

Technical Assistance to the Global Fund – Nicaragua’s CCM and PR / Final Report

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1. Acronyms

GFLA	Global Fund Local Agent
CONISIDA	Nicaraguan AIDS Commission (<i>Comisión Nicaragüense del SIDA</i>)
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
CCM	Country Coordinating Mechanism
MSH	Management Sciences for Health
M&E	Monitoring and Evaluation
NGO	Nongovernmental Organization
PASCA	Central American HIV/AIDS Prevention Project (<i>Proyecto Acción SIDA de Centroamérica</i>)
AOP	Annual Operating Plan
PR	Principal Recipient
EWS	Early Warning System
AIDS	Acquired Immunodeficiency Syndrome
SR	Subrecipient
HIV	Human Immunodeficiency Virus
USAID	United States Agency for International Development
TOR	Terms of Reference

2. Background

In October 2003, Nicaragua was awarded a Global Fund project in the amount of US\$18,865,903 to fight AIDS, tuberculosis and malaria for a period of five years. NicaSalud was chosen to act as Principal Recipient. In the first two years, the Country Coordinating Mechanism (CCM) successfully created, with the participation of various sectors, regulatory mechanisms and documents to govern the operation of an Assembly, a Board of Directors, and a Technical Secretariat and Working Committees.

However, the Global Fund imposed certain conditions for the operation of both the CCM and the PR that must be met before activities can proceed to the second phase. These conditions refer primarily to compliance with the resolutions of the 9th Meeting of the Global Fund Board of Directors and to the implementation of a policy to govern conflict of interest situations and mechanisms to provide an opportunity for civil society organizations to submit funding proposals.

To help it to satisfy these requirements, Nicaragua has received technical assistance from the Central American HIV/AIDS Prevention Project (PASCA/USAID) to help it prepare a conflict of interest policy, as well as a policy providing for the open and transparent participation of civil society organizations as subrecipients of funds. Despite these efforts to improve project management, there are still a number of issues that need to be addressed before these policies and regulations can be fully implemented. In this context the CCM, with support provided by USAID/PEPFAR, contracted with MSH for the provision of six weeks of technical assistance during the months of August and September, 2006, for the purpose and with the outputs described below.

3. Consultancy Objectives and Outputs

General Objective:

To strengthen the overall management of Global Fund projects in Nicaragua.

Specific Objectives:

- To strengthen the CCM's organizational processes affecting project operation and management.
- To improve the CCM's internal communication processes.
- To clarify roles, responsibilities and lines of accountability among the various actors as regards project implementation and supervision.
- To finalize design of the Principal Recipient's program and financial monitoring and evaluation system.
- To define the organizational structure, profiles and staffing levels necessary for the PR to satisfy the requirements of the Global Fund project in Nicaragua.

Outputs:

1. Document providing a definition of the roles and responsibilities of the CCM's various management structures
2. Administrative Manual for CCM management systems
3. Plan for improving communication and for implementing the regulations governing management structures
4. Operations manual for the PR
5. Guidelines for PR program and financial monitoring

The group of MSH consultants consisted of two teams: Alba Luz Solórzano and Lourdes de la Peza, who worked with the CCM, and Eduardo Samayoa, Cary Perry and Jackeline Bass, who worked with the PR. The work was carried out during three visits of two weeks each, on the following dates:

First visit: August 1-9, 2006

Second visit: August 21 to September 1, 2006

Third visit: September 18-30, 2006

Consulting Team:

Lourdes de la Peza, MSH

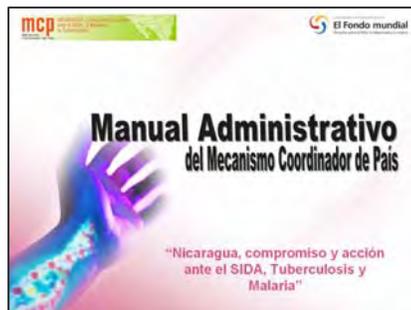
Alba Luz Solórzano, MSH

Cary Perry, MSH

Jacqueline Bass, EMG

Eduardo Samayoa, MSH

To strengthen the overall management of Global Fund projects in Nicaragua.



Workshop for validating the Administrative Manual with the CCM Assembly



4. Description of CCM Outputs

• CCM Administrative Manual

The CCM Administrative Manual is the result of a joint effort between the Assembly, the CCM Board of Directors and the MSH technical assistance team. The Manual provides the basis for the new Country Coordinating Mechanism, now renewed and strengthened in terms of its organizational and managerial capacity to successfully assume implementation of the national Global Fund project in Nicaragua.

The Manual was developed using the systemic management-by-processes approach and sets forth in detail the following:

- The goals, objectives and beneficiaries of the Global Fund project in Nicaragua
- The governing structures of Global Fund – Nicaragua
- The objectives of the Manual, as well as its conceptual - methodological and legal frameworks
- The CCM mission, functions, regulations, processes, procedures and activities
- The CCM organizational structure, together with a list of personnel positions
- Roles and responsibilities
- Guidelines for improving communications and implementation plan
- Requirements for implementing the Manual
- Glossary and bibliography

This output was achieved by virtue of a long and intensive, but very productive, work effort carried out in collaboration with the CCM Board of Directors and Assembly and leading eventually to validation and approval of the Manual. The methodology used facilitated the participation of, and consensus by, staff members of the various organizations represented in the Assembly and the Board of Directors; validation in the Assembly took place with the participation of 29 representatives from a variety of organizations.

