

# PROGRAMME UPDATE



International Federation of Red Cross and Red Crescent Societies  
Fédération Internationale des Sociétés de la Croix-Rouge et du Croissant-Rouge  
Federación Internacional de Sociedades de la Cruz Roja y de la Media Luna Roja  
الاتحاد الدولي لجمعيات الصليب الأحمر والهلال الأحمر

## CAPACITY BUILDING FUND (CBF)

23 February 2007

The Federation's mission is to improve the lives of vulnerable people by mobilizing the power of humanity. It is the world's largest humanitarian organization and its millions of volunteers are active in over 185 countries.

For more information: [www.ifrc.org](http://www.ifrc.org)

### In Brief

Appeal No. MAA00011;

Programme Update no. 2;

Period covered: 1 July to 31 December 2006;

Appeal target for 2006-2007: CHF 8,000,000 (USD 6.6 million or EUR 4.97 million);

Appeal coverage: 37%;

Outstanding needs: CHF 5,007,782 (USD 4,070,365 or EUR 3,087,468 ).

*(Click here to go directly to the interim finance report)*

Related Emergency or Annual Appeals:

- Global Organizational Development Appeal
- Programme appeals/funding plans for the relevant countries supported by the Fund

Programme summary:

Twenty five multi-year projects were granted allocations by the Capacity Building Fund in 2006. In addition, a programme on "mobilizing local capacity in Africa" was supported. In total, CHF 1,304,515 worth of grants were allocated.

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### Operational developments

A five-year review on the functioning and added value of the Capacity Building Fund (hereafter referred to as the Fund, or the CBF) was completed in February 2006. The report highlighted that: multi-year funding allows for long-term thinking and for organizational development (OD) processes to mature and consolidate; grants have a very high return on investment; and, grants raise awareness on the importance of

institutional capacity building work for improving service delivery. The report was circulated to all national societies in April 2006 with a letter by the Secretary General seeking support for the Fund.

Provision of long-term resources to support planned capacity building and/or organizational development process remained the main rationale of the Fund in 2006. A total of 25 multi-year projects received financial support. These projects were mainly within their second and third year of implementation. In addition, a pilot project on *Mobilizing local capacity in Africa* was supported.

In the area of fund management, an internal review was undertaken during the second half of 2006 in order to assess existing practices of financial reporting. This initiative has improved the accountability of the project managers and paved the way for quality and timely reporting.

During the year, the main challenge was the lack of funding to recruit a dedicated manager for CBF. This has affected the other aspects of work such as knowledge management and fundraising.

As for the future, measures are being undertaken to use the CBF more strategically. The main objective is to shift from funding of small projects to funding of long-term capacity development plans. From 2007 a large part of the fund will be utilized to resource intensified capacity building support to a small number of national societies as an investment for sustainable development. Provisions will be made, in the form of a sub-fund, to give special attention to societies in Africa. In addition, a special facility will be created to address urgent OD issues such as integrity cases. Lastly, support will continue for existing multi-year commitments to national societies already receiving CBF funds. The increasing demand and expectations will require dedicated staff to manage the Fund and an expert advisory panel to assist with selection of grants as well as monitoring of results. [Please click here to find out more information on future plans.](#)

**Goal: To support national societies to build relevant and sustainable capacity in order to make a significant difference to the lives of vulnerable people.**

**Objective: An effectively managed CBF, supporting innovative, quality programmes that strengthen national societies and develop Federation knowledge on capacity building.**

In 2006, out of 25 multi-year projects that received financial support, 16 are completing their final year of implementation. Nine multi-year projects are expected to continue through 2007 according to agreed plans. Total allocations of CHF 1,304,515 were distributed with 40 per cent committed to the Asia Pacific region, 26 per cent to Europe, and 20 per cent and 14 per cent to Americas and Africa, respectively. The below programme summaries are based on selected reports from respective national societies. They reflect progress made mainly during the first half of 2006.

