	Nov. 16	Pillsbury Cornelius
Lynn McCoy	MERL Director: M&E oversight and program history; also RESNET history	Nov. 16	Pillsbury Cornelius
Erica Mongelli	Community reach program officer supporting Pact SA	Nov. 20	Pillsbury
Chito Padilla	Director Grants & Contracts – will provide insight into HQ’s view of our processes	Nov. 20	Pillsbury

USAID/Washington

Who	Reason for inclusion in Evaluation Process	Date (2009)	By
John Crowley	Chief, GH/OHA/IS, USAID/W. Director of USAID/SA Office of Health at the time USAID’s first GMP with Pact	Nov 20	Dick Cornelius
Shanti Conly	HIV specialist on the GH Country Team for South Africa	Nov 25	Dick Cornelius
Pamela Wyville-Staples	Cognizant Technical Officer, Community REACH Senior Health Development Officer, USAID	Nov 18 (Brief discussion)	Barbara Pillsbury

USAID/South Africa

Who	Reason for inclusion in Evaluation Process	Date	By
Roxana Rogers	Chief, Office of Health	Dec. 3	Cornelius
Christina Chappell	AOTR for Pact and other UGMs; Deputy Chief, Office of Health	Dec. 7	Pillsbury, Cornelius
Anita Sampson	Activity Manager (esp. OVC)	Dec. 3	Pillsbury
Melinda Wilson	Activity Manager (esp. treatment)	Dec. 8	Pillsbury, Cornelius
Clint Cavanaugh	Activity Manager	Dec. 8	Pillsbury, Cornelius
Naletsana Masango	Activity Manager, OVC	Dec. 8	Pillsbury, Cornelius
Win Brown	Strategic Information Advisor	Dec. 9	Pillsbury

PACT/ South Africa

Who	Reason for inclusion in Evaluation Process	Date	By
Malika Magagula	Country Director	Dec. 4	Cornelius, Saruchera, Proctor
Vincent Titus	Deputy Country Director	Dec. 8	Pillsbury, Cornelius
Zelna Black	Finance & Operations Director	Dec. 8	Pillsbury, Cornelius
Dean Meintjies	Finance Accountant	Dec. 8	Pillsbury, Cornelius
Rita Sonko	MER Director & Technical Advisor	Dec. 4 Dec. 9	Cornelius; Pillsbury
Addis Berhanu	Senior MER Advisor	Dec. 8	Pillsbury, Cornelius
Irene Gathinji	Organizational Development Advisor	Nov. 19 Dec. 4	Saruchera ; Cornelius
Shawn Malone	Program Director	Dec. 9	Pillsbury
Kate McNally	Regional Program Manager	Dec. 4	Cornelius
Kurayi Kowayi	Senior Program Officer	Dec. 9	Pillsbury
Violet Baloyi	Grants Accountant	Dec. 4	Cornelius, Saruchera, Proctor
Penny Balmakhun	Grants Accountant	Dec. 4	Cornelius, Saruchera, Proctor
Kgomotso Mkhondo	Grants Assistant	Dec. 4	Cornelius, Saruchera, Proctor
Solly Seletisha	Grants Assistant	Dec. 4	Cornelius, Saruchera, Proctor

Evaluation team/interviewers:

Barbara Pillsbury, Dick Cornelius, André Proctor, Munya Saruchera

Appendix C

PACT GRANTEES AND SUB-PARTNERS: INTERVIEWED AND VISITED

On-Site Interviews with Grantees and Sub-Partners

Grantee / Sub-Partner	Comment, purpose for selection
<i>Previous grantees</i>	
Nelson Mandela Children's Fund	Previous grantee; grant terminated by USAID
Humana People to People South Africa	Previous grantee, international organization and comparison with local/national orgs as well as having been moved from PACT SA to another UGM (AED)
Broadreach Health Care	Previous grantee, now directly funded by USAID
Hands at Work (a sub-partner of Starfish)	Interesting sub-partner that has graduated to become a partner (of AED)
<i>Current grantees and sub-partners</i>	
Children in Distress (CINDI)	High performing current partner working through sub-partners. Irene Gathinji (Pact, OD advisor) working in major way with CINDI networks
Comprecare Joint Venture Also interviewed Child Welfare Tshwane – a sub-partner of Comprecare	Current grantee – a new organization built up almost from scratch under this UGM program
Hospice and Palliative Care Association (HPCA)	Previous grantee; large and national player (moved to FHI and now under USAID)
Foundation for Professional Development (FPD)	Previous grantee (now under USAID)
National Association of Childcare Workers (NACCW)	High performing current grantee with an OVC model that is scaling rapidly in partnership with government

Participants in the Reflection Workshop, Pretoria, 3 December 2009

	Name	Organization	Contacts
1	Chriselda Tabane	AMREF South Africa	Chriselda.Tabane@amref.org Tel: 012-362 3135/6
2	Phathisiwe Ngwenya	AMREF South Africa	Phathisiwe.ngwenya@amref.org Tel: 012-362 3135
3	Penina Ochola Athiambo	AMREF South Africa	Penina.chola@amref.org Tel: 012-362 3135/6
4	Handre Du Toit	The Salvation Army	Handre_dutoit@saf.salvationarmy.org Tel: 011-718 6724
5	Andre Bester	CompreCare Joint Venture	Andre.b@champs.co.za Tel: 012-440 2140
6	Elaine Govender	CompreCare Joint Venture	Elaine@champs.co.za Tel: 012-440 8700
7	Eddie Harvey	CompreCare Joint Venture	eddie@champs.co.za Tel: 012-440 8700
8	Richard Montsho	Care South Africa	Rmontsho@care.org.za Tel: 011-403 3288
9	Nditsheni Mungoni	Health & Development Africa	nmungoni@hda.co.za Tel: 011- 484 8217
10	Suzanne Wessels	Save the Children UK	Swessels@savethechildren.org.za Tel: 012-430 7775
11	Kwazi Makhonza	African Centre for Health & Population Studies SA	kmakhonza@africacentre.ac.za
12	Hilary Thulare	African Centre for Health & Population Studies SA	hthulare@africacentre.ac.za
13	Richard Cornelius	LTL Strategies USA	Richard_cornelius@hotmail.com
14	Andre Proctor	Keystone	andre@keystoneaccountability.org Tel: 021-788 5685
15	Munyaradzi Saruchera	Keystone	munya@keystoneaccountability.org Tel: 021-788 5685

