

Building Governance Capacity at the Organizational Level: Facilitating Local Ownership in Zambia

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Specific Aims

The congressional reauthorization of PEPFAR in 2008 pushed the goals of health systems strengthening and local ownership to the forefront. Funding dollars that had been channeled to treatment facilities run by indigenous organizations or *Local Partners* through large international non-governmental organizations were to be redirected. *Local Partners*^a were to become the direct recipients of United States Government (USG) funding. The transition from sub-grantee to grantee would take place over a five year period. The Health Resources and Services Administration (HRSA) conducted transition readiness assessments of proposed Local Partner organizations to identify capacity building needs prior to the transfer of responsibility.

This case study documents the Clinical Assessment for Systems Strengthening (CIASS) process to determine the state of transition readiness at a small local organization in Zambia delivering PEPFAR funded care and treatment services. The case begins with the initial capacity assessment of a small Zambian non-profit organization to identify capacity building needs in the areas of financial management, administrative systems, clinical program management and organizational oversight. The technical assistance in governance that was provided as a result of the initial assessment is documented, and the case ends with the follow-up assessment conducted just prior to program transition.

With transition taking place in countries throughout sub-Saharan Africa, the Caribbean and Asia, lessons learned in building the governance capacity of a small non-Governmental Organization (NGO) in Zambia may be applicable to other country and program contexts. The objectives of this qualitative case

^a To meet the definition of a *Local Partner* OGAC requires that the partner organization be legally organized under the laws of the host country; 66% beneficially owned by citizens or permanent residents of the country (51% for FY 2009-2010, 75% for FY 2013); be staffed and managed by 66% citizens or permanent residents of the host country, (51% for FY 2009-2010, 75% for FY 2013); entities with Boards of Directors are required to have 51% membership on that board also be citizens or permanent residents of the host country.

analysis are to identify lessons learned and best practices in delivering technical assistance to build the governance capacity of an organization poised to receive direct PEPFAR funding.

Introduction

In May 2003, the President's Emergency Plan for AIDS Relief (PEPFAR) was authorized by the United States Congress. Under this initial authorization, the USG sought a rapid means of scaling up efforts to combat the HIV/AIDS pandemic. In most instances funds went from the USG to one of a few large international non-governmental organizations (NGOs), faith based organizations (FBOs) or American Universities which directed the funds to established local treatment facilities providing health care in the focus countries in sub-Saharan Africa, Asia and the Caribbean. Many of these treatment facilities were run by smaller indigenous organizations that had never been the direct recipient of USG funds.

Under the Tom Lantos and Henry Hyde United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008 (PEPFAR 2), the USG shifted the strategic approach to promoting local ownership, moving from emergency scale-up, to the sustainable strengthening of local health systems.¹ This strategic shift mandated the transition of funding from international implementing partners to Local Partner organizations. International partners were given a five year period to build the capacity of the Local Partner organization to serve as a prime grantee. In Zambia the five year period from 2007 to 2012 was a period of transition. The international partners that had been providing quality assurance and monitoring clinical outcomes at the local partner treatment facilities were to gradually transition these areas of clinical program management over to the local partner organization. At the same time the local partner organization was making changes to organizational governance and building capacity in grants management all to meet funder mandates.

HRSA sought a means to assist their international partners in the process of transitioning responsibility to a Local Partner organization. The Primary Care Assessment Tool (PCAT) that HRSA has used in

domestic assessments for over 20 years went through an extensive revision for use in an international context.² With a focus on identifying capacity building needs prior to transition, the tools and the methodology designed to implement them are called the Clinical Assessment for Systems Strengthening (CIASS). The CIASS implemented in Zambia used three modules to assess capacities in program administration, financial management and clinical program management. The assessment identified program strengths and areas for improvement in each of these three domains.

The US Government focus on funding local entities directly, required that many of the smaller organizations adopt or adapt their systems to be compliant with USG mandated fiscal and administrative policies and practices, and required governance structures to oversee the management of funds and delivery of service.

Local Ownership

Local ownership is defined by the USG as an end state where nations are leading, implementing and *eventually* funding their own health systems through the government, community, civil society and the private sector.³ In countries with a centralized health system much of this shift entails transitioning programs over to local Ministries; in countries with a decentralized health system such as Zambia's, local NGOs and FBOs are the implementing partners to which programs are currently being transitioned. The USG has introduced a phased model wherein countries receive varying levels of financial and technical support, with the USG contribution decreasing as the local entity builds the capacity to sustain the level of care attained with the previous PEPFAR funding. Local ownership is what is achieved when the funding and implementation of care are being provided by local entities.

As outside funding dollars have decreased, the Zambian government has steadily increased its contribution to the overall AIDS budget. However, Zambia remains heavily dependent on international

donors and sustainable AIDS financing is an issue of consideration addressed in the Partnership Framework signed between the governments of Zambia and the US in November of 2010.⁴

Governance

Good governance is defined differently across the literature,^{5 6} but is widely acknowledged as a key to a sustainable health system.⁷ While good governance has been identified as a vital component to local ownership and systems strengthening,^{8 9} little has been written on assessing or assisting an organization in building governance capacity,¹⁰ and little research has been conducted on effective capacity building methods to address gaps in different areas of governance^{11 12}

Stewardship and governance have become key terms as agencies and scholars seek to define the building blocks of strong health systems.¹³ In discussing governance for health broadly, literature focuses on one of three spheres; state actors, health service providers or beneficiaries. The World Health Organization (WHO) in the *World Health Report 2000*¹⁴ introduced six domains of *stewardship* closely related to governance that include: information generation, formulating strategic policy direction, ensuring tools for implementation through incentives and sanctions, building coalitions and partnerships, developing a fit between policy objectives and organizational structures and culture, and ensuring accountability.

The governance domain of this case study is defined by the scope of the CIASS administrative module, In **Figure 1: Core competencies for organizational governance as defined by the CIASS administrative module**, the Governance competencies and performance criteria that guide the review process are listed. The Organizational Governance section of the Administrative Module has been included in **Appendix B**. The capacity building goal within governance is to enable programs to respond in the affirmative when assessed on the following four competencies:

Figure 1: Core competencies for organizational governance as defined by the CIASS administrative module

1. The organization has a governing body that provides effective oversight and direction to support programs and services.
2. The governing body has by-laws or procedures to guide their operations and membership.
3. There is sufficient reporting by management to the governing body on the status of operations and programs.
4. The organization meets all applicable national or other accreditation and legal requirements.

