Using federal recovery funding to build local capacity

Steps CDBG-DR and CDBG-MIT grantees can take to build local capacity to implement disaster recovery programs

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As disasters continue to plague our nation, many grantees face the challenge of spending disaster recovery funding quickly and efficiently. For more seasoned Community Development Block Grant Disaster Recovery (CDBG-DR) grantees, allocations are accumulating and difficulties stem from managing multi-allocation funding. Other grantees and subrecipients are new to disaster recovery and are trying to discover how to comply with regulations and get the money spent as expeditiously as possible to help citizens in need.

Building subrecipient capacity to manage CDBG-DR funding allows you to address these challenges and help your communities recover more quickly—while protecting against future disaster scenarios.

In the same vein, if your state or locality has received Community Development Block Grant Mitigation (CDBG-MIT) funding, you have an opportunity to build local capacity to see these important programs through. Because many CDBG-MIT-funded programs are being implemented at the local level, capacity building will ensure that you have the resources you need to not only manage your CDBG-MIT-funded programs—but also current and future programs funded by CDBG-DR grants.

This paper lays out seven major areas of opportunity for grantees to work with subrecipients to improve their capacity and enhance the efficiency of their response. But first, it’s important to understand what capacity building is and how it fits into the CDBG-DR/MIT context.
What is capacity building?

Capacity is more than just training. It is about empowering individuals, organizations, and systems to make decisions and achieve program objectives and outcomes. Many CDBG-DR/MIT grantees that are struggling to implement programs efficiently will find that it is largely due to lack of state and local capacity. That’s why it’s important to build capacity throughout program implementation—integrating capacity building tools and activities into the entire program lifecycle. In fact, many capacity pursuits are activities that are already done to ensure proper project implementation such as Action Plan design, project reporting, and monitoring. Grantees can design these activities with an emphasis on—and special consideration for—capacity building.

Unfortunately, like disaster recovery, capacity building is dynamic, complex, and difficult. There is no one magical formula to build capacity. However, many capacity building experts agree that the following important capacity building processes promote success.

Proven capacity building processes

Process 1. Capacity assessment

The first step in the capacity development process is to understand the role that capacity will play in the implementation of your disaster recovery program. Grantees should recognize the relationship between capacities and the desired outcomes and create a conceptual framework for understanding that relationship.

Capacity development conceptual frameworks typically consist of three or four different levels that are critical to the fluidity of your program. The United Nations Development Programme (UNDP) notes that there are three levels where capacity is grown and nurtured: the organizational level, the individual level, and the enabling environment.1 But for disaster recovery, this framework is better conceptualized at four levels: the individual level, the organizational level, the systemic level, and external factors. Conceptualizing the enabling environment into two different levels, the systemic and external factors, allows for special emphasis on the grantee’s systems, and external factors that may influence program capacities such as additional disasters.

The framework should then break down each level by a set of variables that contribute to its performance. The United States Agency for International Development through the MEASURE project determined that capacity and performance variables critical to the framework include: inputs, processes, outputs, desired outcomes, performance, and impact.2 The breakdown of these variables at the four conceptualized levels will help grantees understand the relationship between capacity and performance for the program.

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The UNDP has developed three basic questions that are necessary for understanding the elements of capacity related to your program: why, who, and what. Utilizing those questions in the disaster recovery context, analyze your framework to answer the following questions in order to design your capacity assessment.

1. Why is capacity building necessary? The framework should lay out your program’s desired objectives and outcomes, and specify how capacity will affect those objectives. It should also help grantees determine what level of capacity is needed to achieve the objectives.

2. Who is the capacity building for? Grantees should review the framework to determine which stakeholders to target for capacity development.

3. What capacity building assets are necessary? Conceptual frameworks should include many different inputs and processes that can affect the outcome of your program. However, stakeholders should be able to use the framework to identify which key assets will have the most impact for capacity building.

After building your conceptual framework and answering the questions above, you should conduct an assessment to evaluate the key assets that were identified. The assessment should measure the current capacities of each asset and weigh them against the desired capabilities to determine the capacity needs.

