

ANNUAL REPORT



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

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 178 countries. For more information: www.ifrc.org

Appeal No. 01.62/2002; Appeal target: CHF 4,000,000; Appeal coverage: 69%

Overall analysis of the programme w

The Capacity Building Fund (CBF) became firmly established in 2002. During the year, it was able to finance 39 programmes assisting a total of 74 National Societies to increase their operational and organisational capacities and thereby play a more significant role in assisting vulnerable people in their countries. The Fund thus plays a key role in the Federation's work to support National Societies by providing it with a funding mechanism which can be directed to address priority National Society needs in situations which do not attract earmarked or bilateral funding from donors.

The CBF builds on the Federation's collective experience of capacity building built up over the past several years. The CBF became operational in the second half of 2000 following its establishment by the Federation's Governing Board and after sufficient funds had been mobilised to allow for its start up. Nine programmes were initially selected for support in 2001.

The CBF is committed to providing an opportunity for longer-term support to quality capacity building programmes. Whilst the initial commitment by the Fund is for one year, the intention is to provide funding for two years or more as most programmes require such longer term assistance to be effective. The initial nine programmes funded in 2001 were monitored during the first year to assess their progress and impact, and out of these five went on to receive support from the CBF in 2002.

The criteria used for selecting programmes for support by the CBF have been established in consultation with the TAG (the Tripartite Advisory Group), a group of donor National Society and government representatives from Britain, Canada, Finland, Norway and Sweden. This group has played an important role in providing guidance to the Federation's capacity building work over the last five years and its members are also the principal donors to the Fund. The selection criteria for the Fund are that it should:

- support "forgotten" National Societies, especially those in countries of high vulnerability;
- support innovative capacity building programmes in key capacity building focus areas (see below);
- address integrity issues;
- support increased civil society networking.

The key capacity building focus areas for CBF support cover programmes in one or more of the following categories:

- strategic planning skills;
- programme planning / management skills;
- leadership training;
- volunteer management;
- branch development and community mobilisation;
- information and communications development; and
- financial resource development.

This annual report provides a synthesis of the general progress achieved in the past year and of some of the main lessons learnt through monitoring the supported capacity building programmes. For fuller details on the individual programmes, please refer to the three Programme Updates that were issued during 2002 which are available on request or via the Federation's web site.

Objectives, Achievements and Constraints w

Objective 1 To ensure effective management of the Fund so that it has a demonstrable impact in building the capacity of Societies supported.

CBF funding was provided in 2002 to 39 programmes benefiting a total of 74 Societies in two rounds of allocations (see attached tables for details). In line with the selection criteria, the new programmes selected in 2002 included a number of "forgotten" National Societies (e.g. Comoros, Mauritius, Bolivia, Belarus) and several programmes chosen because of their innovative or strategic nature (e.g. to ensure continuity of support to countries such as Nigeria and Guatemala supported through the earlier Tripartite project). Brazil Red Cross Society received support to help it deal with its long-running integrity issues.

The implementation of all these programmes was monitored during the year in order to gauge the quality and impact of the assistance. Each programme was required to provide six-monthly reports, and these have been summarised in the Programme Updates that have been issued. Some of the conclusions that emerged included the following points:

- The range of programmes supported during the year was quite broad. This reflects the fact that National Societies and Federation delegations acknowledge that capacity building should have a clear link to programme delivery and must be designed so as to enhance Societies' ability to provide more effective services to vulnerable people. In a number of the programmes support for branch or volunteer development was particularly linked to the provision of disaster preparedness or health care in order to ensure that these programmes are grounded in reality.
- Many of the programmes focused on areas such as the revision of statutes, governance and management, branch/volunteer management and finance resource development. Even when funding was targeted at more service-oriented programmes, the reports acknowledged that these key organisational development (OD) functions are crucial to the success of wider capacity building programmes. Without a sound foundation and good management competency within the National Society, service-oriented programmes may not be able to progress. Resource development, in particular, is increasingly seen as a priority area by many Societies seeking to make their programming less dependent and more sustainable.
- Decentralised capacity building – that is building volunteer skills and networks at branch level – was a major focus for a number of the programmes. It is increasingly evident to Societies that they need to establish their capacity at grass roots level and that the relationship between branches and HQ needs to be strengthened. This can be seen in those programmes specifically aimed at building links with branches (Argentina, Ukraine) and in others that are programme focused (Nigeria, Bolivia).