#### AFRICA

In 2006, three allocations were granted to the Africa region, while three other allocations for multi-year projects were suspended due to failure to provide qualitative reports on time. Due to considerable constraints, the implementation level in the region proved to be low during the first half of 2006 for two national societies, the Cameroon Red Cross Society (RCS) and the Central African Red Cross Society. Nonetheless, ongoing assessment and restructuring of Cameroon's national society will positively address the lack of management capacity. By the same token, Central African RCS requires improvement of overall performance so as to effectively implement current programmes including the capacity building programme. South Africa Red Cross Society (SARCS), however, has demonstrated sustainable progress in the implementation of its CBF-funded project. A summary of the African projects are outlined below:

National Society	Project name	Grant amount (CHF)	Year of implementation
Central African Republic	Capacity Building Programme	57,483	Second of two years
South Africa	External relations, resource mobilization and fundraising	60,000	Third of three years

	development		
Cameroon	Capacity Building	53,022	Third of three years

### South Africa: External relations, resource mobilization/fundraising development

**Project objective:** The program aims to improve the internal resource mobilization capacity of the SARCS and ensure long-term sustainability through development of external relations, resource mobilization and fundraising practices.

**Achievements to date:** During the SARCS General Assembly meeting held in March 2006, the decision to adopt a resource mobilization policy that encourages nationally coordinated approaches was passed. This brought new momentum and motivation for the society, which had struggled to fully develop the programme due to a resolution made years ago to decentralize the resource mobilization function, thus ruling out an integrated programme at the national level. For this purpose, a board member was selected to lead the resource mobilization portfolio and, with assistance from the corporate sector, a national resource mobilization committee was established. Results indicated that some initiatives are no longer efficient such as direct mail appeals. Payroll donation programmes were revisited and modified, and others such as online fundraising and television advertisements are being implemented.

**Constraints and future plans:** SARCS has launched several initiatives to build fundraising capacity during this year despite insufficient human resources. Thus the future appointment of a national resource mobilization and external relations manager will further foster the implementation of the project's activities.

### AMERICAS

Four of five projects funded by the CBF in the Americas region are in their final stage of implementation. Programme summaries below include the national societies of Argentina and Brazil, two of the multi-year projects funded over the last two and a half years. As both national societies are engaged in organizational change process, successful positioning of their resources is essential.

National Society	Project name	Grant amount (CHF)	Year of implementation
Argentina	Organizational change	30,000	Third of three years
Brazil	Strategic planning process	54,500	Third of three years
South America (regional)	Leadership in health	38,485	Second of two years
South America (Uruguay, Venezuela)	Community integrated programmes & volunteering	85,111	Second of three years
Costa Rica	Regional reference centre on community education in disaster management	46,720	Second of two years

### Argentina: Organizational change

**Project objective:** The programme aims to ensure that the capacity building process started in the national society's headquarters is integrated at the branch level. Its intent is to strengthen the management capacity of the Argentinian RC through the implementation of management tools that facilitate monitoring, follow-up and evaluation of programmes and related activities through an integrated information system.

**Achievements to date:** The national society has initiated the alignment of branch activities with the strategic plan for 2004-2007 and the further improvement of financial sustainability. The new revision of the Argentine Red Cross (ARC) statutes will ensure that its work has an improved strategic approach and organizational model.

During May and July 2006, branches received technical support to develop their work within the ARC strategic plan. During the reporting period a total of 24 branches revised their local operational plans in line

with the objectives of the strategic plan. The 25 per cent increase of the resource mobilization activities is significant for further development of capacity building resources and towards the ongoing process of improving management systems in the areas of finance and human resources.

Constraints and future plans: The change of the executive director post and negotiations with trade unions regarding ARC's staff collective agreement resulted in a period of internal adjustment and slowed down the project's implementation. However, the implementation of the programme has continued to increase during the second half of 2006.

### **Brazil: Strategic planning process**

Project objective: The main objectives for 2006 are to: 1) finalize operational planning processes in the branches where they are still pending, in order to complete the framework for action needed to implement the national strategic plan of the Brazilian Red Cross (BRC); 2) build up human resources capacity at BRC headquarters to support the technical development and monitoring of the strategic plan implementation; and, 3) create knowledge sharing and learning spaces within the national society.