**Process 2. Capacity building plan**

The results of the capacity assessment can be used to develop a capacity building plan. The capacity building plan determines the concrete actions you can take to build the capacity of the needs determined through the capacity assessment. The plan should be integrated into your program implementation to ensure that capacity building becomes one of the core focus areas of the program.

The capacity building plan should also outline who will be responsible for ensuring the success of the plan, who will be responsible for each activity, any additional resources you will need to implement those activities, a schedule of when the activities will occur, and indicators for success.

**Process 3. Capacity building implementation**

After the completion of the capacity building plan, grantees should ensure that they are implementing the plan. Select a capacity building officer to check that all aspects of the plan are being followed and carried out. The officer will also need to confirm that the proper resources, procedures, and systems have been put in place to ensure the plan is successful.

**Process 4. Capacity monitoring and evaluation**

Throughout program implementation, grantees should monitor the indicators of success outlined in the capacity building plan. In addition, grantees should periodically evaluate the capacity building plan to determine that the who,
Using federal recovery funding to build local capacity

why, and what have not changed, and that the assets, needs, and indicators identified are continuing to be the best design for the program.

The capacity building plan should be flexible and adaptable. If monitoring and evaluation finds that items in the plan need to change to reflect the new needs of the program, then the capacity building plan should be updated as well.

Finally, at the end of your program, you should evaluate the capacity of the subrecipients, the capacity building plan, and implementation, and document lessons learned and best practices. This will allow you to integrate the best capacity building practices into future programs.

What does this mean for CDBG-MIT?

There is nearly $16 billion currently appropriated for CDBG-MIT funding for grantees with qualifying disasters in 2015, 2016, and 2017. The goal of the program is to “increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship by lessening the impact of future disasters.”

This means that unlike CDBG-DR funding, CDBG-MIT-funded programs are not responding to a disaster, but rather are looking towards resiliency and response to future disasters. Also, CDBG-MIT timelines tend to be longer than CDBG-DR timelines. The forward-thinking and longer timelines are a great opportunity for grantees to allocate resources and integrate capacity building into their CDBG-MIT-funded program to ensure that local governments can manage federal disaster recovery programs efficiently and improve recovery of future disasters.

As a grantee, you should follow the capacity building processes described above to assess the capacity of your subrecipients, build a capacity building plan, and implement, monitor, and evaluate the plan. To guide you in the capacity building process, we have identified seven major areas of focus where grantees can work with subrecipients to improve local capacity to manage CDBG-MIT-funded programs.

Many of these areas include tools and activities that are already required for CDBG-funded programs, and grantees should provide capacity building so that subrecipients can use the tools effectively. One important objective for CDBG-MIT capacity building in the following areas is that it be transferrable and sustainable so as to also enhance the efficiency of future recovery efforts.

1. Capacity to build capacity

The first major area that will directly affect local capacity to implement the program is the grantee’s own capacity to plan for and implement the CDBG-MIT grant. The grantee is responsible for many activities that will directly relate to the subrecipient’s capacity to implement the program such as the needs assessment, risk assessment, Action Plan, monitoring plan, tools provided, capacity building, technical assistance, and more.

As a grantee, you should employ the capacity building processes previously described for your own internal capacity. Plan and carry out activities to

7 Focus Areas Checklist

- Capacity to build capacity
- Capacity for planning at both the grantee and subrecipient level
- Capacity to engage, collaborate, and communicate with stakeholders
- Capacity to build and follow policies, procedures, and systems
- Capacity to collect, maintain, and share knowledge
- Capacity to create, manage, and implement projects
- Capacity to monitor, adapt, and evaluate programs
You can gauge the amount of technical assistance and capacity building needed for each subrecipient by comparing your risk assessment and subrecipient capacity building assessment.

improve the organization, systems, and individuals implementing the program, and allocate resources to the areas that need extra attention. For example, your assessment may determine that there are not enough staff members to provide the level of technical assistance needed, and additional staff members or contractors could be hired to bridge that gap. This in turn means that more budget will need to be allocated to administration for the additional staff.