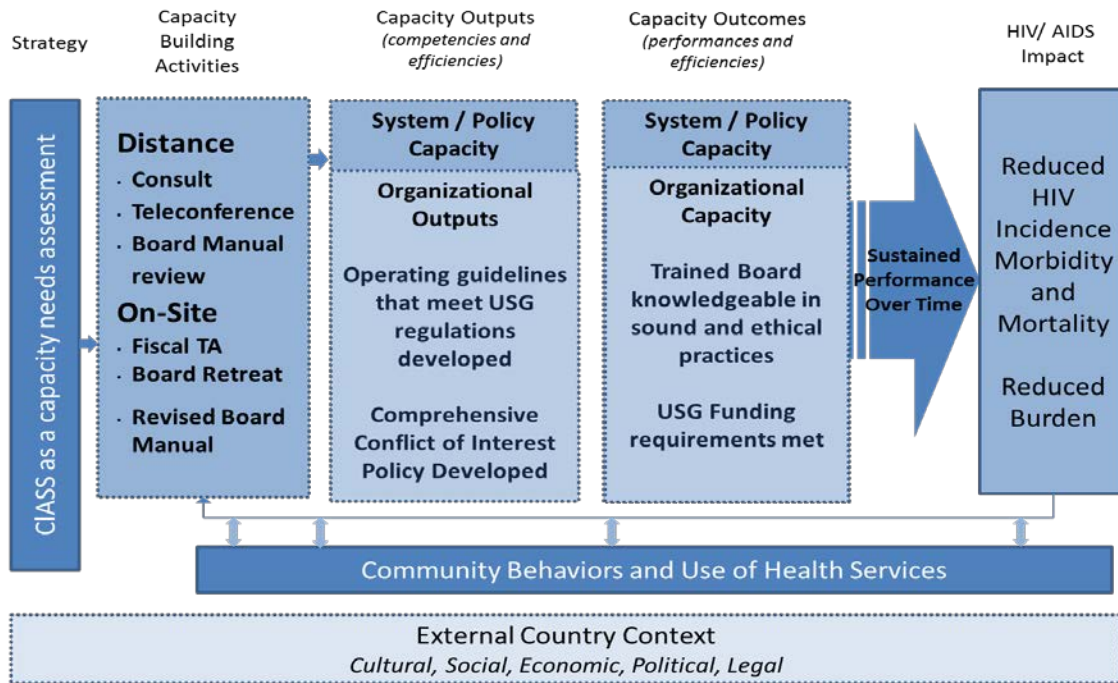
Capacity Building

*“...An evidence-driven process of strengthening the abilities of **individuals, organizations, and systems** to perform core functions sustainably, and to continue to improve and develop over time.”*

PEPFAR definition of Capacity Building¹⁵

In a FY2012 PEPFAR Capacity Building and Strengthening Framework¹⁶, distributed to PEPFAR agencies and shared with implementing partners, OGAC provides a framework encouraging the strategic use of USG resources to “develop capacity in the context of overall national strategic plans for HIV and the broader public and private health sector.” This PEPFAR Framework also promotes the development of “strategic, systematic, and measurable approaches to capacity building,” and places an emphasis on program monitoring and communicating the results of capacity building efforts. In **Figure 2: Clinical Assessment for Systems Strengthening (CIASS) theory of change**, the CIASS process in Zambia is presented in a logical framework model illustrating the role of the needs assessment at the organizational level to strengthen health care systems overall.

Figure 2: Clinical Assessment for Systems Strengthening (CIASS) theory of change



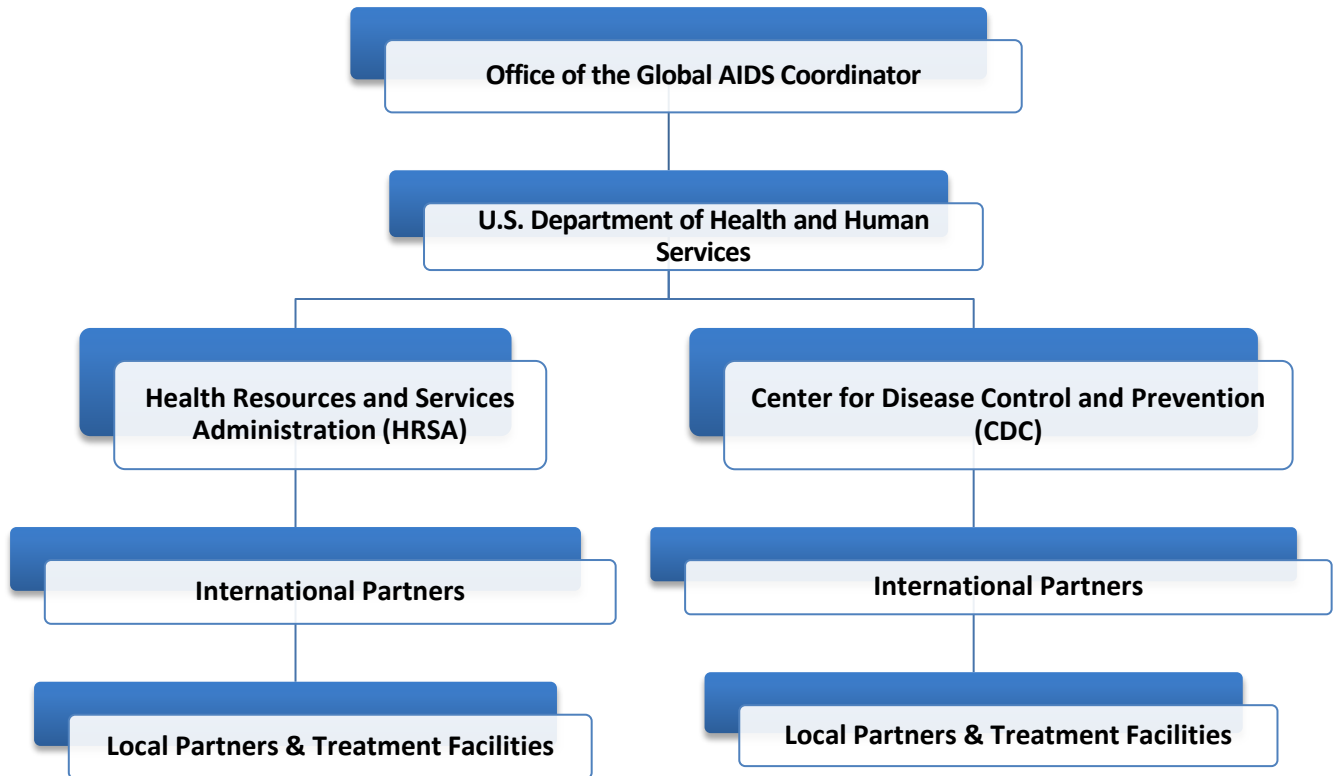
Supporting the process of capacity development requires identifying what key capacities already exist and what additional capacities may be needed to strengthen institutions and thereby reach development objectives.¹⁷ As plans to build capacity are considered, the country and context will dictate the inputs needed to achieve the intended outputs and outcomes. Many PEPFAR partner countries have limited in-country capacity to conduct evaluations, thus having a knowledge of the setting will inform whether or not activities to build country-level capacity to conduct evaluation is also needed.