Achievements to date: The recently adopted strategic plan was disseminated throughout the national society so that members of governance and management bodies reached consensus on the strategic objectives of the society. During the reporting period several branches received support to start implementation of their operational plans. One of the main achievements was the establishment of Rio de Janeiro branch, while the branch in San Paulo has finalized its operational plan with support of the headquarters. A training session was organized on 25-27 August for the remaining branches involved in similar processes.

The establishment of a national communication department improved knowledge sharing and key processes of development. A full time coordinator was hired to lead the work process of the department. This involved developing and coordinating the national society's website with active involvement from the branches.

Constraints and future plans: One of the existing challenges of the national society is the lack of active and qualified full time department heads (i.e. health, volunteer, disaster, etc.), as these departments are currently led by volunteers who cannot dedicate sufficient time to these posts, thus affecting the level of support necessary to the BRC branches. During the second half of 2006, the BRC intends to reinforce both awareness and knowledge sharing on strategic directions, as well as skills development through formal training and an informal mentor/advisor programme. Both initiatives are expected to trigger the development of various projects and activities at the local branch level.

### **ASIA PACIFIC**

The majority of the CBF funded projects in the Asia Pacific region are related to branch development. The Red Cross of Vietnam (VNRC) project aims to improve financial management at the local branches through formal trainings and on-site coaching. Other projects such as the one in Cambodia are part of societies' organizational change process.

National Society	Project name	Grant amount (CHF)	Year of implementation
Afghanistan	Branch development	100,000	Second of two years
Papua New Guinea	Branch development	47,948	Second of three years
Myanmar	Branch development (focus on financial management)	59,240	Second of three years
Mongolia	Building management capacity and finance resource development	50,000	Second of three years
Nepal	Resource mobilization	24,405	Third of three years
Vietnam	Finance management development	29,981	Second of two years

Timor-Leste	Organizational development	55,000	Third of three years
Cambodia	Capacity building and organizational development	50,000	Second of three years
Fiji	Organizational development	87,117	Second of three years

### **Vietnam: Finance management development**

Project objective: To help the national society improve financial management at selected district and community branches. As set out in the plan of action, the VNRC is currently focusing on monitoring of activities.

Achievements to date: Training and development needs of the chapters were addressed during visits to the Red Cross chapters in Kien Giang, Can Tho, HCMC (in the South), Phu Yen, Khanh Hoa, Quang Binh, Quang Tri (in the Central), Thai Binh and Nam Dinh (in the North). The purpose was to assess the financial systems and compliance with the financial regulations of the Government of Vietnam, VNRC and donors. Branches were provided with technical advice on overall financial management and clearance of outstanding financial reports. Improved efficiency and transparency was demonstrated at Nam Dinh and Ninh Binh regional Red Cross chapters in that these branches managed funds to purchase relief and livelihood items for the Damrey project and the avian influenza project.

Two training courses on planning, budgeting and finance management were organized in Quang Ninh and Nam Dinh RC chapters. Each course included 24 participants from among district leadership, communities, accounting staff and programme officers. The training initiative was beneficial for Quang Ninh Red Cross chapter which successfully applied for government funding. The project proposal aims to expand this training model to further districts and communities not yet covered. The provision of basic communication equipment to 15 remote and mountainous Red Cross districts with fax machines where other communications are difficult will facilitate information sharing.

Constraints and future plans: Due to a lack of skills and qualifications of the regional finance staff a tailor-made management approach with consistent follow-up is required to improve accounting practices.

### **Cambodia: Capacity building and organizational development**

Project objective: The current project focuses on leadership development, improvement of structures, systems and procedures, including planning, reporting, monitoring and evaluation, as well as greater integration of participatory community development approaches.

Achievements to date: In the first half of 2006 Cambodian Red Cross (CRC) set up an OD taskforce to oversee all national society organizational development work, responding to the needs/issues identified in the national society self-assessment report, branch needs assessment, staff needs assessment report and the challenges and priorities identified in the strategic plan 2003-2010 and the three-year development plan.

