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**FADCANIC Capacity Building Activity
Quarterly Report**
October 1-December 31, 2011



Submitted by:

American Institutes for Research (AIR)

SUMMARY OF THE PROJECT

Title of Project: FADCANIC Capacity-Building Activity under the EQUIP1 Project “Expansion of Centers of Excellence in Nicaragua with Emphasis on the APA Methodology (EXCELENCIA)”

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EXECUTIVE SUMMARY

The FADCANIC Capacity Building Activity is an 18-month activity funded by USAID/Nicaragua under the EQUIP1/EXCELENCIA Project, implemented by the American Institutes for Research (AIR).

The Foundation for the Autonomy and Development of the Atlantic Coast (FADCANIC) is a civil society, non-governmental organization located in the multi-ethnic region of Caribbean Nicaragua. The organization is a major implementer of development projects in this region of Nicaragua, with a particular focus on environmental, agricultural, education, and youth development programs, and funding from diverse organizations and funders.

AIR is providing FADCANIC with technical assistance in institutional and programmatic areas to manage USAID funds according to USAID standards. This objective of the activity is to strengthen FADCANIC's capacity to manage USAID funds, and to know, master, and comply with USAID's complex requirements for adequate program implementation, including reporting and achieving results.

AIR assists FADCANIC in developing management practices in the areas of administration and finance, personnel management, monitoring and evaluation, and strategic planning. AIR also provides technical programmatic assistance in approaches in working with youth to develop activities that will introduce life skills and better employment opportunities.

AIR specialists engage FADCANIC staff in participatory processes in which they contribute to the change process while engaged in their own learning. Each AIR specialist is paired with a FADCANIC counterpart, and the team progresses through the following cycle for capacity building:

- The FADCANIC counterpart, other appropriate members of the organization, and the AIR specialist will review existing policies and procedures in the focus area.
- This team will identify gaps between current policies and procedures and expected requirements and design a plan for future capacity building interventions appropriate for that particular area.
- AIR will use a mix of capacity building approaches to assure that the FADCANIC counterpart and his/her employees receive efficient trainings to learn new skills and concepts.
- The team will reflect on and analyze the outcomes that result from the use of the new skills and evaluate the trainings so that they can be adapted as needed for the next cycle of capacity building.

Other methods are also used, including workshops and skills training, field visits, case studies, and technical assistance from local specialists.

The agreement modification initiating the activity was signed in July, 2011; implementation and technical assistance will be completed by the end of calendar year 2012, to allow time for close-out. Activities under each result during the October-December 2011 period are described below.

RESULT 1: FADCANIC's ORGANIZATIONAL, MANAGEMENT, MONITORING & EVALUATION SYSTEMS IMPROVED

During this quarter, the strategic planning specialist, working with the FADCANIC strategic planning committee, carried out and completed the first phase of the strategic planning process. The specialist and committee used a participatory and collaborative process for this phase, which lays the groundwork for the next set of activities, which starts with exploration of possible scenarios for organizational development.

The AIR human resources specialist traveled to Nicaragua and worked with her FADCANIC counterpart in assessing needs and priority areas to be addressed. The finance specialist also met with FADCANIC finance staff and the local finance specialist, and developed the scope of work for the coming months for the local consultant; additional details are in 3.1 below.

3.1 Administration and Finance

The AIR finance specialist met with senior members of the FADCANIC administrative and finance team during a visit to Managua. This included a discussion of the goals of the activity in this area, an update on current procedures and changes made during the last year to address weaknesses, discussion of areas still to be addressed, and preliminary plans for actions & training, timing, and persons to address those areas.

The AIR specialist also met with the local finance consultant, José Antonio Cordoba, and his scope of work was developed. Administrative and contractual preparations were completed for his hiring, and he will begin work early in the next quarter. He will focus mainly on reviewing the current status of FADCANIC financial systems and procedures, as an input to the development of a work plan to provide training and technical assistance where needed.

