After a comprehensive analysis of the underlying causes of poverty in Malawi, CARE has identified three specific impact populations who are most vulnerable and affected by the complex dynamics of poverty. These impact populations will form the initial three CARE Malawi programs as part of the shift to a Program approach of operating[1].

In May 2010, CARE Malawi hosted the Southern Africa Regional Program Quality Network workshop. Participants included representatives from CARE Country Offices across the region, as well as from CARE UK and CARE USA. During this workshop CARE Malawi shared its draft program strategies so the Network could evaluate coherence and relevance of current program approaches for each theory of change and the underlying analysis. Teams travelled to field locations to meet impact population representatives and CARE staff and provided specific recommendations for CARE Malawi to strengthen their draft strategies and progress program development. Given the new operational model will have implications for CARE Malawi's program support functions and organisational systems, one team visited the Kasungu field office to assess what operational changes will be needed to support programs, including decentralisation of program support to field offices.

Context

CARE Malawi currently has an annual budget of USD6.2 million and a staff of 112. This budget has grown from a low of USD4 million, and the CO is intending to expand it further. The Kasungu sub-office which the team visited has a staff of 33 and an annual budget of USD2.285 million, including a cluster of education projects and a livelihoods project. There are two separate offices for these respective projects. The only program support staff are an Administrative Assistant for each of the two offices. At present, Malawi's program support functions are highly centralized. The main resource the sub-office manages directly is a petty cash float. Most other resource transfers have to be approved directly by the Lilongwe main office. There are three Project Managers, each responsible for their individual projects.

Methodology

Four of the staff from the sub-office were present during the visit, including an Administrative Assistant and two of the Project Managers. CARE Malawi staff were asked to consider the key program support issues of the shift to a program approach, where the priorities lie and potential next steps. Areas considered included finance, administration, audit, procurement, HR and IT. Components considered included design, securing funds, start up, recruitment, partners, implementation, knowledge, learning, impact measurement, demonstrating effectiveness, retaining staff, continuing projects, and closing projects. Recommendations were developed from their observations.

Observations

In its analysis the team considered what aspects of program support and operations CARE Malawi will need to stop doing, what it will do less of, what it will do more of, and what new ways of operating will be required to support a program approach. It was observed in this process that the program approach should reduce silos within CARE USA and Malawi and less time will need to be spent in designing projects and identifying partners. Conversely, more time will need to be spent on developing and maintaining strategic relationships and managing more complex, flexible and unpredictable programs. New aspects of delivery will include more risk taking, investing time in strategic thinking (including from Program Support).

The Country Office has little flexibility around its financial system, largely as a result of the requirements of the compliance initiative, which may restrict the ability of the systems to respond to the needs of a

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[1] A program is a coherent set of initiatives by CARE and its allies that involves a long term commitment to specific marginalized and vulnerable groups to achieve lasting impact at broad scale on underlying causes of poverty and social injustice. This goes beyond the scope of projects to achieve positive changes in human conditions, in social positions and the enabling environment.

program approach. The program approach will result in more complex financial structures, with several fund codes within a single project and possibly one fund code contributing to more than one program and current systems do not facilitate this. It will be important to ensure new systems and procedures are not overly complicated than required by donors.

A program approach creates new relationships and expectations between units within the organisation which makes linear organisational structures difficult (this applies to functions, coordination and competencies). Tackling the issue of reviewing policies and restructuring will need to be driven beyond the Country Office, with support from higher levels of the organisation.

CARE USA is supporting the documentation of an operational model for programs later this year.

Recommendations

The most critical change required at this stage is for a **review of functions and competencies** to inform a **restructure** of the organization based on what will be required to implement and manage programs. A new structure should reflect stronger linkages between program staff and program support staff at both the Field Office and Country Office levels. Structural change options will need **costing** in advance, since this process may require additional resources. This process should occur in conjunction with the **decentralization** of program support functions, which is independent of but supports the program approach as there are existing inefficiencies in the system that need to be addressed.

RMU support will be required in determining the room for policies and systems manoeuvre. RMU can help to redefine what a Country Office can and cannot do (understanding risk), provide support with analysis and offer advice on reorganizing cost-pool structures. RMU should also endeavour to lighten systems so that Country Offices are not burdened with complicated administrative or procurement requirements. CARE Malawi should also **seek external support**, including TA and drawing from the experience of other Country Offices in this process.

The program approach will necessitate greater **involvement of program support staff in operational decisions**. Program staff and senior management will need to know when to involve program support areas, particularly where there are potential implications for program support (for example geography of program implementation, staffing requirements and developing new partnerships relationships with other agencies). Involving Finance and HR staff will be particularly important in the **design** phase at "go/no go" decision points which may impact workplans and time management of program support staff to allow their involvement.   Even if the contribution from program support is informal, there needs to be a **clear process**.

The program approach requires more flexible, unstructured models which are not enabled easily by existing systems. Therefore CARE needs to **simplify and make more adaptive its Program Support systems** wherever possible. In particular project and travel advance systems, fleet management, human resourced (recruitment) and procurement. It can be difficult to distinguish between things that needed to change anyway because they are an obstacle to our current work (eg. the current finance system) and things which need to change because of the program approach. The overarching constraint of the current financial system is its heavy focus on compliance and internal polices. A **new finance system** is required which redefines the financial checks and balances required, especially if procurement is to be decentralized. Approval and reconciliation processes for **advances** need to be reviewed. Particular attention needs to go to implementing appropriate controls for advances for working with communities when they are disbursing or managing funds. The team suggested CARE Malawi look to existing donor policies and procedures to find practical solutions to simplifying and decentralizing program support functions. **Sub-grant mechanisms** also need changing so they are less about control and more about building capacity of local NGOs.