Case Setting

The AIDS epidemic has had a tremendous impact on Zambia’s economic development and societal structures.¹⁸ The most recent estimate puts the percent of HIV positive, Zambian adults at 14.3 percent.¹⁹ In urban areas, where the prevalence is twice as high as in rural areas, two out of five women

aged 25-39 are infected with the virus²⁰ with significant risk of mother-to-child transmission.²¹A PMTCT rate of 84.5 percent, translates to over 20,000 newborns, or thirty-nine percent of those born to HIV positive mothers, are infected each year.²²

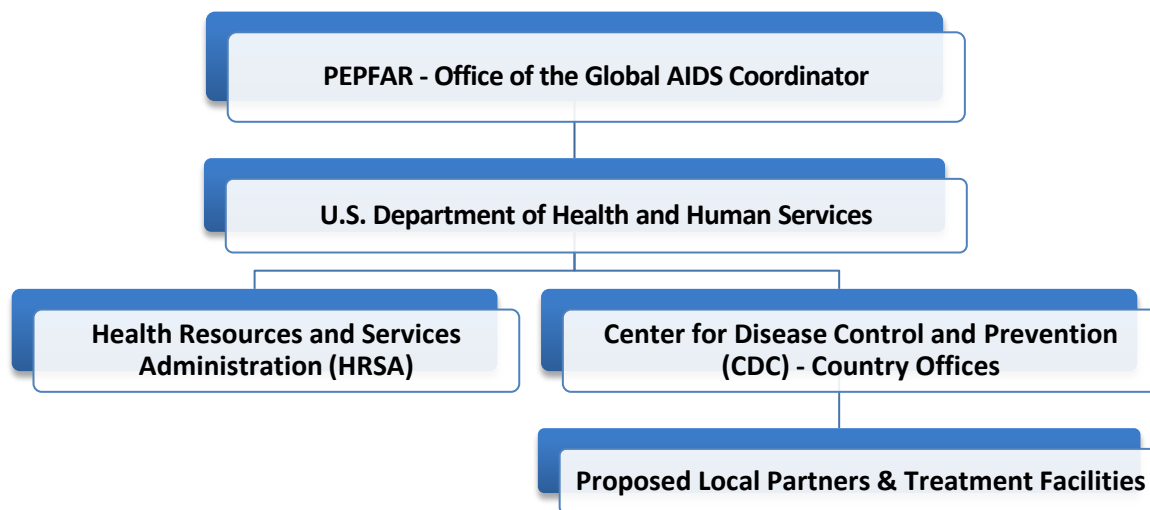
Figure 3: Initial PEPFAR funding stream in Zambia



CDC Zambia envisioned a gradual process wherein over a five year period The International Implementing Partners and the members of their consortium scaled down operations, and the two Local Partner organizations would scale up. In **Figure 4: Proposed PEPFAR funding stream**, the simplified funding scheme moves the monitoring and oversight responsibilities of local partners and their respective clinics to CDC-Zambia. At this stage in the transition to local ownership the role of the international implementing partners was gradually shifting from implementation and oversight to technical assistance provider. Success at the end of this stage meant the local partner organizations

would have the fiscal, administrative and governance capacity to serve as primary CDC-Zambia grantees. Primary status required the clinical capacity to provide quality HIV/AIDS care and treatment at their respective treatment facilities and the financial and oversight capacity to receive PEPFAR funding directly.

Figure4: Proposed PEPFAR funding stream

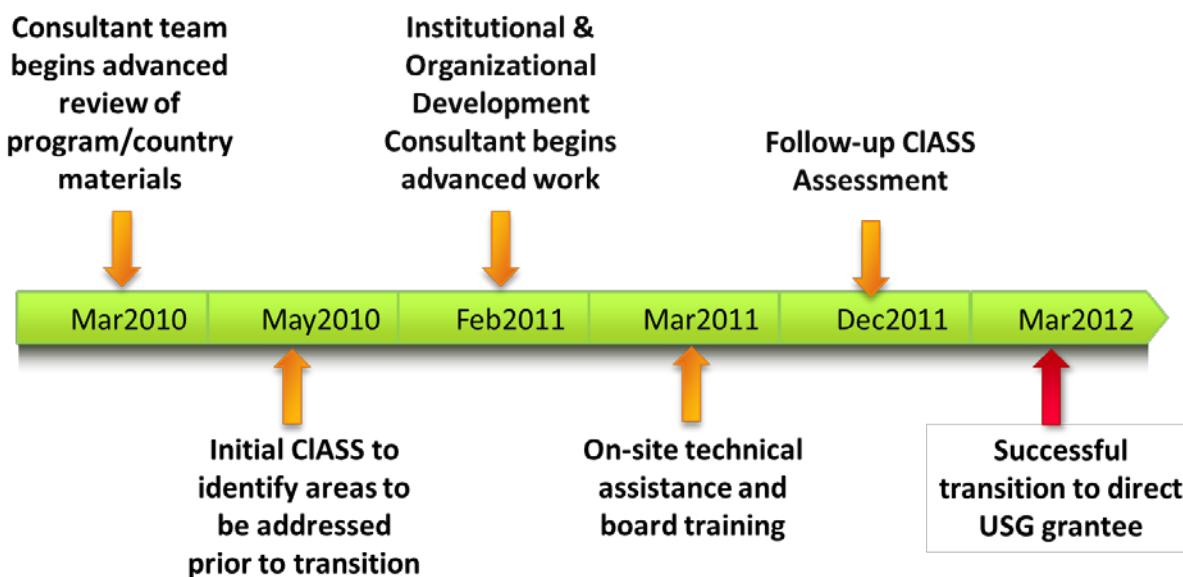


Methods

Overall Study Design

From March 2010 to December 2011 the Zambian non-profit underwent a capacity assessment, received technical assistance in the areas of governance, finance and human resources, and received a follow-up assessment. The objectives of this qualitative case analysis were to identify lessons learned and best practices in delivering technical assistance to build the governance capacity of a small NGO delivering HIV/AIDS care and treatment with PEPFAR funding in Zambia.

Figure 5: Case Study Timeline



Case Selection

The Local Partner was required to address findings relating to governance and organizational structure immediately following the initial assessment. The International Implementing Partner initially sought local technical assistance to address the priority findings presented at the end of the week long assessment visit. A member organization of the international consortium provided training in principles of good governance and ethical practice, but was unable to address the issues of organizational development and board training that was required to address all of the priority findings in the two remaining years of the transition period. Despite the availability of technical assistance, only one Zambian local partner organization requested governance capacity building technical assistance from HRSA. This organization was selected for further analysis due to the availability of assessment reports both prior to and following the delivery of technical assistance to build governance capacity. The technical assistance report provides insight into the process from the perspectives of both the technical assistance provider and the recipient organization.