- As part of the above point, communications and connectivity between HQ and branches has been an important element. The success of the long distance education programme for communicators (supported since 2001) for example, can be seen in the way it has been able to be replicated to other Societies in the Americas (Argentina, Bolivia, Cuba, Guatemala).
- In some situations, it has proved difficult to maintain programmes according to the original plans due to specific internal conditions in the country or the Society, and support has been revised accordingly. In some cases this has led to the suspension of the programme (Caucasus, Yemen), whilst in others it has been agreed that the timeframe for implementation should be extended (Comoros, Mauritius, Guatemala, the Pacific).

Objective 2 To ensure resource mobilisation for the Capacity Building Fund.

Fundraising for the CBF was carried out during the year and a total of CHF 2,778,158 was raised as can be seen in the attached table of contributions. It is pleasing to note that there has been some significant broadening of the donor base, with Japanese and Spanish Red Cross making generous contributions for the first time, whilst Austrian Red Cross has provided further financial support to match its contribution made in 2000.

The main source of CBF funding, however, continues to be the member countries of the TAG. The membership expanded in 2002 with the Norwegian Red Cross and government joining the group. In addition, the American and Spanish Red Cross and governments attended the annual TAG meeting in September prior to taking a decision on joining the group on a longer term basis.

Of critical importance to the fundraising strategy of the CBF is to be able to secure multi-year funding. As noted in the introductory section above, the CBF aims to support the longer term capacity building needs of National Societies. However in order to be able to do this, the management of the Fund has to be able to match the level of annual allocations with dependable future financial inflows. Most contributions to the CBF, as to Federation programmes in general, are made on a one year basis. However certain donors within the TAG (Britain, Finland and now Norway) are able to make multi-year commitments, and this greatly increases the ability of the Fund to guarantee longer term financing to the programmes it supports.

The Federation Secretariat itself made a special commitment to the CBF by pledging CHF 1.5 million. Due to the particular financial constraints being faced by the Secretariat, this pledge will be paid in installments, and CHF 300,000 was transferred to the Fund in 2002.

Although its mandate is not restricted to the CBF, the TAG has continued to play an important advisory role in the evolution of the Fund. During its annual meeting in September, a considerable amount of time was devoted to reviewing the general progress that had been made over the past year. There was a strong consensus that the Fund needed to demonstrate a more distinct identity. Whilst recognising the problems faced by the Federation in financing capacity building programmes and the fact that the CBF had great value as a guarantor of multi-partner and predictable longer term funding, TAG members stressed that the Fund should not become over-extended and turn into a sort of general purpose fund. It was recommended that it should not be further expanded but rather stay at around its present size and volume of CHF 4 - 5 million for the next two to three years, and that the experience then be evaluated.

There was also a strong feeling that new initiatives should be taken to develop the CBF more towards working on analysis and learning of RC/RC capacity building experience. It was recommended that the Secretariat use part of the CBF funding for these purposes and that TAG members should work collectively to develop linkages with external specialised capacity building organisations in order to enhance the reputation and standing of the RC/RC in this field.

Conclusion w

The CBF has expanded significantly during 2002 thanks to the confidence and generous support of several donor country National Societies and governments. It provided the Federation Secretariat with a genuine multilateral mechanism to finance a significant level of National Society capacity building programmes that would otherwise not have been funded. In this way the Fund complements the larger but less predictable and closely earmarked support provided in response to programmes contained in the Federation's annual appeal.