Appendix D**PACT/SA CAPACITY BUILDING PROCESSES: 5 AREAS OF SUPPORT****THE PACT SA MODEL OF CAPACITY BUILDING IN GRANT MANAGEMENT**

Pact provides focused capacity building to South African grantee partners and sub-partners in the following areas:

1. Financial management
2. Program management (program planning and implementation)
3. Monitoring, evaluation and reporting (MER)
4. Organization development (OD)
5. HIV and AIDS technical capacity

Result: USAID/PEPFAR grantee partners supported by Pact SA achieve better results and have greater and more sustainable capacity to deliver HIV and AIDS services, now and post-PEPFAR.

The five areas of capacity building may be summarized as follows.

1. Financial Management

Pact conducts a financial and management pre-award survey of each partner organization and collaboratively develops a capacity building strategy that details planned interventions over the life of the project. The results of the pre award surveys identify assistance that must be provided urgently to ensure that partners comply with USAID rules and regulations. Prior to the signing of grant agreements, Pact provides assistance in costing activities and developing a detailed budget that is consistent with program objectives. Pact works with partners to develop realistic cost share levels and emphasizes the sustainability aspect of this requirement. In addition to monitoring program progress, Pact closely monitors partners' financial management to ensure that grant funds are only utilized for activities approved by USAID under PEPFAR funding. All partners submit monthly financial reports and documentation that supports program expenditures. Once Pact has ascertained that a partner has implemented financial management systems which fully comply with USAID regulations, the requirement to submit support documentation is removed and only the monthly reporting requirement remains in effect. Pact finance staff visit partners each quarter to audit program expenses and accompanying documentation, monitor compliance with USAID rules (including branding and marking requirements) and review progress towards meeting their cost share requirement.

2. Program management (program planning and implementation)

Prior to the signing of grant agreements, Pact provides extensive assistance to partners in developing comprehensive program design documents that accurately reflect planned activities and that clearly articulate program goals and objectives. After the signing of the agreement, Pact supports partners in developing detailed annual work plans that include specific activities to be implemented, timelines, budgeted amounts, target beneficiaries and projected reach. The ability to clearly articulate program goals and activities and to develop realistic budgets greatly enhances the ability of partner organizations to diversify their funding base to ensure sustainability. Pact has frequent and regular contact with partners. It recognizes the importance of monitoring partner and sub-partner program progress in order to facilitate early identification and resolution of implementation issues. When technical or programmatic gaps or problems are identified, Pact ensures that issues are promptly addressed and resolved.

Support includes:

- Review and revision of annual implementation plans
- Review and revision of budgets to support program implementation
- Review and approval of sub-partner agreements
- Linkage to relevant tools, resources and contacts
- Assistance in completion of the PEPFAR inventory/survey
- Review and revision of annual and semi-annual progress reports
- Review and revision of COP submissions
- Review and approval of procurements, renovations, international travel and key personnel
- Program strengthening and corrective action

3. Monitoring, Evaluation and Reporting (MER)

Pact assists each partner in developing a results framework that tracks success against both PEPFAR program and organizational indicators. Pact further assists partners and sub-partners in the development of monitoring, evaluation and reporting (MER) plans and systems. Participation in a five-day M&E training is mandatory for all partners prior to program implementation. Pact provides additional MER assistance to all partners in the following areas:

- review and development of effective data collection
- analysis and reporting tools
- setting realistic and achievable targets
- data quality: establishing and strengthening data quality management systems, conducting internal data quality audits and verifying and validating partner and sub-partner data submissions
- partner understanding of how MER can benefit the organization – aside from the requirements of PEPFAR.

4. Organization Development (OD)

Pact conducts a participatory organizational capacity assessment (OCA) of each partner organization. The OCA focuses on the organization's governance, management capacity, staffing and strategic development. Pact and the partner organization use the results of the OCA to develop an institutional capacity building plan (ISP). This details activities to be carried out to strengthen the organization. It

specifies the timing of each activity, who will carry out and fund the activity, and how the success of the intervention will be measured.

Pact provides tailored OD training and assistance to partners in accord with capacity building plans. OD assistance also responds to emerging needs identified through site visits, progress reports, and partner requests. OD support includes guidance in:

- NGO governance and accountability
- leadership support
- board development, including board policy, board member selection, orientation and training, and the legal obligations of board members under the NPO Act
- strategic planning
- staff recruitment, selection and orientation
- development and updating of policies and procedures, including staff management
- volunteer management
- conflict resolution
- plans for strengthening the capacity of sub-partners and other affiliates
- proposal writing and other support for resource mobilization.