Method of Analysis

Published literature on health governance in low and middle income countries was reviewed with a search of relevant terms including; local ownership, capacity building, health systems strengthening, sustainability, and governance. Articles that addressed the PEPFAR mandated transition to local ownership, building governance capacity specifically and health systems strengthening generally were reviewed to identify common themes and available frameworks to use in the assessment of the governance intervention. Literature on health programs in Zambia was used to identify alternate contextual drivers to consider during analysis. Finally USG policy papers and interagency guidance on country ownership and health systems strengthening were reviewed for insights on local ownership at the organizational level and the role of civil society in the definition of local ownership and building capacity at the local level.

The literature review was followed by a content analysis of the two assessment reports completed in 2010 and 2011. The CIASS framework was designed to assess: 1) program strengths and specific areas for improvement and system strengthening, 2) organizational systems, policies, and procedures in place to accomplish program goals and objectives, 3) organizational capacity to provide the funded services and manage current funding, and 4) organizational capacity for monitoring existing local providers and potential to take on increased responsibility.²³ Each assessment report presents a wide range of strengths and areas in need of improvement grouped within the administrative, fiscal and clinical domains. Only findings in the governance portion of the administrative domain will be discussed in this analysis. Financial technical assistance was also provided during this timeframe, this case study will only cover fiscal issues as they relate to organizational oversight. The assessment report from the CIASS visit in May 2010 was the initial gauge of transition readiness and was used as a baseline from which to assess the progress in governance capacity documented in the final CIASS visit in December 2011. The background information included in the CIASS report on this organization was used to establish the

socioeconomic context in which the organization operates, as well as the challenges and characteristics unique to this organization. A technical assistance report was completed by an independent institutional and sustainable development consultant following the initial assessment. The technical assistance report was used to identify specific outputs that could be directly credited to the technical assistance delivered. The report from the follow-up assessment described the progress made in building governance capacity in the six months following the technical assistance. These outputs were used as a gauge of the effectiveness of the governance specific training provided, and as evidence of strengthened systems.

Limitations

While some of the lessons learned may be specific to this organization or context; a review of CIASS reports across seven countries suggests that the governance findings in this organization are common amongst organizations of this size throughout sub-Saharan Africa. This suggests that while this case study may have limited generalizability in a technical sense, similar approaches to assessment and assistance could be applicable in other organizations and contexts.

Case Study

The NGO central to this case study began mobile voluntary counseling and testing (VCT) clinic in Zambia. By 2001 the organization provided both on-site and mobile VCT services. In 2004 this NGO joined with an international consortium and became the first standalone Zambian NGO to become an antiretroviral therapy (ART) center. The organization owns and has financial oversight at three treatment facilities in three different provinces within Zambia. The international consortium managed the clinical and monitoring and evaluation components of the PEFAR funded ART services the organization provides at its three clinics. All of the clinics were accredited by the Medical Council of Zambia.

Initial Clinical Assessment for Systems Strengthening (CLASS), May 2010

The CLASS process began four months prior to the on-site assessment visit. During this planning period, the HRSA project officer and the International Implementing Partner began working with the entity in Zambia to develop a participatory assessment plan. Organization leadership participated in preparations by providing background information on the organization and documents for the consultant team to review prior to the assessment. The assessment was aimed at determining the status of transition planning and the organizational capacity of the two proposed LPs.

HRSA conducted a CLASS visit of international and local partners in Zambia with a team of independent consultants, trained and fielded by the International Training and Education Center for Health (I-TECH) from 3 -14 May 2010. The team performed a series of interviews with program leadership and staff and verified interview responses through on-site review of documents. On the final day of the CLASS visit, the consultant team prepared a debriefing session to discuss program strengths and areas in need of improvement. This session entailed a PowerPoint presentation during which findings were ranked according to their importance with regards to transition.

Several of the prioritized findings related to the organizational governance of one of the proposed local partners. The highest priority was the finding that the organization failed to meet the OGAC definition of a Local Partner due to some ambiguity in the bylaws and board composition. The Zambian entity of the International Implementing Partner was able to secure technical assistance from one of the consortium partners, to provide one half day training (Nov 2010) to the Executive and ART Boards jointly. The focus was on the principles of Good Governance and Ethical Practice. The International Partners local entity sought a consultant who could review the Board of Directors Manual and provide additional on-site board training. Citing an inability to identify a person with this capacity in Zambia, the International Partner submitted a request to HRSA for an organizational development consultant.

Governance Capacity Building Technical Assistance, March 2011

In February of 2011, an Institutional and Sustainable Development Consultant was engaged by I-TECH, to conduct a desk review of the organizations' draft Board manual, as well as the governance relevant portions of the CLASS report. The consultant reviewed and developed an initial list of comments and questions on each of the Board Bylaws and documents provided. A conference call was held with the Executive Director, Chairman of the Board of Directors, Program Manager and Director of Finance and Logistics to clarify general questions about the documents and arrange the timing for a Board Development Retreat and on-site technical assistance. Comments on the Board manual were forwarded to organization staff and the board chairman for review. The consultant reported that staff returned comments primarily in agreement with suggested changes and comments.²⁴

On March 18 – 19, 2011, a Board Development Retreat was facilitated by the consultant at the organizations' conference center in Zambia. Twelve individuals attended including six board members, four Advisory Committee Members, and two staff members. During the Board Retreat the revised Board manual and comments were reviewed and final revisions were integrated into the document. The following training objectives were defined for the two day retreat: 1) Agreement on the purpose of the board, the expected commitment and contribution of board members and the accepted role in sharing and promoting the organizations' vision and mission. 2) Agreement on the Board's current stage of development, strengths, priority areas for improvement, oversight capacity, and self-assessment. 3) Agreement on the Board's roles and responsibilities in providing appropriate oversight and guidance. 4) Review of the draft Board manual and finalization of content to reflecting the Members' agreed upon roles and responsibilities, and to ensure compliance with regulatory requirements. The technical assistance report stated that all of the Board Development objectives were successfully met.

The draft Board manual that was finalized during the Board Development Retreat was based on Zambia's Corporate Governance Code for Small and Medium Enterprises modified to fit the context of a non-governmental organization. During the review of the draft board manual, modifications were made to reflect board determinations with regards to governance, and role and responsibilities were determined by the board. The following items and changes to the Board manual were discussed and agreed upon during the Board Development Retreat: Clarification of staff supervisory roles between the Executive Director and Board, Size and number of Board Committees, Conflict of Interest.