3.2 Personnel Management

The AIR human resources specialist worked with the FADCANIC team in Nicaragua from November 14-18, visiting the offices in Bluefields and in Rama. She met extensively with the FADCANIC HR counterpart staff member, and also with several other staff members.

FADCANIC is an organization which has grown rapidly during its lifetime, with staff in several locations, and this can contribute to challenges in personnel management. As in many NGOs, personnel often become staff managers with little or no experience or training in managing or supervising personnel, and are often so busy with their other responsibilities that they have little time to focus on this.

In general FADCANIC staff managers are collaborative and committed to their work, the organization, and their colleagues. However, this is not a substitute for training that can lead to consistent knowledge and application of staff management principles, that can provide information and instruments to facilitate the on-boarding process and performance review discussions, and that can help managers effectively manage staff with different work and communication styles.

Among the needs identified by the AIR specialist and FADCANIC staff during the visit were: employee training around new policies and procedures; creation of performance management plans and tools; performance management training for managers, as well a more general one for all staff members; increased awareness of the importance of the on-boarding process and related procedures and tools; and training in the area of respect in the workplace. These items will be addressed in the technical assistance and training plan under development for the personnel management area.

The AIR specialist also assisted with the review and revision of the project PMP in the areas related to human resources and personnel management. She helped to identify baseline and target levels for the HR and personnel management areas in the administrative and management performance tool, as well as targets for the other project indicators related to these areas. Overall, FADCANIC was mainly seen to be at a level of basic capacity in these areas; there are defined guidelines and policies but these are not always clear or comprehensive, and may be applied inconsistently or are not well known by staff members.

The existence of these guidelines and policies provides a good foundation from which to work, since a serious effort has been made to think through useful policies for the organization and put them into writing. The work to be done relates more to adapting/revising policies if needed, and ensuring that staff members are well informed about the policies, know how to apply them, and apply them consistently.

3.3 Monitoring and Evaluation

The home office team and technical specialists drafted preliminary activities and timeframes for the scope of work for the local specialist, to begin early in the next quarter. This will serve as the basis for the definition of the m&e development plan to be carried out during the remainder of the project. Preliminary analysis to date by the AIR specialist based on the administrative management and performance tool has indicated that in general FADCANIC has a basic capacity in the area of monitoring and evaluation (level 2). The monitoring and evaluation area will be examined in more depth in a separate analysis beginning next quarter.

3.4 Strategic Planning

The AIR strategic planning specialist spent approximately 6 weeks in Nicaragua and completed the first phase of the strategic planning process during this quarter. In consultation with FADCANIC leadership, the 11 strategic planning committee members who will be leading the process with the specialist were identified and provided with orientation and information on the process.

The strategic planning specialist reviewed and analyzed FADCANIC institutional documents and reports, and conducted approximately 25 interviews with FADCANIC staff based in Bluefields, Managua, Wawashang, Haulover, Pearl Lagoon, Rama, Rosita, Siuna, Bonanza, and Bilwi. The information and perspectives gathered during this process serve as inputs for the strategic

planning process. The strategic planning specialist synthesized the information and carried out a thematic analysis.

The results of this analysis were shared with approximately 40 FADCANIC staff and board members during a feedback session on November 18, 2011. The analysis covered feedback and perceptions on topics including: organizational strengths and weaknesses; mission and vision; organizational structure and governing bodies; leadership at the executive, regional, and program level; governing procedures and manuals; roles and functions of the different offices and departments; inter-office relations; internal control mechanisms; salary policies; organizational communication; leadership and sustainability; and donor/funder identification. The analysis served as the basis for a facilitated discussion regarding the current organizational state of FADCANIC.

Staff members expressed pride in the accomplishments of the organization and its role in the community, and generally felt that there is a shared understanding of the organization's mission, and that it continues to be a very meaningful and relevant mission. Several staff mentioned that they did not feel the same sense of identification and connection with the organization's vision, as currently articulated.

