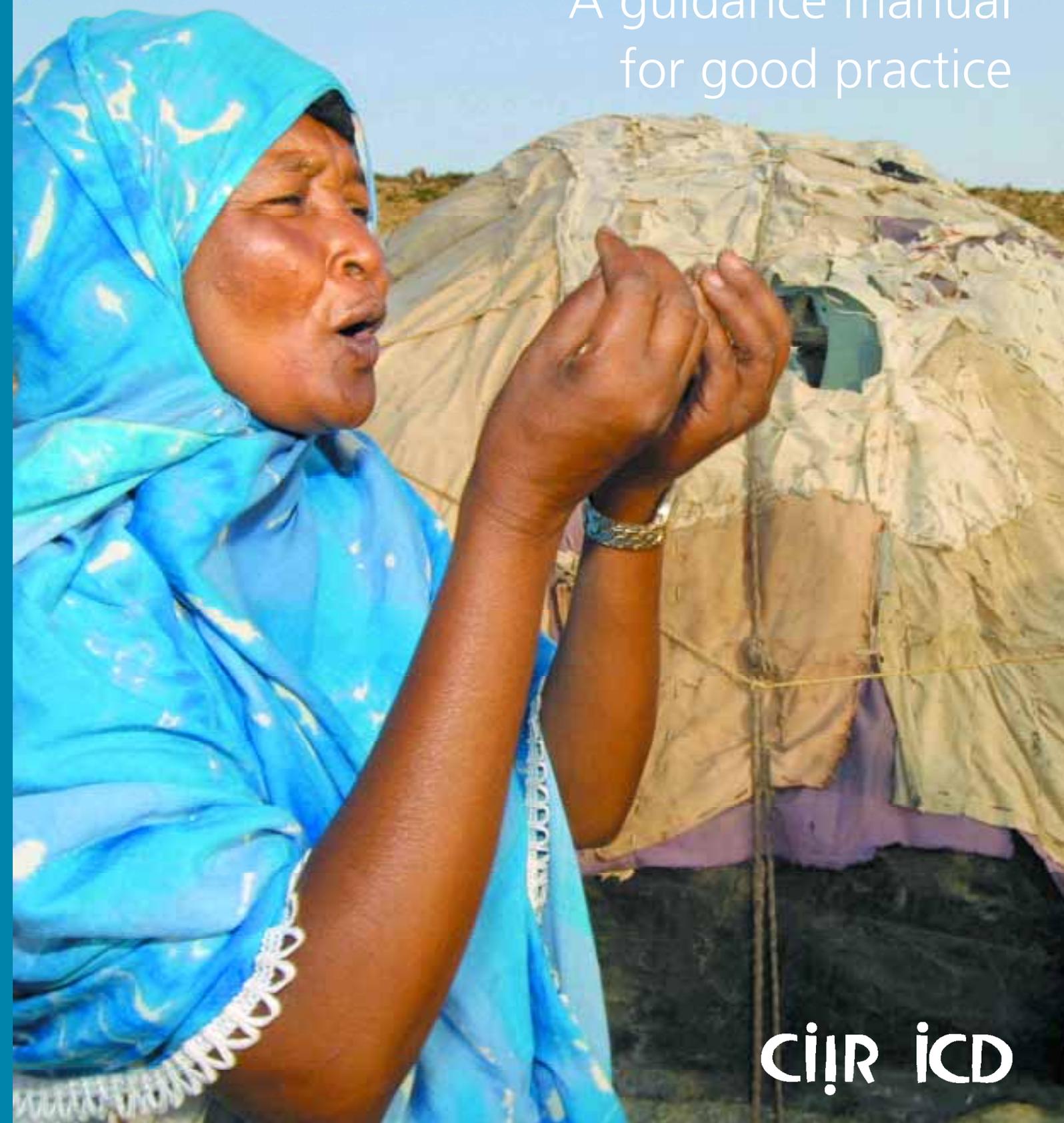


Capacity building for local NGOs

A guidance manual
for good practice



CIIR iCD



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returnee camp in Somaliland.

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About the author

The originating author of the material
in this manual is Lainie Thomas, who
developed and wrote the material
while working as a CIIR/iCD
development worker in Somaliland.
Further information about the work
that led to the publication of this
manual is given in the Introduction.



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Introduction

The project of preparing and publishing this guidance manual on capacity building for local NGOs (non-governmental organisations) has been a lengthy one involving many people along the way.

The concept for the manual arose from ground-breaking work in CIIR/ICD's Somaliland programme initiated in 2000. This work continues today through a long-standing programme of capacity-building support to the indigenous local NGO sector in Somaliland funded by Comic Relief. Through this publication, we hope that this guidance on capacity building will have a wider use and purpose and will prove of benefit to capacity-building activities with local organisations in many different parts of the world.