Follow-Up CIASS, December 2011

From 28 November to 7 December 2011, HRSA conducted a follow-up assessment to check progress in addressing the findings and recommendations of the previous CIASS as well as to support preparations for the first two years of the post transition period. The CDC in -Zambia continued to fund the international implementing partner to provide technical assistance in the first year, with the assumption that management and oversight of the three treatment facilities would transition fully to the local partner in the second year.

The organization had made all of the governance related changes requested in the 2010 CIASS, these include the board: developing operating guidelines and restructuring to meet USG requirements for local partners; approving and implementing a new strategic plan; signing a memorandum of understanding (MOU) with the Ministry of Health (MOH), promoting several internal staff to serve as technical advisors for the ART program, hiring a grants management accountant, and developing a project implementation manual. There were findings in other domains that still needed to be addressed as well as newly identified areas for improvement.

With the assistance of the expert consultant team, The organizations' leadership and program staff developed a transition workplan to address the priority findings. The workplan stated the finding,

provided action steps to address the area in need of improvement, identified the individual responsible for completing each step, and finally, each step has an estimated completion date and identified a deliverable or benchmark that would indicate the finding has been thoroughly addressed. The workplan created is included in Appendix A. The governance related findings from the initial CIASS visit in 2010, the follow-up assessment in 2011 and the related technical assistance delivered in the interim are discussed in further detail in the results section.

Results

Table 1: Governance related findings and technical assistance, provides a synopsis of the CIASS Competency and Performance Criteria as found in the CIASS Administrative module (see Appendix B). The competencies and performance criteria guided expert reviewer’s interview process and document review in both the initial and follow-up assessment. The CIASS governance findings from the initial assessment follow the relevant competency and criteria in the table below. Technical assistance related to the finding as well as governance related findings identified during the follow-up assessment are presented as well.

Table 1: Governance related findings and recommendations				
CIASS Core Competency	CIASS Performance Criteria	2010 CIASS Findings	Technical Assistance (TA) Intervention(s)	2011 CIASS Update
The organization meets all applicable national or other accreditation and legal requirements.	The organization meets the OGAC criteria.	The current Executive Board does not meet the OGAC governance criteria, but the ART Advisory (Planning) Board does.	<i>TA provided during the 2010 CIASS visit.</i> The Administrative Expert reviewer provided advice on how to restructure the organizations governance to meet USG requirements.	The board of directors has developed operating guidelines and has restructured to meet USG requirements for local partners. The organization now meets the OGAC criteria for a Local Partner

The governing body has by-laws or procedures to guide their operations and membership.	The governing body has: <ul style="list-style-type: none"> • Conflict of interest statements signed annually, • Confidentiality statements signed annually, • Annual written evaluation of the CEO, • Board orientation/training process, • Code of Ethics, • Access to legal consultation 	The Executive Director (ED) and his wife are members of the Executive Board as well as paid staff of the organization.	<ul style="list-style-type: none"> • Board supervises and has hiring/firing authority over ED. • ED will convene a hiring committee to identify and interview senior management candidates. • The ED will have hiring/firing authority for all other staff. 	ED and his wife moved from voting to non-voting members of the board.
		Executive and Advisory Boards annually complete conflict of interest and confidentiality statements, however, the organization's definition of conflict does not cover existing conflicts.	The Board reviewed and approved a more comprehensive Conflict of Interest Policy included in the new Board manual.	
The organization has a governing body that provides effective oversight and direction to support programs and services	Organization management provides reports to the governing body.	Minutes lacked: <ul style="list-style-type: none"> • Review and approval of org. policies and procedures. • Documentation of the Executive Board receiving financial statements or presentations provided by the Executive Director (ED) or the finance manager. 	Board and Advisory Committee members discussed and agreed upon the Board's roles and responsibilities in providing appropriate oversight and guidance.	Immediate (prior to February 2012) need for TA in: <ul style="list-style-type: none"> • Program Management • Monitoring
There is sufficient reporting by program management to the governing body on the status of operations and programs.	The governing body documentation maintained should include: meeting agenda, previous meeting minutes, with sufficient detail on actions and votes, organization financial and operating reports, copies of all other handouts and board materials, record of meeting attendees	The bylaws require votes be recorded in total. <ul style="list-style-type: none"> • Votes not documented in minutes 	New board manual was developed and approved. By-laws were changed no longer requiring votes to be documented in the minutes.	A consolidated budget should be prepared for 2012. This budget should be presented by the (ED) to the board of directors for approval.
				No Follow-Up Required

The governing body has by-laws or procedures to guide their operations and membership.	The governing body roles and responsibilities are clearly defined and documented.	The Board is guided by by-laws that detail the roles and responsibilities of the members as well as the duties of the officers.	A new board manual was developed and approved,	The board should test its manual during the next year to confirm practices are consistent with the manual and modify as needed.
			<ul style="list-style-type: none"> • The number of board members will be increased to accommodate need. • The board determined a need for skill sets in Fundraising, Public Relations and Financial Management. 	The Board has seven members (two, non-voting).
		The Executive and Advisory Boards could benefit from formal Board training.	A board development retreat was held 18-19 March, 2011. The training was attended by; six board members, four advisory committee members, and two staff members.	Implementing Partners and I-TECH, provided board development training and technical assistance in 2011, attended by members of the board of directors and advisory boards and select staff.

Table 1 shows the CIASS process was successful in its objectives of providing technical assistance to build the capacity of potential local partners to become direct grantees of USG funds. The local partner organization that received the CIASS successfully competed and was awarded PEPFAR funding in 2012. While causality may be less clear in some instances, it was the finding that this organization failed to meet the OGAC definition of a local partner and the provision of recommendations and technical assistance to address this finding that was instrumental in successfully becoming a direct recipient of PEPFAR funding. The Governance findings identified in the initial CIASS assessment could be categorized into three groups: legal and accreditation requirements, financial and program oversight, and board operations and membership.

Legal and Accreditation Requirements

In all areas of dealing with accreditation and legal requirements the organization addressed each of the findings. The administrative reviewer on the initial CIASS visit was able to provide two suggestions for how the board could immediately restructure to meet OGAC requirements. The organization was able to easily shuffle roles and responsibilities to meet the requirements for a *Local Partner*. Compliance with local laws was ensured through the use of Zambia's Corporate Governance Code for small and medium sized businesses modified to fit the context of a non-governmental organization.

Financial and Program Oversight (Reporting and Documentation),

Program and Financial Oversight, however, continued to remain an area for concern as the fiscal capacity to prepare and present budgets remained lacking. Despite two board trainings and the provision of fiscal technical assistance, the 2011 report recommended immediate technical assistance prior to transition in program management, monitoring, and budget preparation.