5. HIV and AIDS Technical Support

Pact provides HIV and AIDS technical support through reviews of services delivered by partners and providing recommendations for strengthening specific aspects of their programs. These reviews are part of routine program monitoring and site visits, through which technical issues that require strengthening may be identified. Where necessary, Pact works with USAID and the partners to identify and contract consultants to provide targeted technical support.³³

³³ *Pact South Africa. FY 2009 Annual Progress Report, October 2008 – September 2009, Pact South Africa Umbrella Grants Management Program, Cooperative Agreements 674-A-00-04-00025-00 and 674-A-00-08-00001-00, pp. 3-4.*

Appendix E

PACT/SA PARTNERS AND PROGRAM AREAS

Pact Partners as of FY 2009 (and time of this study): total 18

African Medical & Research Foundation
 Africa Centre for Health and Population Studies (AMREF)
 CARE South Africa
 Childline Mpumalanga
 Childline SA
 Child Welfare South Africa (CWSA)
 Children in Distress (CINDI) Network
 CompreCare Joint Venture
 Health and Development Africa (I)
 Kheth'Impilo (formerly Absolute Return for Kids [ARK])
 Living Hope Community Centre
 mothers 2 mothers (m2m)
 National Association of Child Care Workers (NACCW)
 Olive Leaf Foundation
 Salvation Army
 Save the Children UK (SCUK)
 Training Institute for Primary Health Care (TIPHC)
 World Vision South Africa

Pact Partners by HIV/AIDS Program Area (as of FY 2009)

HIV/AIDS Program Area	Partners (some working nationwide, others in select provinces)
Prevention (6 partners)	Comprecare, Living Hope, Olive Leaf Foundation (OLF), Training Institute for Primary Health Care (TIPHC), Salvation Army, World Vision
Palliative Care (9 partners)	Africa Center, African Medical Research Foundation (AMREF), Living Hope, National Association of Child Care Workers (NACCW), OLF, Salvation Army, TIPHC, World Vision
Counseling and Testing (3)	Absolute Return for Kids (ARK), , OLF
Treatment (2 partners)	Africa Centre for Health and Population Studies, ARK
PMTCT (3 partners)	ARK, Africa Centre, mothers 2 mothers
Orphans & Vulnerable Children (14 partners)	AMREF, ARK, CARE SA, Childline Mpumalanga, CINDI, CompreCare, Child Welfare South Africa (CWSA) , Health and Development Africa (I) , NACCW, OLF, Salvation Army, Save-UK, TIPHC, World Vision

New partners: 2 (not included in this study) Mpilonhle; Starfish

Previous partners, graduated or withdrawn: 6 Graduated: Broadreach Health Care, Foundation for Professional Development (FPD), Hospice and Palliative Care Association (HPCA), Humana People to People to South Africa, Nurturing Orphans of Aids for Humanity (NOAH). Withdrawn: Nelson Mandela Children's Fund

Appendix F**THE RANGE OF GRANTEE RESPONSES TO PACT'S GRANT
MANAGEMENT AND CAPACITY BUILDING**

Responses of Pact grantees to Pact's grant management and capacity building fall into three broad categories. Findings below are based on grantee responses in the survey (23 respondents) and during interviews.

1. The 100% positive

These include grantees like Compregcare, NACCW and others with whom Pact has had a particularly intense involvement – often seeing them as their greatest success stories. Often these grantees' systems were weak and incapable of coping with either PEPFAR rules or the new scale of operations, and so they depended heavily on Pact to help them through the necessary transformations. They also tend to be organizations with a close congruence between their mission and PEPFAR goals.

2. Those grantees that are broadly very positive, but at the same time offer some important critical feedback on specific issues

The survey cross-tabulations did not reveal any clear patterns in the responses (although future surveys could profile respondents in such a way as to make these clearer). Responses tended to be slightly more positive from grantees for whom Pact/USAID funding formed more than 50% of their annual budgets – but the difference was not very significant. The five organizations that felt most pressure to change their priorities were all larger organizations with budgets of over R20 million (approximately US\$ 2.8 million). However, other large organizations did not feel such pressure.

The interviews revealed that the mixed responses and more critical feedback tended to come from organizations that have had less direct support from Pact and who have found it difficult integrating the PEPFAR program into their work – often because they have other programs and a more holistic community development mission. Also, tensions experienced at the beginning of the relationship often tended to get resolved as the systems became established.

With these grantees, it is difficult to separate what is criticism of PEPFAR rules and priorities and what is criticism of Pact. Nevertheless, within the generally very positive feedback, the mixed responses from this group on specific issues are worth Pact exploring more deeply.

3. Two outlier grantees whose negative survey responses stood clearly apart from the other 21 respondents on most things, and who gave consistently negative feedback in the interviews

These are the Nelson Mandela Children's Fund (NMCF) and Broadreach Health Care. It was not possible to conduct a full-scale investigation into each of these in order to understand why their experience of Pact was so negative. However, from the data

collected, it is clear that each case should be seen as an outlier in which specific factors led to negative perceptions of the experience.

Nelson Mandela Children’s Fund

Pact’s reports of its interactions with NMCF are a chronicle of resistance to complying with PEPFAR rules in NMCF’s programs and resistance to implementing Pact’s systems of financial management and MER. On the other hand, NMCF staff accuse Pact and USAID of not trying to understand NMCF’s strategy and systems, of unreasonable rigidity on ‘approved activities’ rather than whether they contributed to shared outcomes, heavy-handedness, lack of proper explanation of requirements and insensitivity to NMCF’s context and multiple funder and program environment. (The PEPFAR program was little more than 10% of NMCF’s budget). *NMCF felt its integrity and independence was compromised.* In addition, it appears that the relationship was further complicated by unfortunate personality clashes.

There appear to be reasonable claims on both sides of this dispute – but probably specific to this context. Both parties were relieved when USAID withdrew funding to NMCF and the NMCF sub-grantees were directly taken in to Pact’s program.

Broadreach Health Care

Broadreach is a private health care company that graduated from being a Pact partner to direct funding by USAID. PEPFAR services are now also its core business. They do not seem to have any major conflicts or hostility in this case. Rather, the issue seems to concern what and who Broadreach’s success is attributable to.

