

How capacity strengthening helped a local partner grow by \$4.1 million in Ethiopia

For more than 30 years, Catholic Relief Services and Hararghe Catholic Secretariat (HCS) have been partners in Ethiopia. From 2006 to 2012, CRS' relationship with HCS focused on intensively building the capacity of staff's skills, strengthening institutional systems and accompanying the partner.



The results of these seven years exceeded all expectations:

- HCS added 14 projects, increasing its total program value by \$4.1 million.
- HCS began accessing direct funding from various donors, including the European Union and members of Caritas Internationalis.
- The organization reached 1.5 million more beneficiaries.
- The value of HCS-managed commodities increased by \$8.1 million.
- The number of beneficiaries that received commodities more than tripled: commodities reached more than 681,800 new beneficiaries.
- HCS added 14 warehouses.
- HCS gained 200 additional staff (including 127 professional staff and 60 female hires).
- HCS consistently maintained budget utilization above 85 percent, peaking at 95 percent in 2011.
- HCS's administration costs remained stable at approximately 23 percent.

Photo: One of HCS's workers checks an inventory for a food security program. David Snyder for CRS

WHAT'S IN THIS PAPER?

- Observations about how and why HCS grew
- Details about CRS' financial and technical investments in strengthening the capacity of HCS
- Insights about the dynamics of partnership, and how to improve them

Thirty years is more than just a snapshot of partnership. It's panoramic. Wanting to see the picture up close, the Partnership and Capacity Strengthening Unit of CRS recently visited Ethiopia. The visit focused on the 2006 to 2012 period of capacity strengthening, but insights from HCS's and CRS' long history emerged.



HCS and CRS have implemented a range of agriculture, water and livelihood projects that helped communities to weather the recent droughts in the Horn of Africa. *David Snyder for CRS*

CAPACITY STRENGTHENING ACTIVITIES AND RESULTS

CRS and HCS worked hard to make growth possible. Together, they focused on improving HCS's capacity in many domains, including program implementation, logistics, human resources and finance.

Program implementation

CRS conducted training sessions and workshops to help HCS develop program capacity. HCS received training on assessing environmental impact, writing reports and improving overall operations.

From 2011 to 2012, the partners worked intensively on HCS's monitoring and evaluation capacity. CRS shared manuals and tools, and provided accompaniment to help HCS staff implement CRS' SMILER approach, which stands for *simple measurement of indicators for learning and evidence-based training*. SMILER greatly increased efficiency and opportunities for learning.

CRS also helped HCS implement an early warning information system. CRS provided not only phones and software for data collection and analysis but also training on how to use the system.

In 2008, HCS's portfolio included an impressive 31 projects, but the number of program beneficiaries remained relatively low (about 420,000 beneficiaries). From 2010 to 2012, however, the beneficiary count remained extremely high (more than 1.7 million people) even as HCS's total number of projects decreased. This suggests that HCS increased its program efficiency as it eliminated underperforming project activities.