Board Operations and Membership

Issues around board membership and roles and responsibilities could have been much more difficult to address had the Executive Director not been so willing to relinquish his voting status and role on the advisory board. However, this case study also highlights that agreement on revised roles and responsibilities is insufficient if the needed skillsets are not in place. The development and approval of the new Board manual was timely but did not address any pre-identified deficiency. The 2010 recommendation that policies should be tested against practices to ensure that they are being followed remained the same in 2011. The 2011 follow-up assessment concluded the CIASS process for the proposed local partners.

Table 2: Lessons learned and Best Practices summarizes lessons learned as identified in the assessment and technical assistance reports. Best Practices are examples of governance successes that are either

supported by anecdotal or scholarly evidence of effectiveness, and were implemented at little or no additional cost.

Table 2: Lessons learned and Best Practices				
2010 CIASS Findings	Technical Assistance Intervention(s)	2011 CIASS Update	Lesson Learned	Best Practices
The current [the organization] Executive Board does not meet the OGAC governance criteria, but the ART Advisory (Planning) Board does.	TA provided during the 2010 CIASS visit. The Administrative Expert reviewer provided advice on how to restructure the organizations governance to meet USG requirements.	The board of directors has developed operating guidelines and has restructured to meet USG requirements for local partners. The organization now meets the OGAC criteria for a local partner	<ul style="list-style-type: none"> • Sometimes all that is needed is knowledge of what is required. • Highlights the benefits of an expert based tool. 	Simultaneous capacity assessment and technical assistance (TA) are a cost saving best practice.
The Executive Director (ED) and his wife are members of the Executive Board as well as paid staff of the organization.	<ul style="list-style-type: none"> • Board supervises and has hiring/firing authority over ED. • ED will convene a hiring committee to identify and interview senior management candidates. • The ED will have hiring/firing authority for all other staff. 	ED and his wife moved from voting to non-voting members of the board.	Following the restructuring, the Governance consultant was able to provide assistance in clarifying roles and responsibilities to ensure autonomy of the board.	<ul style="list-style-type: none"> • CIASS consultants provided onsite recommendations during the initial visit for how to address this finding. • [The organization] did not wait to address the issue, the board and advisory committee were restructured immediately following initial CIASS • The CIASS had the full buy-in of the ED, who with his spouse moved to non-voting members of the board • Follow-up CIASS confirmed that the hierarchy and governance structure was now sound.

Executive and Advisory Boards annually complete conflict of interest and confidentiality statements, however, the organization's definition of conflict of interest is very narrow and does not cover existing conflicts of Advisory Board members.	The Board reviewed and approved a more comprehensive Conflict of Interest Policy included in the new Board manual.		Definition of conflict of interest from the USG standpoint may be very broad for the country or cultural context.	Advisory Board must buy in to the rationale, to enforce the policy and avoid conflict (perceived or otherwise).
Minutes lacked: <ul style="list-style-type: none"> Review and approval of org. policies and procedures. Documentation of the Executive Board receiving financial statements or presentations by the Executive Director (ED) or the finance manager. 	Board and Advisory Committee members discussed and agreed upon the Board's roles and responsibilities in providing appropriate oversight and guidance.	Immediate (prior to February 2012) need for TA in: <ul style="list-style-type: none"> Program Management Monitoring 	Revision and Agreement on roles and responsibilities is not sufficient if the needed skillsets are not in place.	<ul style="list-style-type: none"> <i>Dated benchmarks</i> <i>Prioritize skillsets that can be used across areas of need. Knowledge of Finances needed for oversight and planning.</i>
The bylaws require votes be recorded in total. <ul style="list-style-type: none"> Votes not documented in minutes 	New board manual was developed and approved. By-laws were changed, no longer requiring votes to be documented in the minutes.	No Follow-Up Required	Don't make by-laws unnecessarily rigid.	
The Board is guided by by-laws that detail the roles and responsibilities of the members as well as the duties of the officers.	A new board manual was developed and approved,	The board should test its manual during the next year to confirm practices are consistent with the manual and modify as needed.	Without documented verification of bylaws being followed the existence of a Board manual means very little.	

The Executive and Advisory Boards could benefit from formal Board training.	A board development retreat was held 18-19 March, 2011. The training was attended by; six board members, four advisory committee members, and two [the organization] staff members.	Implementing partners and I-TECH, provided board development training and technical assistance in 2011, which was attended by members of the board of directors and advisory boards.	Despite these trainings, the 2011 report highlighted continued technical assistance needs in <ul style="list-style-type: none"> • Program Management • Monitoring • Budget Preparation 	
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Discussion

This case study focuses on building the governance capacity in the domain of health service provider, and highlights challenges organizations may face in fitting policy objectives to organizational structures and culture and ensuring accountability.²⁵ In a common findings analysis of CIASS reports looking at 13 local partner organizations, 11 local partners in 6 countries were in need of technical assistance to build their capacity to govern and lead the organization.²⁶

Capacity Building Best Practices

Success in capacity building can only be measured through sustained performance over time. USG policy papers and interagency guidance provide few insights on building capacity at the organizational level or provide direction on measuring the effectiveness of capacity building efforts. As the role of the International Implementing Partners evolves to one of providing technical assistance, defining how to measure success in capacity building becomes increasingly important. This case study provides some best practices and lessons learned in building governance capacity.

The best practices identified in **Table 2** are examples of governance successes supported by anecdotal evidence of effectiveness that were implemented at little or no additional cost. The PEPFAR Capacity Building and Strengthening Framework FY2012 encourages a baseline assessment of existing capacity prior to initiating any technical assistance; the CIASS utilizes a similar capacity building approach.

Assessment facilitation by an administrative expert allowed for spontaneous technical assistance; as areas of need were identified solutions were suggested on the spot. The initial follow-up provided was in the form of governance technical assistance and the final pre-transition CIASS visit ensured that the hierarchy and governance structure was sound and had on-going support over the final three years of transition.

When local expertise is not available, completing as much as can be accomplished at a distance is a great cost saving practice. In Zambia, the work prior to the in-country retreat included board and Advisory Committee members reviewing board manual drafts and consultant comments; during the Retreat, the work included discussing and finalizing content to reflect Board agreed upon roles and responsibilities and to ensure compliance with regulatory requirements. Work in advance of travel was a cost saving technique; for example, revision of the manual was done prior to travel, thus freeing up valuable time in-country. In addition, preparatory work helped to build rapport between the consultants and the executive board, ensuring a large board presence at the retreat, creating buy-in of the final policies, and establishing a common familiarity with the new policies so that implementation could follow in quick order.