A helpful tip: when assessing your organization’s ability to provide capacity building and technical assistance to subrecipients, it is important to recognize that some subrecipients will need more technical assistance and capacity building than others. One way to ensure subrecipients that need additional assistance receive it is to structure your organization’s staff so that the grant manager-to-subrecipient ratio reflects the amount of technical assistance and capacity building estimated for the subrecipients.

2. Capacity for planning at both the grantee and subrecipient level

Good planning in the beginning will add efficiencies throughout the program lifecycle. Both the grantee and subrecipients need to practice good planning at the start to set their programs up for success. Grantee and subrecipient resources will need to be dedicated to planning and capacity building prior to an approved Action Plan. Although you will not have a grant agreement at this point, these planning activities are essential to an efficient and effective program.

For grantees, you should allocate time and resources to several planning items that will have a large effect on subrecipient capacity.

- Needs assessment

Both CDBG-DR and CDBG-MIT grants require a needs assessment for the Action Plan. The mitigation needs assessment involves collaborating with partners and stakeholders, analyzing the hazard mitigation plan, and hazard mitigation plan risk assessment to help in determining the areas in which to concentrate CDBG-MIT funding.

When working on your needs assessment, focus on collaboration and inclusion of all stakeholders. Stakeholders and funding partners will all have different perspectives, needs, and risks that should be addressed in the needs assessment—or else you may run into issues later in program implementation. Stakeholders can assist with building capacity, developing networks, involving the public, and ensuring all areas of resiliency are included—creating a foundation for long-term recovery. Good collaboration from the beginning is vital to running an efficient program.

Also, when prioritizing needs, it is crucial to assess and consider grantee and subgrantee capacity and funding availability to implement programs for those needs. Using your needs as outcomes, perform a broad capacity assessment to understand the capacity of the system and the organizations involved to meet those needs. At this point, the needs assessment should not tell you which assets to focus on developing capacity, but rather should be analyzed to answer the following questions:
Using federal recovery funding to build local capacity

- Does the system and organization have the flexibility and adaptability to deal with the demands of disaster recovery?
- Does the organization have staff with experience in similar projects, and the technical knowledge needed for compliance?
- Does the organization have enough staff to implement the program, or will they be able to ramp up quickly?
- Does the organization want to participate in the program?

These questions designed by The United States Department of Housing and Urban Development for the disaster recovery Unmet Needs Assessment will also help to prioritize mitigation needs based on those that have the capacity to be addressed. Note that you will have to take a deeper dive into your subrecipient needs assessment later to determine which assets must be built for that need—and develop your capacity building plan to build those capacities.

### Action Plan

The needs assessment is vital to creating your Action Plan, and a good Action Plan is vital to running an efficient program. Your Action Plan will guide subrecipients’ implementation plan, helping them to understand areas of focus, areas of eligibility, budgets, important stakeholders, and more. Clear and concise language is a must to ensure that there is no ambiguity or confusion on the direction of the program.

Planning for subrecipients is just as important as it is for grantees to ensure the capacity to implement the program. Grantees should work with local governments to ensure that they have the capacity and are allocating enough resources to planning.

Important planning activities for local governments are similar to those for the grantee, but at the local level. All program applicants should complete their own capacity assessments, understand and use the Action Plan, engage all stakeholders and funding sources, assess community needs, collaborate with and use all regional and mitigation planning, prioritize needs, and create a plan.

- To help build capacity in these areas, focus on:
  - providing technical assistance, capacity building trainings, and templates.
  - making guidelines and best practices readily available on the grantee website.
  - having a well-written application and instructions that require applicants to take those steps to apply for the program.

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3 HUD. Disaster Impact and Unmet Needs Assessment Kit. 2003
3. Capacity to engage, collaborate, and communicate with stakeholders

Stakeholders throughout the program can assist with additional resources and information. Stakeholder engagement and collaboration helps avoid holdups and mistrust that can occur when stakeholders have not been included or are unhappy with items on a project.