Figure 1. HCS Program Implementation

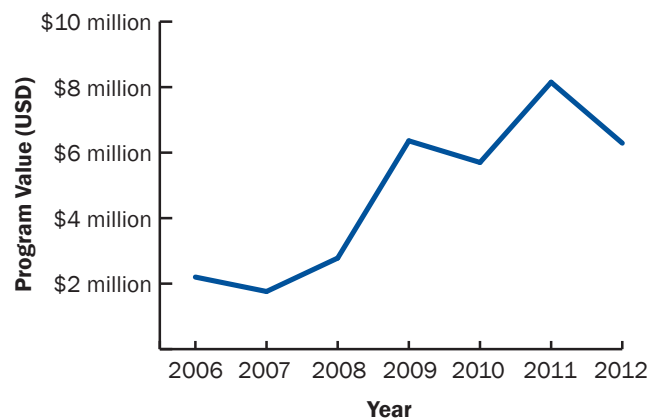
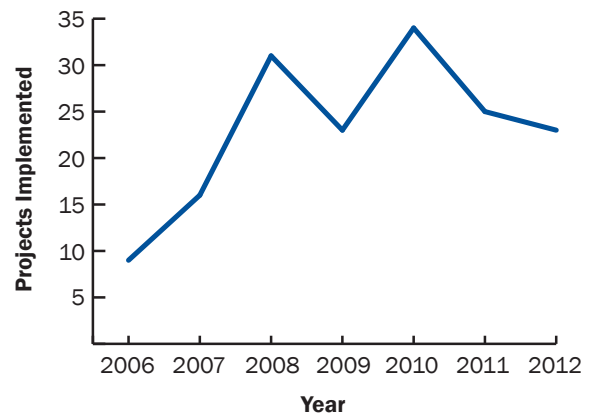
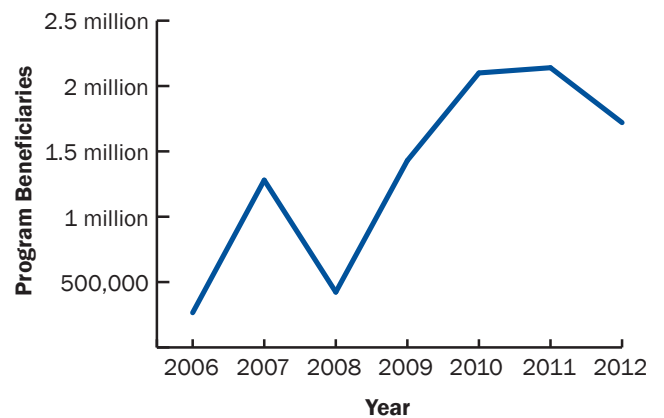
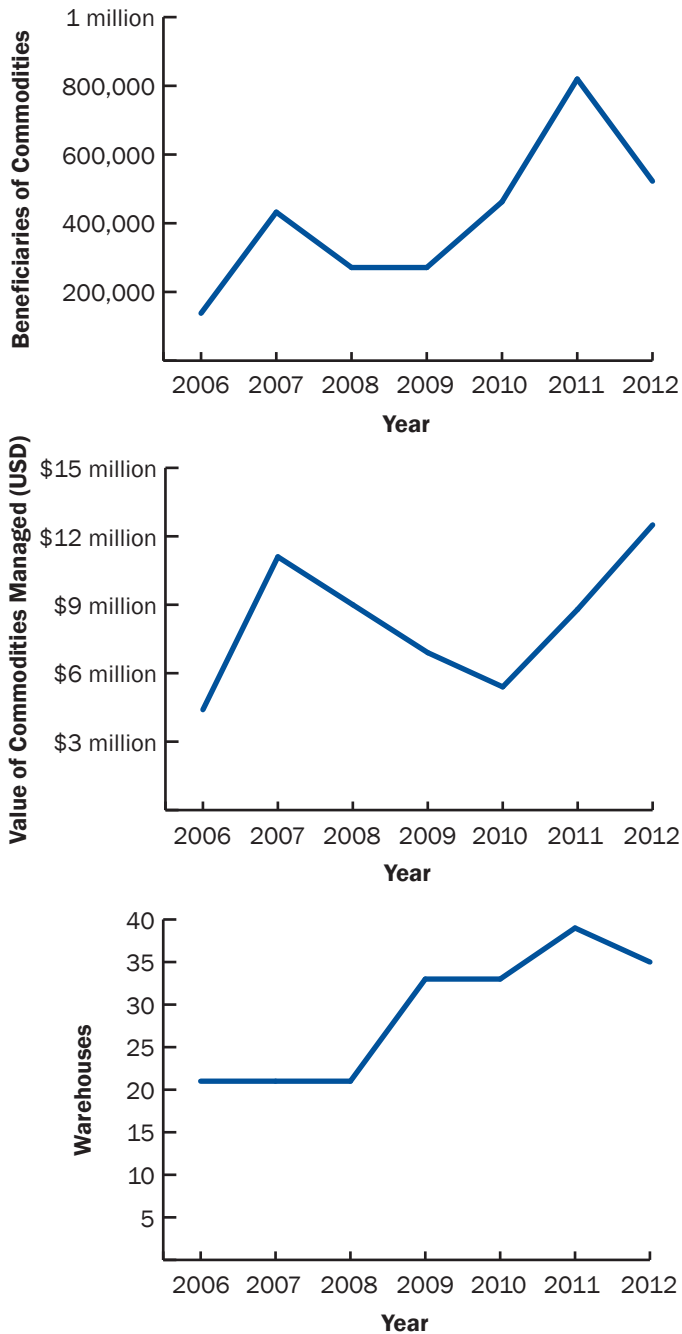


Figure 2. HCS Logistics Capacity



HCS dramatically increased both the value of its commodities managed and the total number of people who received commodities through its programs. *David Snyder for CRS*

Logistics

From 2010 to 2011, CRS made a relatively modest investment of \$1,200 in order to conduct five workshops on logistics and commodity management for HCS.

In 2006, about 137,900 beneficiaries received commodities from HCS’s programs. After capacity strengthening, the number peaked at about 819,700 beneficiaries in 2011, representing almost 500 percent growth over the original beneficiary count.