CRC's financial working group finalized the financial procedures manual. It was circulated during a series of workshops on dissemination of financial procedures, project planning process, budgeting and reporting held in May and June 2006, attended by total of 98 staff. In addition, a planning and reporting consultant was recruited to improve reporting skills and to enhance an understanding of the link between planning, monitoring, evaluation and reporting. The monitoring and evaluation (M&E) unit was established at the end of June. The local M&E consultant was supportive in setting up the office, guiding a new head of M&E, drafting various policies, guidelines, workplans and handbooks that will form the foundation of an M&E system within the CRC. Moreover, in order to capture and share best practices, the Red Cross youth and volunteer programmes designed four case studies. The case studies to be published in the first quarter of 2007 will be used as a promotional tool to show lessons learned on how to support programme growth.

Constraints and future plans: Lack of systematic planning, coordination and reporting has slowed the momentum at all levels gained by the OD process in the last few years, causing difficulties in measuring the impact of the work undertaken. The priority is the establishment of a strong coordination and reporting

mechanism and the further development of the concept of PMER which should contribute to quality reporting.

## EUROPE

Average implementation level in the Europe region was better in comparison with other regions. Only the Red Crescent Society of Uzbekistan demonstrated a delay in progress due to changes in leadership and internal restructuring.

National Society	Project name	Grant amount (CHF)	Year of implementation
Azerbaijan	Branch development	40,000	Second of two years
Belarus, Moldova, Ukraine	Cross border youth programme	39,398	Second of two years
Georgia	Branch development through effective service delivery	52,000	Second of three years
Latvia	Organizational development	49,105	Third of three years
Poland	Organizational development	80,000	Third of three years
Russia	Capacity building in regional branches	40,000	Second of two years
Uzbekistan	Organizational development and capacity building in branches	23,000	Second of two years

### Russia: Organizational development

**Project objective:** The programme aims to enhance the capacity and stability of regional branches in the Russian Red Cross (RRC). The programme is focusing on a participatory approach with involvement of all stakeholders including the beneficiaries (e.g. in vulnerability and capacity assessments); space for experience and opinions exchange (internet/website and workshops); and the use of a bottom-up approach (planning recommendations initially developed at branch as opposed to headquarters level).

**Achievements to date:** From January to March, the RRC finalized a set of tools including: analytical modules for self-assessment and the standard model strategic development plan for the RRC regional branches. In mid-March, the RRC initiated its development strategy drafting process and the new principles, approaches and methodologies were reviewed at the General Assembly in November 2006. Meanwhile, from 3-7 April in Nalchik (Northern Caucasus, Kabardino-Balkaria Republic) an assessment and strategic/project planning round table training session was held to share experiences between RRC Northern Caucasus regional branches involved in programmes targeting the most vulnerable older people. In addition, the first workshop on organizational analysis, self-assessment, strategic planning was held in Krasnoyarsk from 12-16 June, and involved RRC regional branches' chairpersons from East and West Siberia geographical zones.

**Constraints and future plans:** RRC headquarters, heads of departments and senior officers, comfortable with the old working system showed scepticism and resistance towards implementing the new principles, approaches and methodologies stated in the RRC development strategy.

### Latvia: Organizational development

**Project objective:** The programme aims to strengthen the capacities of Latvian Red Cross (LRC) in governance and management, branch capacity building, fundraising, human resources, programme development, communications and public relations.

**Achievements to date:** Currently efforts are focusing on building the capacities of governance and management structures through training, experience exchange and support materials. The LRC headquarters designed basic tool documents such as training packages and guidelines, leading to successful scaling up of

planning, fundraising and service delivery in the branches in order to prepare for the General Assembly and branch conferences. In addition, a set of indicators was developed to evaluate branch capacity. The indicators are based on the International Federation's working draft document "Capacity Building Indicators for National Societies". The quality of programme design and fundraising have significantly improved during the first half of 2006 as six project applications were submitted for European and government funding and three of those were successfully supported. Overall LRC has increased resources by more than EUR 22,000 in one year due to successful income generating activities such as first aid courses.

This year the LRC published an annual report to demonstrate accountability to all stakeholders and partners. On 24 February 2006, the LRC board approved regulations on volunteer management that clearly define mutual roles, rights and responsibilities of the LRC and volunteers. The new system ensures coherent volunteer management including recruiting, screening, training, appreciation and recording of volunteer work.