Subrecipients also need to have the capacity to identify, engage, collaborate, and communicate with stakeholders. You should provide subrecipients with the following tools and guide them in their completion in order to guarantee stakeholder engagement, collaboration, and communications:

- **Stakeholder register**

  The stakeholder register will assist subrecipients with brainstorming and identifying all stakeholders, their resources, needs, engagement level, and interests. When identifying stakeholders, it is helpful to use FEMA’s Community Lifelines tool to think about all the different functions that are essential to the recovery conversation. You can then use the stakeholder register throughout program implementation to engage the stakeholders in the program.

- **Citizen participation plan**

  Citizens are important stakeholders for program implementation—especially low- and moderate-income citizens of the subrecipient community. The citizen participation plan is a key required tool that both the grantee and subrecipient should use to ensure that there is a way for citizens to participate in an advisory role in the planning, implementation, and assessment of the program and projects. Due to the importance of citizen participation for the CDBG-MIT program, HUD has issued additional citizen participation requirements, and grantees are required to amend existing citizen participation plans or adopt new plans that incorporate the CDBG-MIT specific requirements.

  Grantees should also work with subrecipients to help them create a citizen participation plan. Their plan should include:
  
  - an overview of the mitigation planning process.
  - the desired citizen participation objectives and outcomes.
  - the scope of the decisions that will be made through citizen participation.
  - the assumptions and constraints against citizen participation and decision making.
  - the process for making the decisions and how the data will be captured and analyzed.
  - timeline for the decisions to be made through the citizen participation process.
  - the citizen engagement efforts that will be made.
  - the budget and resources allocated to the plan.
  - the evaluation of the plan.
Using federal recovery funding to build local capacity

- **Communication plan**

  Once all stakeholders have been identified, you should guide subrecipients in creating a communication plan that details how important information will be communicated to stakeholders, the type of information and engagement that will be shared with stakeholders, and the frequency of the communications. Poor communication with stakeholders can lead to mistrust and inefficiency in programs. A well-written communication plan will help subrecipients keep stakeholders engaged and informed.

4. **Capacity to build and follow policies, procedures, and systems**

   Good policies, procedures, and systems will ensure that everyone on the team knows what to do, has the tools to do it quickly, and does it according to regulations. Grantees should ensure that subrecipients have the correct policies, procedures, and systems in place to manage the programs—and know how to follow and use them. Examples include financial systems, project management systems, grant management systems, standard operating procedures, procurement, financial management, and grant management policies and procedures.

5. **Capacity to collect, maintain, and share knowledge**

   The capacity to collect, maintain, and share knowledge is essential for grantees and subrecipients. Knowledge ensures that everyone knows what to do, identifies issues quickly, and recognizes best practices and lessons learned to avoid having the same issues in the future.

   We have identified several key tools to collecting, maintaining, and sharing knowledge.

- **Good reporting**

  Grantees should focus on creating good reporting templates. The reports that you create should include all of the key information needed to monitor the progress, budget, performance, milestones, and timelines of the project. You should also train subrecipients to collect, analyze, and incorporate the data required in the reports, and to compare the data to the baselines designed at the beginning of the program (budget, timeline, milestones, performance measures, etc.). Grantees should also follow up on the submission of the reports with any best practices or further discussions needed get the project back on track.

- **Routine meetings**

  Routine meetings are one of the easiest and most efficient ways of collecting and sharing knowledge. Grantees should hold routine meetings with subrecipients to share knowledge, build capacity, learn of project progress, and work through any issues that have arisen on the project. Similarly, grantees and subrecipients should have routine meetings with contractors on the project with these same objectives in mind.

As a grantee, you should be providing tools, technical assistance, trainings, and guidelines to help subrecipients evaluate their current policies, procedures, and systems, and to update them as necessary to meet the needs of the programs.
Using federal recovery funding to build local capacity

- **Data collection systems**
  
  It is important that you have a universal system in place for data collection and organization. A good system will not only provide a place for uploading documents and information but will also include data analysis tools that allow you to investigate any variance to the baselines and project progress. You should also train subrecipients to use the system to collect, share data, and analyze project data.