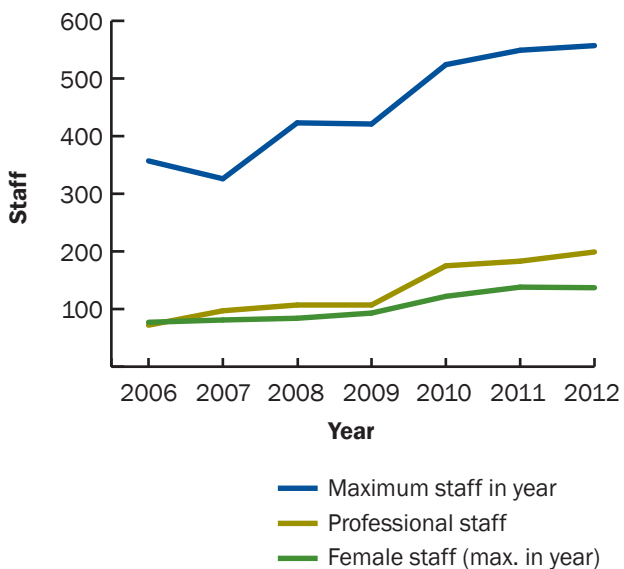
After capacity strengthening, HCS also increased the value of its commodities managed, more than doubling the figure in two years’ time.

Human resources

CRS invested \$8,300 in HCS’s human resource development. In 2011, HCS asked CRS to hire a consultant to redesign HCS’s organizational structure. Based on the recommendations, HCS adopted a decentralized structure, switching from one headquarters office to four area development offices. In 2012, a team from Notre Dame University assisted HCS and CRS in a weeklong assessment of the restructuring.

From 2006 to 2012, HCS gained 200 staff. Of these, 127 were professional hires and 60 were female employees. The percentage of female staff increased from 22 percent to 25 percent of the total staff, a slow but steady increase.

Figure 3. HCS Staffing



Finance

CRS invested \$15,100 in strengthening HCS's finance systems, leading to three major results:

1. HCS successfully adopted CRS' finance manuals and policy documents.
2. HCS participated in CRS' workshop on USAID regulations and compliance standards in 2009.
3. HCS received intensive capacity strengthening in finance through CRS' yearly weeklong workshops, each of which included focused support sessions and a needs assessment. The workshops addressed basic financial management, donors' regulations, tax law and internal control systems.

Throughout years of immense program growth, HCS's administration costs and budget utilization remained remarkably consistent.

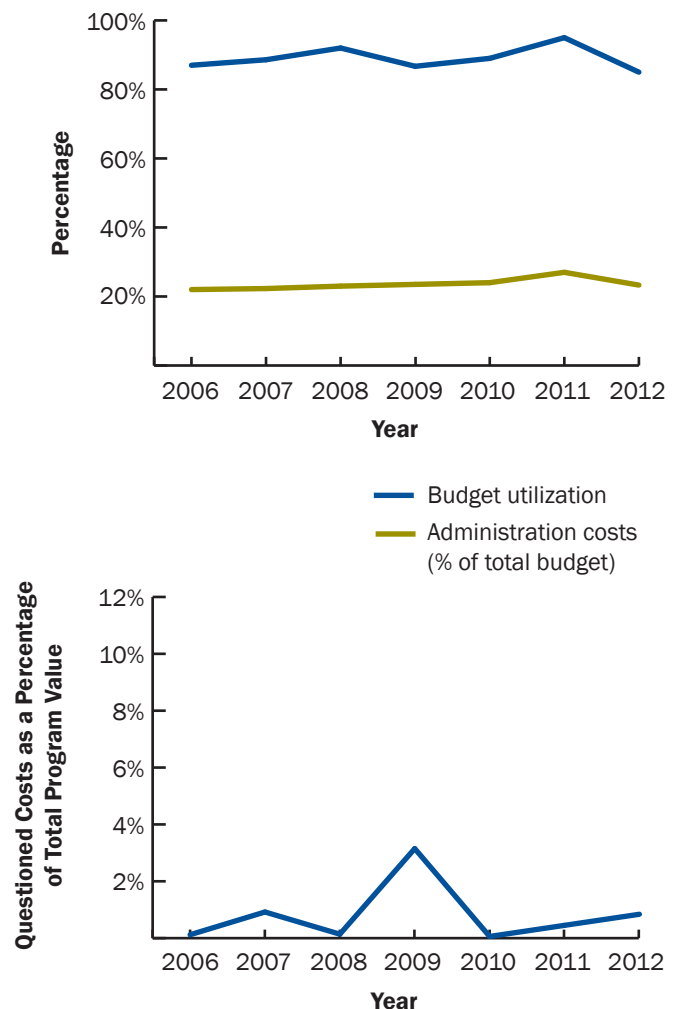
In 2009, however, the monetary amount of questioned costs increased. When a partner submits insufficient documentation for a budget expense, CRS questions the expense. The spike in questioned costs during 2009 correlated to a \$3.6 million increase in program value (see Figure 1). This was likely the result of the learning curve that accompanies a new financial system: when old documentation practices fail to satisfy new regulations, questioned costs tend to increase in the short term.