The original manuals (written by Lainie Thomas and now collected together into this publication) arose from an international NGO forum created in Somaliland in 1999, known as the Capacity Building Caucus (CBC).

In the early 1990s, as Somaliland emerged from civil war and conflict, indigenous non-governmental and community-based organisations mushroomed. International organisations began targeting reconstruction and development aid through local organisations and quickly came to realise the need for institutional strengthening and capacity building.

The CBC was formed to ensure learning from best practice, to coordinate capacity-building activities, and eventually to promote sustainability through a 'training of trainers' programme for Somali capacity-building officers. The manuals were developed in part as a curriculum for the training of trainers programme, and in part for use by individual local organisations to assist them in the ongoing process of developing their own capacity.

Writing about the CBC, Dr Adan Abokor, CIIR/ICD's country representative in Somaliland, says:

The CBC was started in a very informal way as an attempt to achieve improved coordination in the work of international NGOs providing the same kind of service to local NGOs. In the course of their collaboration, the members grew more and more conscious that coordination between international agencies in capacity building has to be structured and improved constantly.

The CBC remained an informal, specialised working group, able to feed information and outputs about capacity-building principles, tools and best practice to other coordination bodies and sectoral working groups in Somaliland. The CBC's work is based on voluntary coordination between the participants with no intention of imposing views or tools on anybody.

One of the most active participants and founding members of the CBC was CIIR/ICD's development worker Lainie Thomas. Lainie developed and wrote the original manuals on which this publication is based. Without her energy, vision and dynamism the training manuals would not have been produced.

Among others who have contributed advice, thinking, inputs to content, editorial work and sheer determination to see the manuals published are:

- Dr Adan Abokor
- Abdirahman Hudow Osman
- Caroline Roseveare
- Andrew Humphreys
- The CBC in Somaliland
- Anne-Marie Sharman
- Alastair Whitson
- Pippa Hoyland

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Chapter 1: The basics

1.1 OUTLINE OF CHAPTER

This chapter opens by outlining the aims of the manual and listing the elements of organisational success. It suggests which organisations may find the book particularly useful, bearing in mind the many different types of **'not for profit'** or non-governmental organisations (NGOs) that exist.

The chapter goes on to look at some different definitions of and approaches to development, emphasising the importance of **participation, empowerment and inclusion**.

A first step for any organisation to take, either when it is being formed or during periods of reflection on its purpose, focus and direction, is to define the broad **principles** it will adhere to in its daily practice and programme activities. Some guidance is provided to help organisations discuss and agree on these.

The principles an organisation adopts are reflected in the way it defines its mission. Hence another important preliminary step is to clarify the organisation's **mission**. It should be clear what the organisation has been formed to achieve, and how it will set about achieving it.

Establishing a clarity of purpose and focus that is shared by staff teams, partners and other stakeholders provides an important base from which to develop a **governing document** (see Chapter 2: Organisational governance) and a **strategic plan** (see Chapter 3: Strategic planning). A written **mission statement** is also a useful tool for an organisation to **publicise** itself (see Chapter 8: Publicity and fundraising).

This chapter concludes with a summary of some factors that influence an organisation's **success** and **sustainability**.

1.2 AIMS

What?

The primary aim of this manual is to help local non-governmental organisations (NGOs) achieve the greatest possible programme impact through the best organisational practice.

Local NGOs are created to bring about, or support processes to bring about, major positive change in the lives of the beneficiaries, clients or service users they have been formed to serve. In other words, these

organisations are a means to a broader end. At the core of their work, as the diagram below illustrates, are the programmes they deliver. If they are to achieve maximum positive impact through these programmes, organisations need to work as effectively as possible. However, the ingredients of organisational effectiveness are not easy to unravel: different authors have advocated different recipes for success in a wide array of books and articles.



The essential ingredients of organisational effectiveness as defined in this manual can be depicted as follows:

If an organisation is to be truly **accountable** it will need a strong system of internal organisational governance. This will assure its clients or beneficiaries that it exists to further their interests, and assure its members, staff and funding agencies that its resources are being put to the best possible use (see Chapter 2: Organisational governance).

Without a clear **focus** to its programme it is difficult, if not impossible, for an organisation to achieve significant impact because its energies and resources will be poorly channelled and dissipated (see Chapter 3: Strategic planning).

There are many ways in which an organisation can win or lose the **trust** of its beneficiaries, staff, funding agencies and the general public. One of the most important aspects of building trust is to establish systems to guarantee that financial resources are responsibly managed and efficiently used (see Chapter 4: Managing finances).