Several challenges were identified during the interviews and analysis, many of which are not uncommon in organizations doing similar work. These include a lack of clear understanding on the part of many employees of the various governing structures of the organization, as well as the sense that some of the structures may not be fulfilling their roles as defined, including the board.

Additionally, as in many project-based organizations, the existence of projects with different clients and degrees of budget flexibility may lead to varying working conditions for staff. For example, some project budgets allow for annual raises but some do not, and some project budgets allow for more staff support than others. While personnel do their best to be realistic in estimating what is needed for project implementation when designing projects, there is also the need to ensure that budgets remain in the competitive range, and it is difficult for FADCANIC, as well as for many NGOs, to judge exactly where that line is. While it is difficult to solve this problem entirely, possible options include the establishment of a standard indirect rate, or the definition of a standard or semi-standard level of support for different types of projects (for example, classifying projects into one of 3 tiers, each with an estimated standard support structure).

Participants also indicated that while FADCANIC does have norms and policies, and has put time and resources into developing these, there are still challenges to diffusion and application throughout the organization. Staff also expressed the need to increase coordination and knowledge-sharing among projects, as well as to strengthen the planning capacity of the organization.

Challenges to the future of the organization were also identified and discussed, such as the concern that many donors are leaving the country, and the staff's lack of knowledge regarding a clear succession strategy. The logistical challenges and expense of communication and travel in the region means that staff members do not often have a chance to get together organization-

wide, and staff in locations outside of Bluefields feel isolated. Related to this, concerns were also expressed about the need to focus on and develop projects for the RAAN.

The next phase, building on the work completed to date and the discussion and shared understanding of the state of the organization, focuses on exploring possible scenarios for the organizational future of FADCANIC and steps to address the issues raised during the process.

RESULT 2: FADCANIC'S CAPABILITY TO IMPLEMENT YOUTH DEVELOPMENT PROGRAMS IMPROVED

Continued coordination with specialists, and further planning for this component. As part of this activity, AIR will support FADCANIC in developing integrated capacity in this area, and in improving positioning to implement projects in this field. Several of FADCANIC's current projects have youth development elements and these can be supported and strengthened. However, it is also important to focus on continued development toward an integrated youth development approach that corresponds to the needs and issues in the communities FADCANIC serves, as opposed to only separate components in various projects. It will be necessary to examine baseline capacity in this programmatic area in more depth in order to guide capacity building in the coming months.

PROJECT MONITORING AND EVALUATION

The PMP for the activity was revised and submitted to USAID for review, comments, and approval. The revision was completed based on a review of the illustrative PMP presented in Annex A of AIR's April 2011 application submission, USAID's Organizational Capacity Assessment tool, information provided by the FADCANIC team, and the suggestions and feedback of the AIR specialists.

ACHIEVEMENTS AND LESSONS LEARNED

- It is crucial that the strategic planning process continue to involve and take into account the perspectives of FADCANIC staff members who are based outside of the Bluefields office.
- For a successful strategic planning process it is important to establish a strategic planning committee with staff members from different levels, offices, and departments of the organization who are respected by their peers and by senior leadership, as well as to socialize the process with all personnel. This socialization process helps to ensure that the strategic plan is implemented and is a document that guides FADCANIC, and not just paperwork that is developed or approved by a small team and never fully used.
- The finance support area is a more delicate one than most of the others, as it deals with sensitive information that organizations often do not share with outside actors. Further clarification and discussion of AIR's role in this area, including an emphasis on the capacity building nature (as opposed to that of an auditing function), as well as the information needed to carry out this role and why, may be needed.

ACTIVITIES PLANNED FOR NEXT QUARTER

- Completion of m&e needs assessment and m&e development plan
- Completion of assessment of financial systems and process and workplan for this area
- Technical assistance visit from youth development specialist
- Visit by strategic planning specialist for phase two work with strategic planning team
- Development of draft strategic plan
- Finalization of terms of reference for solicitation of a firm to assist in establishment of FADCANIC indirect rate