In 2009, HCS appointed a financial officer. Prior to this, no staff member was responsible for providing focused support and mentoring in finance. By 2010, the total value of questioned costs decreased to levels lower than in 2008. This "bounce-back effect" indicates that CRS capacity strengthening and HCS's financial officer helped HCS to adjust to the new financial system in a relatively short time.



HCS received intensive capacity strengthening in finance. CRS staff

Figure 4. HCS Finance Capacity



Beyond the statistics

Statistics are just part of the picture when it comes to partnership. HCS also observed many positive changes that couldn't be quantified:

- By stabilizing and expanding its programs, HCS has created for itself **a solid foundation in the community**. The local government advises all local, national and international organizations to consult with HCS prior to beginning operations. Sometimes, the local government even refers to HCS as CRS because of the partners' long history of close collaboration.
- Capacity strengthening in programs has helped create **a data-driven culture** at HCS. HCS has noticed that its staff now conduct monitoring and evaluation to capture results rather than just to write reports. Data from all levels of operations are consistent, which means that less work has to be done to "clean" the data. Better monitoring and evaluation has led to **improved strategic decision making**, guided by strong analytics and readily available information.
- HCS's adoption of a decentralized organizational structure has led to **improved governance** and human resource systems. Communication between central offices and field offices is more fluid, and the main offices are less congested. CRS capacity strengthening has also supported **rigorous competency-based staff recruitment** and **a realignment of staff competencies** with their roles.
- Strengthening HCS's finance systems has led to **improved program implementation** and **better cash flows**. HCS now liquidates its advances smoothly. The organization manages finance audits itself, without support from CRS.

STRIVE FOR OUTSTANDING PARTNERSHIP

Workshops, training sessions and new policies played an important role in HCS's success. Still, the essence of partnership can't be found in the number of training participants, resource transfers or dollars invested.

Like the relationship with HCS, CRS partnerships everywhere continue to evolve. With them, our roles and responsibilities as partners also grow.

CRS' Partnership Unit visited Ethiopia to find out how we can continue to meet our mission to be *effective* and *innovative* partners throughout the world. Here's how CRS and HCS answered that question in Ethiopia:

1. Gain the buy-in and commitment of all stakeholders.

True partnership is only possible when all parties are committed. CRS and HCS shared responsibility for the success of the relationship. The intentions and expectations of all parties should be clear and should align with one another. Otherwise, organizational development can become fragmented. This can lead to miscommunication, or inefficient use of time and resources. Donors and beneficiaries also play an active role in the success of organizational development. Include them directly from the beginning of the partnership. Engage their support in the capacity strengthening process, and expect shared accountability.

2. Make honest, thoughtful communication a priority.

It's easy for communication to lose the personal, human qualities that are vital to partnership. This is especially true when communicating about financial matters. Financial relations can become very focused on regulations and procedures.

CRS and HCS learned to take extra effort to keep communication channels open, flexible and sensitive to each other's concerns. If the partner's financial practices are not meeting the standards, seek to understand the reason for the discrepancy. Technical challenges, such as delays in reporting or inconsistencies in documentation, are an inherent part of the capacity strengthening process. Ultimately, partnership occurs between humans, not between numbers. Exercising sensitivity—while still

being honest and direct—helps immensely when challenges and delays arise.

3. Maximize opportunities to work side-by-side with the partner.

CRS has found that partners place a lot of value in accompaniment, especially when it's consistent. Accompaniment is like sowing seeds, day in and day out. The more seeds are sown, the greater the chance that honest and successful partnerships will bloom.

Being present creates an important space for both teaching and learning. It provides valuable opportunities for on-the-job training. Frequent visits also helped CRS learn about HCS and their program activities firsthand.

Accompaniment is a form of transparency. It helps partners feel comfortable that CRS understands and appreciates the realities of their operating environment. It is also an opportunity for both parties to express their mutual commitment to the partnership. Similarly, working together in the field allows CRS and the partner to engage with beneficiaries as a unified team.

4. Practice partnership in an earnest and individual way.

Face-to-face interaction is an essential aspect of partnership. Partners notice if the bulk of communication is occurring through e-mails or phone calls. Both real and perceived distance can weaken the sense of shared commitment. It's important to involve all levels of CRS staff in the partnership as well, including those in “mid-level” positions as well as upper management. This expands the partnership community and increases opportunities for collaboration and learning. Meaningful peer relationships also help clear misunderstandings and lighten the mood when challenges arise. Showing genuine interest in partner staff and spending time with them outside of program activities creates a relationship that benefits individuals, as well as the local organization.

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CRS staff meet with HCS staff in Dire Dawa, Ethiopia. *David Snyder for CRS*