  What happens when employees leave, or a new mayor is elected? Grantees should pay special attention to the policies and procedures that subrecipients have in place for knowledge transfer with regard to employee and political turnover. Many times, all capacity and program knowledge are lost when local community turnover occurs. As a grantee, you should be aware of when turnover is occurring within subrecipients—ensuring they have the policies and procedures in place for knowledge transfer—and assist with the knowledge transfer as needed. This will prevent subrecipients from having to start from scratch in terms of capacity building with every turnover.

  It’s also important to make sure subrecipients are capturing and storing knowledge at the institutional level—in a way that’s ongoing and sustainable. By creating rigor around filing and document organization, in addition to having SOPs and discipline around routinely updating lessons learned and best practices, subrecipients will be protected even in the event of a sudden and unplanned departure.

6. **Capacity to create, manage, and implement projects**

Well-designed, well-managed projects will help ensure that you have fewer issues—and that the issues you do have are identified and resolved quickly. Grantees should work with subrecipients to ensure that they have the capacity to create, manage, and implement projects. The following tools will assist with subrecipient capacity building to create, manage, and implement projects.

- **Technical assistance, site visits, and trainings**

  Subrecipients must have the knowledge and expertise to create, manage, and implement programs. Grantees should provide technical assistance, site visits, and trainings to subrecipients to deliver the knowledge needed.

- **Project risk analysis and risk management plan**

  Subrecipients should perform a risk analysis plan to identify and assess all factors that could negatively affect the project—and estimate the likelihood of the risk occurring. They should then put a plan in place to avoid the risk, accept the risk, or divert resources to control the risk.

- **Application**

  The grantee should design the grant application so that it incorporates all of the important aspects of project design. The application should touch on topics such as the needs assessment and recovery plan, long-term recovery/mitigation planning, inclusion of existing plans, stakeholder management, and...
You can provide instructional videos and user guides on how to complete the application.

Typical areas of concern are procurement, Section 3, Davis Bacon and labor standards, construction oversight, acquisition, record keeping and reporting, environmental, force account labor, contract amendments, National Objectives, etc.

Many times, grantees do not have the resources, nor should they devote the same resources to every subrecipient. There are subrecipients that will need much more assistance than others.

Engagement, national objective, beneficiaries, project design, budget, milestones, deliverables, project schedule, and more. Grantees should work with applicants to ensure that they understand all aspects of the application and how they pertain to project design.

Once the applications have been submitted, make sure you have the capacity to review them for eligibility, and budget resources to provide technical assistance (if applicable) to applicants so that they understand their program design shortcomings.

- **Contract oversight**
  As a grantee, you should check that subrecipients are practicing good contract oversight. This includes staying involved in the work of the vendor, monitoring the vendor’s day-to-day performance, confirming compliance with the requirements of the contract (including milestones, timelines, budget, labor standards, and reviewing invoices), ensuring adherence to the requirements of the grant, and more.

- **Best practices, lessons learned, and implementation manual**
  Provide written tools, and make them readily available to subrecipients. These tools should guide subrecipients to effectively organize work, manage projects, complete tasks, and ensure compliance requirements. Create and center the tools around the areas of most confusion and concern for subrecipients.

7. **Capacity to monitor, adapt, and evaluate programs**

The final area to focus capacity building efforts on is the capacity of both the grantee and subrecipient to monitor, adapt, and evaluate programs. This capacity will assist subrecipients and grantees with identifying and resolving issues quickly and avoiding future issues and repetitive mistakes.

For the grantee, monitoring should not be exclusively done by the monitoring team when they go out for a monitoring visit or during desk reviews, but rather should be an integrated and collaborative approach between the program team and the monitoring team. Both teams have resources at their disposal that are indispensable for a good monitoring effort.