The institutional development consultant was also a trained administrative CIASS reviewer. The reviewer was familiar with USG administrative and governance requirements. The use of Zambia's Corporate Governance Code modified to fit the context of a NGO, the consultant ensured compliance with local regulatory requirements in addition to USG requirements. The creation of a board manual that takes into account all applicable regulations ensures that adopted policies and procedures adhere to the more stringent of applicable guidelines whenever the various regulations are not in accordance.

Lessons Learned

The definition of conflict of interest from the USG standpoint may be broad for the country or cultural context. For organizations to implement strong conflict of interest policies that adequately address all conflicts that would violate USG rules and regulations, conflict should be defined in specific terms with context specific examples. The rationale for procedures around conflict of interest needs to be explained and should include how efforts to avoid conflict should be documented.

By-laws do not need to be unnecessarily rigid. In the case of this organization, the initial assessment made a priority finding in finance and governance, stemming from practice not meeting the policies laid out in the Board manual. The fix for both the fiscal and governance findings was simply to remove the unnecessarily onerous requirement from their own policies. In addition to the example of noting vote tally's in the minutes (see **Table 1**), a fiscal finding of relevance to governance was the removal of all mention of an internal auditor from the Board manual. Following much discussion with the governance consultant, the organization determined it does not actually have an internal auditor, but rather a Financial Manager/Financial Controller. As a regular senior management position, this position does not report to the Board whereas an internal auditor would.

Revision and agreement on roles and responsibilities is not sufficient if the needed skillsets are not in place. The lack of financial oversight on the board was creating systemic problems in financial reporting and audit requirements that were equally lacking in the final visit in 2011. This highlights the shortcomings of technical assistance that is not sufficiently funded to provide technical assistance and support programs for as long as support is needed. Additional funding is also required to monitor and evaluate the sustained performance over time and the resulting health outcomes, or in the case of failure, additional lessons.

The PEPFAR Capacity Building and Strengthening Framework (FY2012) urges evaluation the incorporation of pilot projects to test new capacity building approaches. PEPFAR encourages evaluation of capacity building efforts being taken to scale to determine the impact on skills, services and programs.²⁷ Specifying that outcomes be measurable and able to show the causal pathway of capacity building to capacity outcomes and, when applicable, to improved health outcomes is the final recommendation for documenting capacity building efforts.

This case study contributes to the limited literature documenting capacity building techniques and outcomes in a funding environment that is increasingly looking to strengthen the existing local health infrastructure. Despite achieving the short term goal of meeting USG funding requirements, as illustrated in **Figure 2**, the impacts of these capacity building efforts are dependent upon sustained performance over time.

Appendix A: Transition Workplan

Transition Work Plan

Finding (Priority) ADMINISTRATIVE	Action / Activities	Responsible Party	Timeline – all dates start as of Jan 1, 2012	Verification
A1. [The organization] has not tested some of the Board Development and HR policies and processes to determine if technical assistance may be needed.	<ol style="list-style-type: none"> 1. Identify which policies & processes are new. 2. Select policies to test for practicability of implementation. 3. Test policies and identify modifications as needed. 	<ol style="list-style-type: none"> 1. PD & Executive Director 	<ol style="list-style-type: none"> 3. September 2012 	<ol style="list-style-type: none"> 2- Documentation of test results. 3- Modifications in policies, if needed.
A2. The Project Management manual does not provide practical applications to guide staff (i.e. No step by step process of how external monitoring site visits would take place). Expectations for the LPTFs reporting to [the organization] are not covered in the manual.	<ol style="list-style-type: none"> 1. Identify examples of Project Management Manuals, 2. Solicit input from COH. 3. Determine programmatic elements to be reviewed and processes to be used. 4. Develop program tools or modify from existing examples. 5. Field test processes and tools. 6. Draft Project Management policies & procedures. 	<p>Program Director & Clinical Director have the lead</p>	<p>Steps 1-3 complete within 90 days</p> <p>Steps 4-5 complete within 6 months</p> <p>6- Draft complete within 9 months</p>	<ol style="list-style-type: none"> 4. Assessment tools 6. Draft policies

Appendix B: Organization Governance Excerpt from CLASS Administrative Module

Clinical Assessment for Systems Strengthening (CLASS)

ADMINISTRATIVE MODULE

AN INTRODUCTION TO THE TOOL

The Administrative Module of the CLASS Tool is a guide, not a prescriptive checklist, for reviewers. This module is divided into eight sections. The first five sections (Organization Governance, Organization Structure and Management, Organizational Sustainability, Human Resources, and Organizational Management Information Systems) are to be used when conducting an assessment for facilities providing patient care services. The entire tool, including the last two sections (Sub-contractor/Grantee Monitoring and Grants Management) are for use with organizations meeting the Track 1.0 Local Partner (LP) definition or designated to be the prime grantee.

Each section begins with a set of core competencies based on best practices from international organizations. The core competencies are followed by a series of questions that can be used to facilitate discussions with organization representatives. Verification criteria for the most important core competencies and questions follow along with space for reviewers to make notes. Reviewers should not feel required to complete the tool sections in any specific order. Flexibility to accommodate the time availability of management and staff is encouraged.

The tool contents are based on the assumption that there will be at least six hours available to reviewers at each site. When time is more limited, reviewers should focus priority on the Rapid Visit (RV) questions in each of the first five sections. As time allows the Extended Visit (EV) areas should be addressed.

Reviewers will find that all of the sections of the tool will not apply to all types of organizations assessed. The Organization Governance section will not apply to any of the Ministry of Health (MOH) facilities including their regional, district or zonal offices. There are however organizations that will be deemed as MOH health care delivery sites, but are independent hospitals or clinics not owned by the ministry. Reviewers should consult with local CDC staff to determine if the Governance section should apply.

KEY –Rapid visit items – (RV) | Extended visit items: (EV) | Partner visit: (LP)

SECTION 1: ORGANIZATION GOVERNANCE

Core Competencies

- The organization has a governing body that provides effective oversight and direction to support programs and services. (RV)
- The governing body has by-laws or procedures to guide their operations and membership. (RV)
- There is sufficient reporting by management to the governing body on the status of operations and programs. (EV)
- The organization meets all applicable national or other accreditation and legal requirements. (LP)