Future challenges for the CBF will include finding the best ways to assess the quality and impact of the programmes supported, as well as to determine how best to phase out support in order to build sustainability and not create dependency. In this respect developing an open and close dialogue with the concerned National Societies will be of particular importance.

All International Federation Operations seek to adhere to the Code of Conduct and are committed to the Humanitarian Charter and Minimum Standards in Disaster Response (SPHERE Project) in delivering assistance to the most vulnerable.

For further information concerning Federation operations in this or other countries, please access the Federation website at <http://www.ifrc.org>.

CAPACITY BUILDING FUND - ALLOCATIONS 2002 (First Round)	
<i>Renewed proposals: Total CHF 607'350</i>	
Caucasus (regional cooperation & devt.)	97'600
Cuba (branch development)	150'000
Central America (communications)	107'500
Sri Lanka (finance resource development)	52'250
Yemen (capacity building)	200'000
<i>New proposals: Total CHF 1'539'590</i>	
<i>Africa: Total CHF 405,670</i>	
a) Chad (capacity building)	102,870
b) Comoros (organisational development)	111,540
c) Mauritius (well-functioning NS)	53'260
d) Nigeria (disaster preparedness & response)	138,000
<i>Americas: Total CHF 473,340</i>	
a) Argentina (modernisation plan)	195,300
b) Bolivia (development of branches)	98'600
c) Brazil (organisational development)	50'000
d) Guatemala (volunteer management)	129'440
<i>Asia & Pacific: Total CHF 406,230</i>	
a) Bangladesh (youth & volunteers)	83,700
b) China (organisational development)	106'290
c) Papua New Guinea (youth)	109'500
d) Vietnam (organisational and financial resource development)	106'740
<i>Europe: Total CHF 254,350</i>	
a) Belarus (capacity building)	68'950
b) Central Asia (organisational development)	95'500
c) Ukraine (creation information network for financial services)	89'900
Total	2'146'940

1. Central America: Costa Rica, El Salvador, Nicaragua, Panama, Guatemala, Honduras
2. Caucasus: Armenia, Azerbaijan, Georgia
3. Central Asia: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan

CAPACITY BUILDING FUND ALLOCATIONS 2002 (Second Round)	
<i>Africa: Total CHF 517,160</i>	
Central African Republic (restructuring the NS)	82'370
Kenya (financial management development)	86'980
Tanzania (finance development)	97'810
West Africa region (regional cooperation)	83,500
Zambia (recovery plan)	166,500
<i>Americas: Total CHF 476,000</i>	
Caribbean region (capacity building for the English speaking NS)	110,000
Colombia (disaster preparedness)	90'500
Ecuador (disaster preparedness)	90'500
Haiti (capacity building/organisational development)	185'000
<i>Asia & Pacific: Total CHF 497,585</i>	
Cambodia (national & branch development)	118'265
East Timor (capacity building/civil society development)	89'900
Papua New Guinea (community based self reliance)	125'960
Sri Lanka (youth wing development)	77'310
Pacific (distance learning for leadership development)	86'150
<i>Europe: Total CHF 411,200</i>	
Albania (organisational development)	73'500
Armenia (youth and financial resource development)	92'900
Central Asia region (programme planning)	43'800
Central Europe region (emergency appeals planning)	121'000
Russia (strategic planning)	80'000
Total	1,901,945

1. West Africa: All 16 National Societies in the region
2. Caribbean: St Kitts & Nevis, Barbados, Trinidad & Tobago, Suriname, Guyana (plus British Red Cross branches in the Caribbean)
3. Central Asia: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan
4. Central Europe: Albania, Bosnia & Herzegovina, Bulgaria, Croatia, FYR Macedonia, FR Yugoslavia
5. Pacific: Fiji, Kiribati, Samoa, Solomon Islands, Vanuatu