In a well-run program, grantees should be in routine communication with subrecipients. You should already be aware of areas of concern, areas where technical assistance was provided, issues and risks identified on the project, and capacity issues on the project. Desk reviews and technical assistance should be provided for areas of concern throughout the program lifecycle, not just during and after a monitoring visit. That being said, monitoring visits and desk reviews are crucial in digging deeper into the policies, procedures, programs, and technical areas to be reviewed, and for finding areas of concern that might not be apparent in the day-to-day monitoring efforts done by the program team. Therefore, it’s essential for these two teams to collaborate to ensure that all issues are discovered, and that subrecipients receive the training...
Using federal recovery funding to build local capacity

and guidance they need to overcome them.

Grantees should use risk assessment as a tool to identify—and allocate resources and attention to—the subrecipients that are most at risk for issues. Risk assessment should be a tool used by both the monitoring team and the program team to be aware of and devote resources to subrecipients and areas of risk.

You may be asking, is that not what we just did for the capacity assessment? The answer is yes and no. The capacity assessment identified the capacities that need to be addressed to achieve the outcomes desired. The risk assessment will take into consideration the weak capacities and capacity building needed, along with other historical and current performances of the subrecipient, to rank the subrecipients into high, medium, and low risk in order to allocate resources efficiently to avoid or control risk.

In addition to monitoring subrecipients, grantees must also have the capacity to know when the program should be adapted to resolve subrecipient needs and issues—and the ability to do so. As the program is implemented, and the grantee monitors subrecipients, issues may arise. The grantee will have to continue to monitor the issues and determine if additional capacity building, tools, or program changes are needed to resolve the issues—or prevent them from arising.

Finally, grantees many times do not focus enough resources and effort on the program closeout phase and program evaluation. However, program evaluation is key to providing guidance and good practices to ensure the efficiency of future disaster allocations. Good evaluation practices should assess the effectiveness of the system, the organization, and the program including the capacity building of subrecipients. In addition, best practices and lessons learned should be updated and placed in a central location for future use—and to ensure transfer of knowledge to future grants. These resources should be used in future disasters to ensure that you are not reinventing the wheel after every disaster allocation.

For subrecipients, their monitoring, adapting, and evaluating responsibilities have been described in many of the other areas to build capacity. For monitoring responsibilities, grantees should assist subrecipients in building the capacity to provide contract oversight, monitor project and program performance, monitor baselines, and ensure the projects are meeting deliverables.

In addition, subrecipients must have the knowledge to manage risk and adapt programs as needed. Grantees should provide knowledge to subrecipients on designing their change process, and how to perform change orders and grant amendments to make those changes. The change process should include, at the very least, the steps to make changes (including an analysis of the

It is important to note that programmatic changes will affect all subrecipients. Therefore, when determining if a change to the program is needed, weigh costs and benefits for all subrecipients and the program as a whole.
Using federal recovery funding to build local capacity

alternatives and their cost-benefit and cost reasonableness), the authorities to authorize changes, and the documents to record changes.

Grantees should also build subrecipient capacity to evaluate and close their programs. Subrecipients should have the capacity and resources allocated to evaluate the program, document tools for future use, provide final reporting and closing documentation, maintain files adequately, and transfer knowledge. This will ensure that subrecipients are able to reuse the capacities that have been built for future disaster recovery programs.

Conclusion

In order to meet the objectives of CDBG programs, local communities must have the capacity necessary to implement disaster recovery and mitigation programs. The capacities needed to implement these programs will also assist in other areas of local government, creating more capable and resilient communities.

Done well, capacity building should not be an additional burden on grantees, but rather should be carefully integrated into the activities and requirements already implemented with the grant.

As a CDBG-MIT grantee, you have the perfect opportunity to integrate capacity building into your program. Capacity building processes—including the seven key action areas outlined here—will ensure the efficiency and effectiveness of not only your CDBG-MIT grant, but also other future and current CDBG-DR grants.

Want to integrate capacity building into your program, but not sure how? Contact us to start a conversation.
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