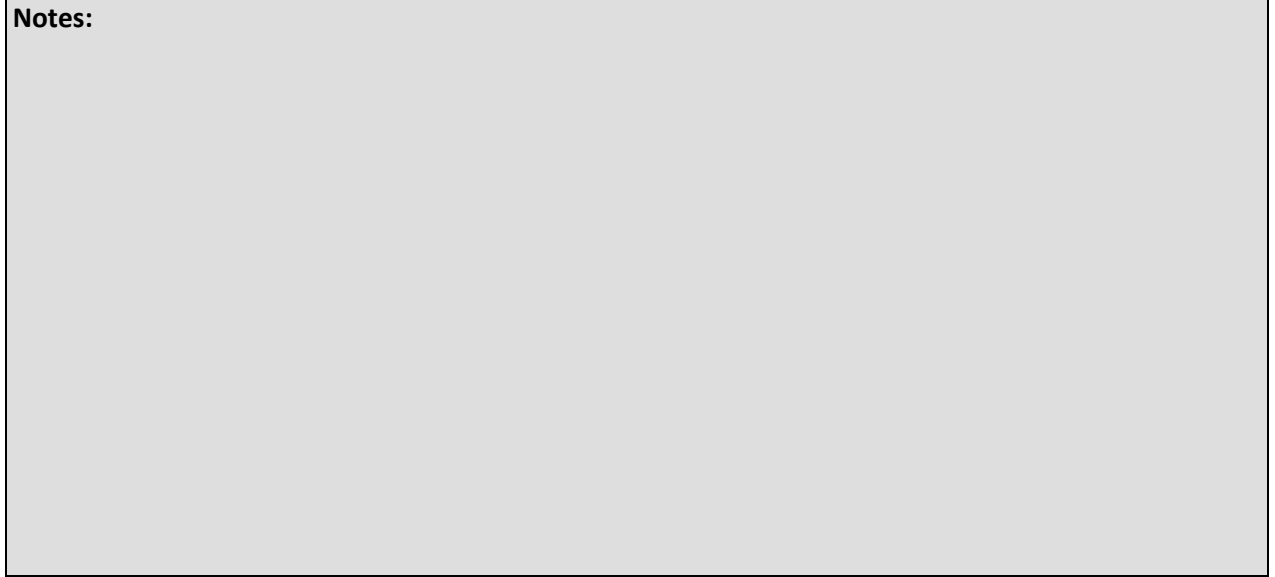
Questions

- What is the membership composition of the governing body? (RV)
- What documents provide the policies and procedures followed by the governing body and how often are they updated? (RV)
- How does management share organization status information with the governing body? (RV)
- How does the organization ensure compliance with all country/national legal requirements i.e. registration/incorporation? (EV)
- How does the organization keep the governing body current and well-trained? (EV)
- How does the governing body meet the OGAC criteria for a local partner? If it does not meet the requirements, will a waiver be requested? (LP)

	Performance Criteria	Verification Information	Comments
1.	Organization registration and licensing documents are current and meet legal requirements.	a. Licenses are current. b. National requirements are current.	
2.	The governing body roles and responsibilities are clearly defined and	Documents contain: a. Governing body structure, positions, and roles. b. Duties	

	documented.	c. Meeting requirements and minutes
3.	The organization meets the OGAC criteria.	<ul style="list-style-type: none"> a. Governance: 51% are citizens or permanent country residents b. Ownership: FY2011-12 (66%) and 2012-13 (75%) are citizens or permanent residents c. Staffing: FY2011-12 (66%) and 2012-13 (75%) are citizens or permanent residents
4.	The governing body has a training/orientation process for new members.	<ul style="list-style-type: none"> a. View orientation materials. b. Interview new members, if possible.
5.	The governing body documentation maintained by the organizations includes:	<ul style="list-style-type: none"> a. Meeting agenda b. Previous meeting minutes, with sufficient detail on actions and votes c. Organization financial and operating reports d. Copies of all other handouts and board materials e. Record of meeting attendees
6.	The governing body has:	<ul style="list-style-type: none"> a. Conflict of interest statements signed annually b. Confidentiality statements signed annually c. Annual written evaluation of the CEO d. Board orientation/training process e. Code of Ethics f. Access to legal consultation
7.	Organization management provides reports to the governing body.	<ul style="list-style-type: none"> a. Verbal presentations at each meeting. b. Written reports and verbal answers at each meeting. c. Varies depending on governing body needs.
8.	Governing body has an annual process to evaluate group and officer success.	

Notes:



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- ⁴ 2012. Zambia Country Report Monitoring the Declaration of Commitment on HIV and AIDS and the Universal Access Biennial Report.
- ⁵ DIELEMAN, M., SHAW, D. M. & ZWANIKKEN, P. 2011. Improving the implementation of health workforce policies through governance: a review of case studies. *Human Resources Health*, 12, 10.
- ⁶ Ibid.
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- ⁸ GRINDLE, M. S. 2007. Good Enough Governance Revisited. *Development Policy Review*, 25, 533-574.
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10.1097/QAI.0b013e3181bbcd58.
- ¹⁰ REFERENCES
- ¹¹ Ibid.
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- ¹⁴ SALTMAN, R. B. & FERROUSSIER-DAVIS, O. 2000. The concept of stewardship in health policy. *Bulletin of the World Health Organization*, 78, 732-739.
- ¹⁵ 2011. The President's Emergency Plan for AIDS Relief (PEPFAR) FY 2012 Capacity Building and Strengthening Framework.
- ¹⁶ Ibid.
- ¹⁷ WIGNARAJA, K. & YOCARINI, L. 2008. Capacity Development Practice Note. *New York, UNDP*. UNDP Capacity Development Practice Note (2008).
- ¹⁸ LAFOND, A. & BROWN, L. 2003. A Guide to Monitoring and Evaluation of Capacity-Building Interventions in the Health Sector in Developing Countries. In: HILL, U. O. N. C. A. C. (ed.) *Measure Evaluation Manual Series*. Chapel Hill, NC: Carolina Population Center.
- ¹⁹ 2012. Zambia Country Report Monitoring the Declaration of Commitment on HIV and AIDS and the Universal Access Biennial Report.
- ²⁰ Government of the Republic of Zambia Ministry of Finance and National Planning and Ministry of Health and the Government of the United States of America to Support Implementation of the Zambian National Response to HIV And AIDS From 2011-2015.
- ²¹ 2012. Zambia Country Report Monitoring the Declaration of Commitment on HIV and AIDS and the Universal Access Biennial Report.
- ²² Ibid.
- ²³ 2013. *Overview of the CLASS Framework* [Online]. Available: <http://classtoolkit.org/about-class> [Accessed June 16, 2013 2013].
- ²⁴ MAC LEOD, P. 2011. Capacity Building Technical Assistance Report.TA Report

²⁵ SALTMAN, R. B. & FERROUSSIER-DAVIS, O. 2000. The concept of stewardship in health policy. *Bulletin of the World Health Organization*, 78, 732-739.

²⁶ SHARMA, A. 2011. Using Evidence and Partnerships to Build Local Partner Capacity to Manage Some PEPFAR Supported HIV Care and Treatment Programs in Sub-Saharan Africa. *16th International Conference on AIDS and STI in Africa (ICASA)*. Addis Ababa , Ethiopia

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