The Broadreach director does not acknowledge that Pact’s interventions played much of a role in Broadreach’s development: *“Pact did not really understand our business... they got us to the bare minimum... the finance courses were general... M&E not useful – what we do does not fit into an excel spreadsheet.... What was lacking was a clear plan – you need to look like this by September next year... We were not sure of their role – to audit or support... we could never get the clarity we needed.... Now we understand the system... with a middleman things are a lot less clear.”*

Pact, on the other hand, speaks of Broadreach as having had virtually no financial management nor M&E systems in place at the start of the relationship – and gives many examples of how Pact interventions led to fundamental improvements within Broadreach.

Broadreach’s negative feedback also seems to stem from specific factors and does not unduly influence the general conclusions of this study.

Appendix G

UMBRELLA GRANT MANAGERS and THE PACT APPROACH CONTRASTED

To understand Pact's relative "value added," this evaluation sought to understand how Pact's approach differs from those of the other "umbrella grant managers" (UGMs) that USAID brought on board in 2007. This appendix brings together the many diverse comments volunteered on the subject of UGMs by persons interviewed.

Background

In 2006, with increased PEPFAR funds coming to South Africa, USAID/SA had plans to expand Pact's grantmaking support role. In Washington, however, OGAC instituted a requirement limiting the amount of funds a single organization should receive. For this reason, USAID/SA carried out a competitive process and took on three additional umbrella grant managers while awarding Pact a second cooperative agreement. This resulted in USAID/SA managing local partners through four UGMs as of 2007. USAID/SA subsequently terminated its agreement with one of the four UGM firms in 2009, leaving, today, three UGMs.

The current UGMs

USAID/SA's three UGMs are Pact, the Academy for Educational Development (AED) based in Washington D.C., and Right to Care, a South African organization based in Johannesburg. A USAID manager summarized them as follows:

1. Pact: The largest with 20 partners plus many sub-partners as well as providing services to the South African government (Department of Health, Department of Social Development and, in 2010, PEPFAR coordinators for each of the nine provincial governments).
2. AED: "Mid size" with about 10 partners.
3. Right to Care: "Smallest" with 4 partners.

Pact's and AED's partners provide the spectrum of HIV and AIDS services, while Right to Care partners are all focused on treatment.

Terminology

USAID considers the UGMs as "primes" or just "partners." (Pact is thus a prime.) USAID considers the UGMs' grantees to be "sub-partners" and subs of those to be "sub-sub-partners." Pact and the other UGMs, however, consider their grantees to be "partners" and the tier of grantees below to be "sub-partners."

Pact SA influence on the other UGMs

The cooperative agreements initiated in 2007 for all UGMs built in requirements and standards for capacity building that Pact had developed with USAID/SA under its first cooperative agreement. USAID staff stated:

- "USAID adopted Pact SA's reporting format for all its UGMs."

- *“Pact has definitely contributed to the processes of [the other UGMs]. When the second bunch of UGMs came on board, we had the lessons learned from Pact 2004 on, and were able to standardize across all four UGMs – especially in M&E.”*

Assessing Pros and Cons of UGMs

USAID/Washington and OGAC are reported to be reviewing the UGM approach “to determine whether it is still a good approach for PEPFAR 2,” and as a way to relieve the USG management burden.

- *“There are people on both sides of the question,” said the director of USAID/SA’s Office of Health. “We like the UGM approach, with the right organizations to serve as UGM. Our staff numbers would need to increase significantly if USAID took on the management burden for UGM projects.... On the other side of the issue, CDC staff in South Africa are against the UGM approach, arguing that the overhead cost for funding the intermediary grantee would be better spent building capacity so grantees could function well without need for an intermediary. CDC had a UGM project with CARE, but discontinued it.”*
- *Pact SA’s country director stated: “Some people are under the mistaken impression Pact’s UGM project is a high-overhead operation, but that is not the case. About 90% of funding that comes to the Pact UGM project is passed on to South African grantees, and only 10% stays at Pact to support all of the grants management and OD work.”*

These comments, and many others during this evaluation, testify to the importance of choosing the right organizations to serve as a UGM.

Criteria for a UGM grantee to “graduate” and become a “prime”

Once a grantee has become stronger in its service provision and has developed the capacities to manage PEPFAR monies well and report well to USAID, it may “graduate” to become directly funded by USAID. No firm criteria exist for “graduation.” According to one USAID/SA staff member:

- *“We’ve thought about criteria for graduation, but not formalized these. Do we want to consider having a link to an active or strong INGO [international NGO]? That doesn’t seem important. Look at the situation here with AMREF, Care, Save UK... The realities are otherwise.”*

Shifting partners between UGMs

- *A USAID/SA staff member: “USAID/SA did an informal assessment of its four UGMs during 2009. We concluded it was best to reduce to three and increase the efficiencies of the remaining three – as well as do a ‘strategic re-alignment,’ grouping the grantees geographically or by program area for linking to a UGM.”*
- *Pact interviewees said:*
 - *“It is up to USAID on who gets shifted to what UGM; USAID makes the decisions based on their own criteria and understanding.”*

- *“For example, Starfish was transferred from Pact to [another UGM] and then later on decided they wanted to be back under Pact’s support. However, it is not Pact or the grantee’s decision which UGM supports them. They have now just been transferred back to Pact, now that [the other UGM] is closing down. The shifting seems disruptive and stressful for some of the partners.”*

Comparing Pact with other UGMs: responses from the interviews

During an interview with Pact SA staff the question was asked: “What are the main reasons Pact has performed so well?” A senior staff member responded:

- *“The mission and vision of Pactworld [Pact’s global program]. We really and truly are capacity builders, not just being there for what the donor wants. The cooperative agreement could have been limited to just reporting to PEPFAR. We’ve really tried to develop a meaningful partnership with the grantees that is based on a sense of trust. Instead of ‘We don’t want Pact to know that we don’t understand’ we work with grantees so they say ‘Pact, we’re really having a hard time figuring out what to do. Please help.’ This probably is the biggest difference between Pact and other UGMs.”*