Constraints and future plans: Long-term donors for priority programmes such as home care and first aid education are still needed. Future steps will continue to explore possibilities to create long-term partnership and sponsorship for core programmes. Corporate sector funding is of particular interest for the future.

### **Implementation of other objectives and future plans:**

#### **More effective targeting of grants**

As a follow-up to the Governing Board decision in 2006 to give priority to Africa in the capacity building efforts, a sub-fund for Africa is being created. Thus the Capacity Building Fund will consist of two subfunds: the Africa Subfund and the Rest of World Subfund.

New grants from these two subfunds will be linked to work on intensified capacity building support. The intensified capacity building modality is founded on the recognition of the practical reality that some national societies are faced with special institutional and programmatic constraints that impair their capability to function effectively and to deliver expanded programmes to fulfil the Federation's *Global Agenda*. The intensified capacity building support will be targeted to those national societies in countries of high need, and with relatively low organizational capacity to meet those needs. Eligible National societies will go through a two-stage process of short-listing and selection. Emphasis will be placed on national societies preparing their own applications to obtain intensive capacity building and CBF support, to ensure their commitment to organizational change. Simple, effective application and selection procedures are currently under development. Each subfund will allocate 50%-65% of funds to intensified capacity building support.

The rest of the fund (approx 35% of each subfund) will support other institutional capacity building modalities. Following the adoption of the *Global Agenda*, special attention will be given to long-term plans and programmes to strengthen the national society service delivery capacity at local and community level.

A portion of the CBF will be used as a special resource for urgent organizational development issues. National societies facing integrity or similar crises often need an urgent response from the Federation, such as a visit from a governing board member or senior staff member from the Secretariat. The Fund will help to enable such interventions and the implementation procedures include requirements for application and reporting.

Finally, fund management will be improved as per recommendations of the review in 2006. The expenses related to the fund management, monitoring and reporting, including the expert advisory panel, will be capped at CHF 200,000 per year for 3 years.

#### **More effective monitoring of results**

To improve the monitoring of grants, an internal review was undertaken during the second half 2006 to reflect on the existing practices on financial reporting. This initiative has already improved the accountability of the project managers who oversee project implementation and has paved the way for quality and timely reporting.

The intensive capacity building modality will further strengthen monitoring of CBF funds. The support will be linked to development of high-quality baseline assessments of national society capacity, together with capacity development plans having clear objectives and realistic indicators. A review process will ensure that the quality of the capacity development plans is sufficient before funding is approved. Monitoring and evaluation of impact will become simpler and more feasible, providing donors with better evidence of the changes their funding has achieved.

**Improved sustainability for a multi-year, un-earmarked Fund**

The Fund maintained partnerships with current donors. In total, CHF 1,534,861 was received from five donors: Japanese Red Cross, Swedish Red Cross, Canadian International Development Agency (CIDA)/Canadian Red Cross, Finish Red Cross and the Department for International Development (DFID) during 2006. During 2007 more investment will be made to identify new donors as well as to improve regular contacts with existing donors. The possibility of a quarterly electronic newsletter will be explored to inform the donors about grant allocations. The expert advisory panel of the Fund will include donor representatives.

The intensive capacity building modality will be discussed with existing and potential new donors to ensure that the management and evaluation arrangements will meet their needs for accountability and result in increased donor interest.

**The CBF will be an effective vehicle for capturing and sharing good practice and lessons learned.**

The project managers in the field are requested during the year, to document best practices and lessons learned. In 2007 a new section will be created on FedNet to post various learning materials from previous years' grants to facilitate knowledge sharing.

The approach to providing intensive capacity building support, described above, will strengthen the ability for CBF-supported projects to explore the impact of different approaches and interventions, and to learn from past experiences. Further work will be carried out to develop methodologies and approaches in evaluating capacity building work.