Design of the Administrative Manual makes it possible to carry out changes, salient among which are the following:

Changes in organizational structure:

- Elimination of the Executive Secretariat
- Creation of the Office of Project Management, to include a Manager and an Expert in Communications
- Integration of the Monitoring and Evaluation and Finance Committees into a single Program and Financial Monitoring and Evaluation Committee

Changes to the CCM Bylaws:

- An analysis was conducted of the current CCM Bylaws, following which a number of observations and suggestions were put forward with regard to implementation of the Administrative Manual.

Definition of processes, procedures, regulations and instruments



CCM: Country Coordinating Mechanism

• Implementation Plan:

Another output of the technical assistance provided is the plan for implementing the CCM Administrative Manual. This output provides an important foundation for following up on implementation of the Manual. It should be mentioned that during the design process a number of meetings were held with Dr. Marilyn Mora, country representative of PASCA/USAID/Nicaragua, an organization that has provided technical assistance in developing both a conflict of interest policy and a policy to ensure the open and transparent participation of civil society organizations as subrecipients of funds.

The purpose of these meetings was to identify areas that complemented each other and a way in which to follow up on implementation of their various outputs. One result of these meetings was that PASCA/USAID/Nicaragua offered assistance for follow-up and execution of the implementation plan. This assistance will consist of the following:

1. Contracting of a legal advisor to review and adapt the bylaws based on the observations and suggestions provided by the MSH consulting team, and
2. Contracting of a local consultant for a period of seven weeks to assist the Board of Directors with implementation of the Manual.

MSH designed and delivered to PASCA the TOR for contracting the local consultant.

• CCM Bylaws with modifications:

An in-depth analysis was conducted of the current CCM Bylaws, with a number of deficiencies identified and several suggestions offered to ensure that the Bylaws are consistent with the new Administrative Manual. All observations were keyed to facilitate review. As with the implementation plan, this output will serve as the basis for enabling the Legal Advisor, contracted through PASCA, to implement the changes and submit them to the Board of Directors and Assembly for approval.



5. Description of PR Outputs

• RP Operating Manual



Receptor Principal: Federación Red NicaSalud



The RP Operating Manual is the result of a joint effort carried out between the Executive Directorate, the Technical Subdirectorate, the Project Coordinator, members of the technical and professional staff of the Federación Red NicaSalud, and the MSH technical assistance team.

The Manual was developed using the systemic management-by-processes approach and sets forth in detail the following:

- The goals, objectives and beneficiaries of the Global Fund project in Nicaragua
- The governing structures of Global Fund – Nicaragua
- The objectives of the Manual, as well as its conceptual and methodological frameworks
- PR regulations, processes, procedures and activities
- Organizational structure and list of personnel positions
- Job descriptions and profiles
- Glossary and bibliography

This output was achieved by virtue of a long and intensive but very productive work effort carried out in collaboration with the Executive Directorate, the Technical Subdirectorate, FamiSalud and Global Fund Project Coordinators, and the programmatic and financial monitoring technical team.

• Guidelines for PR Monitoring and Supervision

The monitoring and evaluation guidelines for the Principal Recipient were designed; their purpose is as follows:

1. To provide the basic conceptual elements necessary to facilitate the understanding and application of an effective process of monitoring, supervision and evaluation.
2. To describe the procedures, activities, regulations and work instruments that will make it possible to monitor, supervise and evaluate the degree of compliance with the action plans and interventions of each of the components of the Global Fund – Nicaragua project.
3. To standardize and improve instruments for gathering program and financial data.

The guidelines depict graphically the systems for capturing and distributing data, with a detailed description of all instruments necessary to carry out the monitoring and supervision processes. These instruments provide a set of program, financial and management indicators for monitoring the Project.

It should be stressed that all instruments have appropriate instructions for use and that all have been designed using a tool developed in Excel. The types of instruments designed correspond to three distinct levels: the **local level**, involving the institutions, organizations and/or units that directly implement the activities set forth in the previously defined action plan; the **national consolidation level**, at which level are carried out the compilation and consolidation of the information generated by all subrecipients at the local and intermediate levels, for which the Principal Recipient has specific responsibility; and the **level of consolidation for governance of the Global Fund – Nicaragua**.

• RP Early Warning System



In order to monitor progress in the program, financial and management implementation of subrecipients, a subrecipient Early Warning System (EWS) was designed. This EWS is intended to identify, in a timely manner, the degree of progress recorded in subrecipients' program, financial and management implementation so as to enable timely decision-making that will in turn make it possible to provide the assistance required to correct the course of implementation projections.

This system was designed using the Xcelsius program and presents, on four slides, the indicators for evaluating project processes, outputs and impact. It will be these outputs that will be forwarded monthly to the CCM and communicated to subrecipients and to the GFLA.