USAID/SA interviewees were asked “How does Pact’s approach to grant making differ from that of other UGMs?” Responses included:

- *“Pact is more rigorous. Has good impacts on performance.”*
- *“Speed in the pre-award and award process. Pact is able to get grants signed more efficiently. It is important that much Pact decision-making stays in-country. Others have had greater need to get their headquarters’ signature, which slows things down.”*
- *“Pact partnering with the CBOs to take them through the processes is much more efficient. Pact has templates, etc., that make it easier for partners to figure out how to move from A to B.”*
- *“Pact’s major strength is its ability to do grant making well. For other organizations, their expertise is technical. It is a mistake to believe that an organization that is technically strong can be good grantmaker. In a UGM, the need for technical capacity building is relatively small. The CBOs we choose are the best in their technical area. What is needed is just to provide slithers of new technical information. What Pact has done really well is to strengthen the organizations (e.g., in financial management) to do the technical work that the organization knows already. This is what Pact does so well in comparison with the others.”*
- *“When the other UGM program ended, I felt those grantees, those struggling most, should go to Pact. This is testimony to Pact’s ability to help those most in need. Pact has what it takes.”*

USAID/SA interviewees were asked “How does Pact’s approach to capacity building differ from that of other UGMs?” Responses included:

- *“Pact has had so much more experience, so is more efficient.”*
- *“Pact’s approach is more effective and selective, based on history of what works or not. Pact understands the needs for adapting based on the partner*

(e.g., urban vs. rural). Other UGMs less so...have only a history of one-and-a-half years."

- *"An important difference is that Pact focuses on improved management of the whole organization, not just the PEPFAR grant. All OD work is organization-wide, intended to promote long-term sustainability of the organization."*
- *"Another difference is that full-time resident staff [of Pact] do the OD work, not consultants from the US. A related difference is that Pact's approach relies on a sustained long-term relationship and strong interpersonal skills."*
- *"Pact definitely excels in the OD-oriented pieces. But when it comes to technical (e.g., ART), others may have more expertise."*

Pact SA responses to the same questions included the following:

- *"Grants management and OD are core areas of Pact's business, not something we've only recently taken on."*
- *"Pact is unique in its effective use of training and grantee-specific follow-up to strengthen organizational capacity."*
- *"Pact has more contact with grantees and a more collaborative approach toward them."*
- *"With Pact, OD is demand-driven, integrated with the grant making process, and based on building relationships of respect and confidence in Pact OD expertise. The first year of grant implementation is always tough, because grantees feel overwhelmed by the PEPFAR requirements and sometimes resistant to change. But when a trust relationship is formed over time, grantees usually see the benefits of all the OD and are more ready to embrace the change."*
- *"Pact has more frequent contact than others, and a more collaborative approach. Two grantees that were shifted to another UGM intermediary have told Pact that they really appreciated Pact's helpful assistance and its open channels of communication, compared to their current UGM."*
- *"There are often complaints [about Pact] that other UGMs do not ask for MCATS and the other information that we, Pact, require from them...But finally, it was well taken and very appreciated. They now say Pact is much more responsive, returns calls promptly, etc."*

Collaboration and coordination: sharing and lesson learning among the UGMs

This does not appear to be a priority within either USAID/SA or Pact SA. As stated by a USAID staff member managing grantees under AED, *"I don't know what Pact does. We don't have much exchange of information."*

The evaluators asked Pact SA and USAID/SA interviewees: *"To what extent has there been sharing of information among the UGMs?"* The following responses sum up the situation.

- USAID/SA: *"We were working with Pact before the others. Many of the good practices of Pact became the standard as we brought on new UGMs in 2007-2008. But there has not been a lot of sharing among the UGMs. Each tends to approach the job in its own way."*
- Pact SA: *"Transfer meetings and discussions between UGMs do take place, but there is also competition among the UGMs."*

There does appear to be some recognition, however, that more could be gained from better sharing of information.

- A USAID/SA staff member: *“As we’ve gone through realignment of the UGMs, we’ve had them in the same room. There has been interest among them for greater collaboration and coordination in terms of tools. We at AID want to see more of this collegiality.”*
- USAID/SA manager overseeing AED: *“Yes, There definitely should be more sharing.”*

Appendix H

DOCUMENTS REVIEWED (Partial Listing)

PACT SOUTH AFRICA DOCUMENTS

- Terms of Reference for consultants for the Pact SA Program Evaluation, April-August 2009
[Pact SA Evaluation TOR Revised.pdf](#) also sent to us as:
[Terms of Reference for Consultants for the Pact SA Evaluation- March 2009.pdf](#)

1st Cooperative Agreement (2004-2008, No. 674-A-00-04-00025-00)

- USAID, January 16, 2004. Associate Cooperative Agreement No. 674-A-00-04-0025-00025-00 Leader Award No. GPH-A-00-01-00007.
[2004-04-16 SouthAfricaCooperativeAgreement.pdf](#)
- ANNUAL WORKPLAN, Sibanye Pact South Africa, 1 February 2004 – 31 January 2005, A RAPID RESPONSE GRANTS PROGRAM IN SUPPORT OF HIV/AIDS ACTIVITIES IN SOUTH AFRICA. Leader with Associate Award No. GPH-A-00-01-00007-00. Associate Cooperative Agreement No. 674-A-00-04-00025-00
[Pact SA Work Plan 2004 Microsoft Word.pdf](#)
- [MER Pact SA SemiAnnual Report April - Sept'04 Microsoft Word.pdf](#) (64pp)
- [Other Semi-Annual and Annual reports](#)
- Rapid Response Program for HIV/AIDS Activities in South Africa. Performance Monitoring Plan 2004 – 2008
[Pact SA PMP \(2004 - 2008\).doc](#) (39pp)
- Pact 2004 Organogram
[Pact 2004.pptx](#)