***[Interim financial report below; click here to return to the title page and contact information.](#)***

## CAPACITY BUILDING FUND

Selected Parameters	
Year/Period	2006/1-2006/11
Budget Timeframe	2006/1-2007/12
Appeal Code	MAA00011
Budget Type	APPEAL

All figures are in Swiss Francs (CHF)

## I. Consolidated Response to Appeal

	Health & Care	Disaster Management	Humanitarian Values	Organisational Development	Coordination & Implementation	TOTAL
<b>A. Budget</b>				<b>8,000,000</b>		<b>8,000,000</b>
<b>B. Opening Balance</b>				<b>1,678,157</b>		<b>1,678,157</b>
<b>Income</b>						
<u>Cash contributions</u>						
<i>British Red Cross</i>				-		0
<i>Canadian Red Cross Society / CIDA</i>				553,905		553,905
<i>Finnish Red Cross</i>				94,680		94,680
<i>DFID Partnership</i>				817,356		817,356
<i>Swedish Red Cross</i>				68,920		68,920
<b>C1. Cash contributions</b>				<b>1,534,861</b>		<b>1,534,861</b>
<u>Outstanding pledges (Revalued)</u>						
<i>CBF Funds</i>				- 227,234		-227,234
<b>C2. Outstanding Pledges (Revalued)</b>				<b>- 227,234</b>		<b>-227,234</b>
<u>Other Income</u>						
<i>Interest Rate Paid on General Funds</i>				6,434		6,434
<b>C6. Other Income</b>				<b>6,434</b>		<b>6,434</b>
<b>C. Total Income = SUM(C1..C6)</b>				<b>1,314,061</b>		<b>1,314,061</b>
<b>D. Total Funding = B +C</b>				<b>2,992,218</b>		<b>2,992,218</b>

## II. Balance of Funds

	Health & Care	Disaster Management	Humanitarian Values	Organisational Development	Coordination & Implementation	TOTAL
<b>B. Opening Balance</b>				<b>1,678,157</b>		<b>1,678,157</b>
<b>C. Income</b>				<b>1,314,061</b>		<b>1,314,061</b>
<b>E. Allocations</b>				<b>-1,077,281</b>		<b>-1,077,281</b>
<b>F. Closing Balance = (B+C+E)</b>				<b>1,914,937</b>		<b>1,914,937</b>

## III. Allocations Breakdown

	Health & Care	Disaster Management	Humanitarian Values	Organisational Development	Coordination & Implementation	TOTAL
<u>Allocations</u>						
<i>Afghanistan RCS OD</i>				-50,000		-50,000
<i>Argentine OD</i>				-30,000		-30,000
<i>Azerbaijan Branch Development</i>				-40,000		-40,000
<i>Brazil OD</i>				-54,500		-54,500
<i>Belarus,Ukraine,Moldova, Youth Progr.</i>				-39,398		-39,398
<i>Burundi BD Pilot</i>				-41,600		-41,600
<i>Cambodia OD</i>				-50,000		-50,000
<i>Cameroon</i>				-53,022		-53,022
<i>Central Africa Rep.</i>				-30,000		-30,000
<i>Costa Rica DM</i>				-46,720		-46,720
<i>Fiji OD</i>				-47,117		-47,117
<i>Georgia Branch Devt</i>				-52,000		-52,000
<i>Latvia OD</i>				-49,105		-49,105
<i>Mongolia</i>				-50,000		-50,000
<i>Myanmar Development</i>				-30,000		-30,000
<i>Nepal Resource Mobilization</i>				-24,405		-24,405
<i>Papua NG Branch Network</i>				-47,948		-47,948
<i>Poland OD</i>				-80,000		-80,000
<i>Russia Capacity Building</i>				-40,000		-40,000
<i>S.Africa OD</i>				-30,000		-30,000
<i>S.America Health</i>				-38,485		-38,485
<i>Timor leste OD</i>				-55,000		-55,000
<i>Uzbekistan OD</i>				-23,000		-23,000
<i>Vietnam Finance Devl.</i>				-29,981		-29,981
<i>Volunteering &amp; CIP (UY,VE)</i>				-45,000		-45,000
<b>E. Total Allocations</b>				<b>-1,077,281</b>		<b>-1,077,281</b>