6. Other Outputs Developed with the CCM and PR

1. Assessment of the current operational status of the various entities making up the CCM

The objective of this assessment was to analyze the degree of clarity in the definition of the roles and operations of the CCM's principal governing entities and to identify existing work processes and major bottlenecks in the CCM's operation and communications mechanisms, so that the assessment could be used as input in the preparation of the procedures manual, definition of roles, and improvement of communications among CCM governing entities. The methodology used for the assessment was based on semi-structured interviews with CCM members, a review of documentation, and review sessions with the Board of Directors.

2. Principal Recipient planning manual

One initial required output for the PR was the design of its planning manual, as it is this manual that defines the context in which the PR carries out its activities involving design of plans, management of resources, and monitoring and evaluation of plans. This manual was submitted to the Principal Recipient's Executive Directorate, Project Coordinators, Area Heads and program staff for initial review and future validation. It should be mentioned that this manual constitutes an output designed specifically for the PR and is not a final Global Fund output. Counting this output, the PR has now completed four organizational systems: administrative-financial, awards, planning and audit.



Lourdes de la Peza and Alba Luz Solórzano, MSH consultants, developing the CCM Administrative Manual



Manual designed and being validated by the team from the Principal Recipient

7. Commitments, Recommendations and Next Steps

Commitments and next steps with the CCM:

1. The Board of Directors will provide the final validation of the Administrative Manual in conjunction with the CCM General Assembly. To facilitate this process, MSH submitted the final version of the Manual, which included all changes suggested by the Assembly in the preliminary validation meeting.
2. Inclusion of the CCM Vision in the document. The initial version of the Vision, designed jointly with the Board of Directors, was delivered.
3. Election of the CCM Secretariat.
4. Contracting of the Manager and Communications Expert.
5. Coordination with PASCA/USAID to contract a local consultant to provide follow-up and assistance with implementation of the CCM Administrative Manual.
6. Identification of financial resources for hiring staff for the Office of Project Management, as well as for procuring the material resources and physical space for its operation.

With the PR:

1. It is recommended that a review be made of the estimate of project staff positions.
2. A follow-up meeting with the team from the Global Fund was scheduled for October 17 to discuss the Early Warning System.

Recommendations for the PR:

Financial area:

- 1) **Invest in improvements to the accounting system:** one of the main reasons behind the recommendation that NicaSalud improve its accounting systems is so that it will serve as the basis for providing information related to the cost of the services provided by the institution. The future of network institutions such as NicaSalud will be to provide an efficient and competitive intermediation service to the market of donor organizations by successfully capturing resources and effectively channeling such resources toward the social goal established by such institutions. In order for the PR to effectively monitor the progress recorded in the financial area, it will need to have in place detailed accounting systems that will enable it to answer the following questions:
 - a. What is the institution's financial position, and what is its current cash flow?
 - b. Is the institution increasing its level of efficiency in the intermediation of resources provided by donor organizations? Are the services being provided sufficiently competitive?
 - c. Is the institution financially stable?
 - d. Does the institution have a financial position that is sufficiently stable to enable it to be self-sustaining if funding levels are reduced?
 - e. How sound is the institution's management of its equity capital and of the investments it has made?
 - f. Are nonfinancial assets being managed soundly?

In many cases it is difficult to obtain an answer to the above questions based solely on a review of financial statements. Accordingly, it is recommended that NicaSalud conduct a comparison with other institutions carrying out a similar funds intermediation function, with a view toward measuring its performance. A good comparative analysis could be carried out in conjunction with the Millennium Challenge Account, which also has a fiscal and procurement agent that has recently conducted bid proceedings in Nicaragua, to compare the intermediation fees of that organization with those charged by NicaSalud.

In conclusion, it is recommended that NicaSalud begin to gradually strengthen its accounting systems so that it will be able to transparently report the results of its financial intermediation activities to the donor institutions that support it. This information will enable NicaSalud to measure the cost that it incurs in managing the funds of the various donor organizations, as well as to negotiate more effectively with these institutions.

The future success of umbrella organizations such as NicaSalud will be contingent not only on the quality of their social and economic activities, but also on the improvements made to their internal accounting systems, so that they will be able to effectively support their strategic objectives.

8. Annexes

CCM Outputs:

- Annex 1:** CCM Administrative Manual (**PowerPoint document**)
- Annex 2:** Implementation Plan for Improving Communications (**Excel document**)
- Annex 3:** Bylaws with Recommendations (**Word document**)

PR Outputs:

- Annex 4:** PR Operations Manual (**Power Point document**)
- Annex 5:** Monitoring and Evaluation Guidelines (**PowerPoint document**)
- Annex 6:** Monitoring and Evaluation System (**Excel document**)
- Annex 7:** Early Warning System (**PowerPoint document**)

All outputs prepared were submitted in hard copy and CD to the following organizations:

- USAID/Nicaragua
- Country Coordinating Mechanism, Managua, Nicaragua
- Principal Recipient, Managua, Nicaragua
- Local Agent of the Fund, Swiss Tropical Institute

CD with documents to:

- Emerging Markets Group