2nd Cooperative Agreement (2008-2012)

- Pact Inc. Proposal in Response to USAID/SA APS 674-07-001 (2006, powerpoint)
- USAID, 2007. Cooperative Agreement No. 674-A-00-08-00001-00, Umbrella Grants Management.
[Pact UGM CA \(Oct'07-2012\).pdf](#) (89 pp. Includes profiles of the grantees, apparently those who are Pefpar primes)
- PACT, INC. IMPLEMENTATION PLAN: UMBRELLA GRANT MANAGEMENT PROGRAM
[Pact SA Implementation Plan FY07.doc](#)
- Umbrella Grants Management Program for HIV/AIDS Activities in South Africa. Performance Monitoring Plan. September 2007 to September 2012.

Re. both Cooperative Agreements

- Pact South Annual Progress Report, Grant Management Program Cooperative Agreements (674-A-00-04-00025-00, 674-A-00-08-00001-00), Oct 2007 – Sept 2008.

Pact South Africa Annual Report September 2008 3 .pdf

- Pact South Africa. FY 2009 Annual Progress Report, October 2008 – September 2009, Pact South Africa Umbrella Grants Management Program, Cooperative Agreements 674-A-00-04-00025-00 and 674-A-00-08-00001-00.
- GRANTEE CONTACT LIST (Latest Version June 2007).doc
- Grants Matrixes 2004-2008.xlsx
- Pact MER OCA Tool-Sept 2008 version.doc
- Organizational Capacity Assessment Tool
Pact SA OCAT - Scoring Matrix.xlsx
- Management Control Assessment Tool (MCAT)
Pact SA MCAT - Template.xlsx
- OVC Program Quality Assessment Form (6 pages)
- Old Organogram 2008.xlsx
- Pact SA Org Chart June 2009.pptx

PACT WORLD - Washington, DC

- *A New Vision for a New Decade, Effective HIV and AIDS Capacity Building: Critical Components to Advance the Field.* By Helen Cornman, Matt Reeves and Polly Mott. December 2009.

LTL STRATEGIES - KEYSTONE DOCUMENTS FOR THIS EVALUATION

- Evaluation of Pact South Africa Rapid Response HIV/AIDS Grant Management Program 2004-2008. (Prepared by: LTL Strategies. Submitted to: Dr. Rita Sonko, Director, Monitoring, Evaluation & Learning, Pact South Africa.
LTL Keystone Joint Proposal June 30 '09.pdf
- Scope of Work – Evaluation of the Pact South Africa Grants Management Program Cooperative Agreement: 674-A-00-04-00025 2004-2008
PACT Evaluation SOW Revised Sept 17 09.doc

- EVALUATION OF PACT SOUTH AFRICA HIV/AIDS GRANT MANAGEMENT PROGRAM
(Implemented 2004 to 2008). Work Plan: Phase 1, October-November 2009.
Work Plan Phase 1 Oct 21 09.doc
- 2 illustrative LTL Strategies documents for evaluation framework & strategic questioning
DRAFT IEHA Evaluation Framework Document 31 AUG 06 v5.doc
Strategic Questioning Paper Evaluation Donor Assistance Haiti.doc
- Impact Planning, Assessment and Learning (IPAL) brochure
IPAL brochure.pdf
- Assessing grantmaker performance through grantee feedback in East Africa.
E.Afr.Grantmakers_survey_public_report_for_web.pdf

Appendix I**ILLUSTRATIVE CASE STUDY OF *COMPREGARE AND
*THE NATIONAL ASSOCIATION OF CHILDCARE WORKERS**

This case study is based on site visits and interviews with the two organizations and Pact SA's annual and semi-annual progress reports. The main focus of CompreCare's work is building the management capacity of its partners to provide support to orphaned and vulnerable children (OVC) and prevention of HIV/Aids through abstinence (AB) and faithfulness. Palliative care was dropped from the programmatic work.

Having been founded in 2002, the organization was only formally established in 2005, with hardly any proper and sound organizational systems in place. The beginning of its relationship with Pact SA, under the PEPFAR program, led to a pre-award assessment that revealed various policy, monitoring and evaluation, financial and management systems capacity gaps which were systematically addressed over a period of time. From a nascent organization with hardly any formal systems in place, today CompreCare has grown to become one of Pact's best-performing partners with viable and sound management systems.

After consistently achieving beyond its PEPFAR targets, submitting high quality financial and progress reports as well as country operational plans and good audits, CompreCare has increased its partners from two in 2005 to 11 at the end of 2009. It has also expanded its operations from Pretoria to other provinces across the country, and now operates an annual budget of about R14 million (about \$1.9 million), with PEPFAR accounting for about 90% of the budget. CompreCare employs 7 staff and is set to grow with the addition of its partners.

The OVC target for CompreCare and its partners is 12,000 children and the organization believes it has the best OVC model. Tshwane Child Welfare is the main OVC partner of CompreCare, and on which basis a model OVC program for the new 9 partners would be based and developed.

With OVC as its main work focus, NACCW also started their relationship with Pact SA and PEPFAR in the same year as CompreCare, with the same management capacity challenges. Following the pre-award assessment undertaken by Pact SA, the organization was guided through a systematic process of addressing the identified challenges, particularly with respect to developing robust and viable organizational systems, policies and procedures, a monitoring and evaluation system to capture data and impact of their work accurately, and relevant financial management systems. Through close monitoring, training, mentorship and coaching, NACCW has built sufficient management capacity and internal policies, procedures, controls and systems that have allowed the organization to grow.

Today, NACCW exceeds its PEPFAR targets, has vastly improved its performance, financial accountability, M&E systems, produces accurate audited financial reports and has increased its work program and partners as well as replicated its OVC Isibindi model across the country. NACCW won awards in 2006 and 2007 for its Isibindi best practice model for OVC. The organization serviced about 44,000 children in 2008, including disabled children. Through PEPFAR financial support and Pact SA's capacity building assistance, NACCW managed to document, research and replicate the Isibindi model which has been accepted and replicated by the government as a best practice. The Safe Park model is also a successful offshoot of Isibindi. High quality verifiable data is being produced and organizational staff is highly skilled and sought after in the sector.

The case histories of these two organizations attempt to show how they have grown and benefitted from Pact's capacity building support over the years. The organizations are "high-engagement partners" of Pact SA and considered among the best performing partners posting good results and PEPFAR targets.

Major Organizational Challenges and Implementation Issues

Year	NACCW	CompreCare
2005	<ul style="list-style-type: none"> ➤ Awarded a grant in FY05 under Pefpar Track 3 & signed agreement in the same year, 2005. ➤ Putting in place effective and efficient systems took longer than anticipated, ➤ Initiation tasks for the replication of the Isibindi Model with Onskinderhuise in the Free State Province were halted due to internal protocol and procedural issues with the Mgt Committee of the Children's Home ➤ Pre-award assessment matrix revealed the following issues; <ul style="list-style-type: none"> • Inadequate procurement policy, no travel policy, inadequate personnel policy, no asset management policy and inadequate petty cash policy ➤ Pact SA assigned level of risk – High! ➤ From an OVC program target of 6, five were achieved in this period ➤ Target of OVC to be served was 1640 and 358 were actually served ➤ Out of a target of 240 caregivers to be trained, 215 were trained 	<ul style="list-style-type: none"> ➤ Selected as a grantee in FY05 under Pefpar Track 3 & signed grant agreement with Pact SA in Aug 2005 ➤ No other major donor funding since start up in 2002 ➤ The pre-award assessment matrix revealed that CompreCare was not an established organization, but a loose network of organizations with no staffing, structures or policies and procedures with the following issues; <ul style="list-style-type: none"> • No M&E capacity, organizational program and administrative & financial systems in place, • Poor linkages with partners, • No VAT registration or financial staff to maintain financial records, ➤ Pact SA assigned risk level was 'High' ➤ CompreCare requested US\$27 million but only received \$1 million due to the serious compliance concerns, level of technical assistance that was required & their inability to ensure a rapid program start up as required by PEPFAR ➤ Pre-award assessment also revealed deficiencies in organizational procedures & systems & a series of meetings were held to negotiate a program implementation strategy, ➤ Issues such as utilizing consultant rates for employees, hiring & supervising relatives & charging for actual costs rather than pre-determined percentages were resolved before the budget was accepted by Pact SA ➤ Sun Care Gardens (CompreCare's palliative care partner) terminated their partnership with CompreCare shortly before the grant agreement was signed, raising serious concerns for both USAID & Pact SA – palliative care was an essential component of the program approved by Pefpar.
2006	<ul style="list-style-type: none"> ➤ Expenditure rates are rather low, with a large pipeline despite not having received their FY05 funding ➤ Ranking of partners' capacity at beginning of the year revealed weak or non-existent MER system 	<ul style="list-style-type: none"> ➤ Ranking of partners' capacity at the beginning of the year revealed weak or non-existent MER system ➤ By Sept, MER systems had been developed

2007	No reported issues or challenges!	<ul style="list-style-type: none"> ➤ Lack of a comprehensive monitoring plan to track activities, especially for the prevention programs in order to closely track quality of the program ➤ Program lacks a clearly defined data management process for the AB program at source, collection, collation, analysis and reporting levels ➤ The programs have no well-documented process for managing data quality at partner level ➤ The programs lack an evaluation strategy to inform CompreCare about outcome level results and program effectiveness
2008	<ul style="list-style-type: none"> ➤ Inconsistencies in recorded program targets ➤ Achieved a 95.5% OVC target and 73.7% target for training of OVC caregivers 	No reported issues or challenges!
2009	<ul style="list-style-type: none"> ➤ Delays and obstacles experienced in activity rollout and expenditure backlog, ➤ Inconsistent tracking of palliative care services, resulting in substantial under-reporting ➤ Couldn't exceed its annual target for palliative care 	No issues or challenges reported!

Support Received from Pact SA and Resultant Achievements & Growth Milestones

2005	<ul style="list-style-type: none"> ➤ Significant progress made towards meeting annual targets & program objectives ➤ Impressive overall statistics for the number of people trained in the 1st quarter, especially in Shitachi Isibindi Project in Giyani where the following was achieved; <ul style="list-style-type: none"> • 169 children and 52 families received intensive services through home visits, counselling and family conferencing, • 24 learners trained in restorative conference training and professional foster care training and, • In Ndodo Square (Cala, Eastern Cape) 72 learners were trained, 189 children and 74 families received intensive services. ➤ Received technical assistance on the following; <ul style="list-style-type: none"> • Development of policies and procedures through onsite & virtual assistance, provided with templates for manuals and assisted in customising organizational requirements, • Monthly site visits to monitor implementation of systems and procedures, • Developing M&E framework & Pepfar indicator protocol sheets, • Understanding and compliance with USAID rules & regulations • Development of program description, budget & implementation plan • Develop capacity to collect & analyse data for organizational strengthening 	<ul style="list-style-type: none"> ➤ Extensive support received in developing a program description & budget as well as finalise roles of various partners ➤ Pact SA assisted CompreCare in revising their budget & program ➤ Received extensive technical assistance on; <ul style="list-style-type: none"> • compliance issues in relation to USAID grant management rule & regulations • Donor reporting, Capacity building and systems strengthening • Program design & budget development in line with country operational plans • M&E systems development (results framework, indicator protocol reference sheets, data collection systems), • Data Quality Assessment, Annual work plan development, Activity-based & line item budgeting, Benchmark calendar & deliverable schedule planning • Financial & Administrative management systems strengthening • High levels of monitoring financial and program implementation • Intensive on-going mentoring and training of program and financial staff, • VAT registration & reimbursements, Organizational systems strengthening • Personnel, procurement & administrative policies & procedures manual development, Sub-grant monitoring, USAID & Pepfar documentation • Monthly site visits to monitor implementation during start up
2006	<ul style="list-style-type: none"> ➤ Deepening technical assistance in development & institutionalisation of MER plans including Pepfar indicator protocols that included the following; <ul style="list-style-type: none"> • Comprehensive results frameworks for programs, • Conduct an audience analysis, information requirements & reporting schedules, Review of systems for data collection & management tools, 	<ul style="list-style-type: none"> ➤ Deepening technical assistance in development & institutionalisation of MER plans including Pepfar indicator protocols that included the following; <ul style="list-style-type: none"> • Comprehensive results frameworks for programs, • Conduct an audience analysis, information requirements & reporting schedules • Review of systems for data collection & management tools,

	<ul style="list-style-type: none"> • Develop data quality management & program evaluation plans • Preparation of comprehensive MER plans for submission to USAID <ul style="list-style-type: none"> ➤ Review of data management processes, viz data collection, data collation, analysis & reporting and review of existing databases (paper & computer-based systems) ➤ Received assistance in increasing program reach and reviewing targets ➤ Submitted excellent, accurate, well-documented & timely financial reports, & received guidance & support in completing & compiling financial reports in an efficient manner, ➤ <u>Pact SA removes the documentation requirement from NACCW's monthly financial reporting!!!</u> ➤ <u>Cost-share audit revealed NACCW would meet their cost share requirements!!</u> ➤ In Sept 2006, MER systems had been developed ➤ Assistance with development of in-house systems for regular data quality reviews/assessments 	<ul style="list-style-type: none"> • Develop data quality management & program evaluation plans • Preparation of comprehensive MER plans for submission to USAID <ul style="list-style-type: none"> ➤ Received financial management assistance & produced quality financial reports on time ➤ Upon CompreCare's request, Pact reviewed the implementation of financial systems to ensure compliance with pre-award conditions stated in the grant agreement ➤ In Sept 2006, MER systems had been developed ➤ Mentorship and technical assistance in operationalizing existing MER plans & strengthening of data management systems at source, data collection & improving data analysis
2007	No reported issues or challenges	<ul style="list-style-type: none"> ➤ Pact helped develop process level indicators relevant for tracking program implementation at sites to help CompreCare monitor programs more closely ➤ Pact helped develop a data flow map for AB similar to the OVC program ➤ Pact helped develop standard operating procedures for data quality management across the data management process and involve stakeholders
2008		<ul style="list-style-type: none"> ➤ Attained 126.8% of OVC service targets and 495.0% of OVC training ➤ Attained 130.4% for prevention target and 170.55 for HIV prevention training
2009	<ul style="list-style-type: none"> ➤ Pact SA instituted a new system requiring NACCW to disaggregate approved budgets into quarterly projections to address the delays in activity rollout & expenditure backlogs ➤ Progress meetings & site visits with Pact SA to address specific program implementation issues, 	<ul style="list-style-type: none"> ➤ Pact provided resource mobilization support because Pefar prevention budgets were cut – training in proposal writing & information on current funding opportunities in SA ➤ Pact assisted with completion of grant applications for CIDA's HIV/AIDS grant fund ➤ Surpassed PEPFAR annual targets to

	<ul style="list-style-type: none"> ➤ Pact SA helped strengthen NACCW's systems to improve on documentation of palliative care services ➤ Pact assisted with governance and leadership support to Isibindi CBO implementing partners ➤ Achieved 109.1% in OVC service and 125.3% in training care providers for OVC 	<p>achieve 152.6% in reaching individuals to promote abstinence 7 or faithful behaviour, 387.6% through abstinence and attained a trained 152.0% in its HIV prevention program</p>
Undated	<ul style="list-style-type: none"> ➤ Pact helped with SARS compliance & VAT registration and organization now has sound financial & management policies, as well as MER & governance systems ➤ Enhanced data collection, impact measurement, reporting, budgeting, IT & management, ➤ Pefpar funding enhances image & prospects of attracting new funding ➤ Highly developed staff that is skilled & mobile now in place ➤ Started off with 3 Isibindi Model sites in 2005 & now 70 sites at end of 2009 due to tremendous financial and non-financial support!! ➤ The Isibindi is now a best practice model that has been documented, researched, replicated by other players, including Gvt. It won the Impumelelo Platinum & the Mail & Guardian awards in 2006 & 2007!! ➤ NACCW services about 44,000 children in 2008 wouldn't otherwise access their services, especially the disabled ones. ➤ Funding volumes grew from \$1 million in year 1 to \$4 million now and sub-partners grew from 6 to 72 now! ➤ Pact introduced Child Status Index & widen networks and partnerships 	<ul style="list-style-type: none"> ➤ Started off with 2 partners and due to its impressive record it has been asked by USAID to take on 9 new partners that were previously managed by other Pact partners. ➤ In 2009, the organization was affirmed as the best performing partner by Pact's MER and Finance officers ➤ The organization grew tremendously and has sound policies, governance structures, procedures and high standard management systems in place, and have extended the same to their partners ➤ Exceeded their program targets every year due to high competence and accurate ➤ financial reporting, ➤ A very close, open and warm relationship of trust and confidence with Pact