In an increasingly complex world, development issues are by no means simple to address, so those working to support communities and individuals who most need justice and redress must have **creativity**. A staff body that is well managed, highly motivated and working well as a team is much more likely to succeed than one characterised by insecurity, lack of support and opportunity, hierarchy and unclear lines of responsibility and reporting (see Chapter 5: Managing people).

To effect real change in people's lives, all NGOs develop and deliver programmes. These may use a number of different strategies, including advocacy, capacity building, physical projects (such as buildings or repair of rural roads, water pumps, etc), research and information, networking, and others. An NGO must manage the **delivery** of these different elements of support to beneficiaries efficiently and effectively – from planning through implementation to the review stage – if it is to achieve the intended positive impact (see Chapter 6: Managing projects).

The foundation of an efficient, effective and high impact organisation is its office administration. The **reliability** of these systems must be such that they are largely invisible. An untidy, chaotic office where important

documents cannot be located easily, where visitors feel unwelcome and telephone messages go unrecorded, gives a bad impression and undermines the efforts of the staff team (see Chapter 7: Office administration).

Last, but by no means least, it is difficult if not impossible to advance the interests of beneficiaries without carving out a public **profile** for the organisation and its programme. Without this it will remain unknown and isolated when it could be networking effectively with others and building a solid reputation for delivering high quality, high impact programmes. A solid reputation is also linked to an organisation's long term security: it is much easier for a reputable organisation to secure funding for its work (see Chapter 8: Publicity and fundraising).

Who?

This manual is designed to help organisations in the making, both new local NGOs and those that have been working for some time, by outlining some basic standards of **best practice**. Smaller community based organisations (CBOs) may also find some parts of it helpful. However, the primary target audience is NGOs working at national or regional (provincial) level in partnership with CBOs working at community level, or directly with communities.

The manual is designed to be accessible to NGOs regardless of the number of staff they employ or the size of their budget. Larger, more complex organisations employing experienced and technically skilled personnel may find that they already use many of the procedures and processes suggested. However, even these organisations may find some useful checklists to help them reach ever higher standards.

How?

The manual can be used as a step by step guide to developing an effective and well-managed organisation that makes best use of its people and financial resources to design, deliver and develop its programme. The chapters can be used individually for reference on the topics covered.

Each chapter contains examples of best practice as well as a number of exercises and prompts in the form of 'issues to consider'. These can be used in small internal discussions or larger workshops to help clarify thinking on key aspects of organisational development.

Certain **terms** are employed throughout the manual for the sake of consistency. For example, 'Executive Director' is used to describe the most senior post holder in an NGO, even though this person may be called a Manager, Managing Director or something else. Similarly, the term 'governing document' is used throughout, although some organisations call this document a constitution.

Non-governmental organisations (NGOs)

Defining a national or local NGO is neither as easy nor as straightforward as it might appear. In some cases these organisations are defined by **laws** governing their registration or through an **NGO policy** adopted by the government. But sometimes the way in which the government defines NGOs differs from the way in which the NGO community chooses to define itself.

A study of Namibian NGOs (Allison et al, 1996), for example, found that these organisations had reached consensus about how they wanted to be defined after much debate. Their definition was:

An NGO is any organisation that operates outside government, is not for profit, is voluntary, is non-ethnic, is non-religious, is non-union, is non-political and is not community-based.

Here the NGO community decided that it was important to draw a distinction between:

- NGOs established to operate at a national level within the country as a whole or in the different, vast regions (regional NGOs) comprising it; and
- CBOs that work in a single community and with whom national (or regional) NGOs enjoy close working relations.

The distinction between NGOs and CBOs is maintained in this manual.

Where there is no legislation covering national or local NGOs, it is imperative for these organisations to play an active role in shaping new or proposed legislation to reflect their particular historical evolution and context.

It is important to remember that NGOs are not a homogenous group of institutions. They differ from one another in many ways including those listed in the box below.

HOW NGOS DIFFER

- 1 The length of time an NGO has been in existence.
- 2 The main reason why an NGO was established: this might be to provide services or for some other purpose such as policy advocacy in human rights or training and capacity building for organisational development.
- 3 The impetus driving the organisation: for example, whether it is a membership based organisation; whether it was formed in response to community demand or to the availability of international funding.
- 4 How it generates its income: whether an NGO generates its own income (this includes those with programme activities linked to small-scale enterprise) or has the potential to do so, or whether it depends entirely on funding from external sources (such as international NGOs).
- 5 Adoption of one or more target groups as a focus (for example, to work with rural women, people with disabilities or pastoralists) or a broader spectrum of work not focused on a particular target group.
- 6 Adoption of a sector focus (for example, primary health care, adult literacy, rural water development) or a thematic focus (for example, the self-organisation of people to advance their rights to land).
- 7 Programmes may be targeted to a specific region or province, or be spread throughout a country.

1.3 DEVELOPMENT: DEFINITION AND APPROACH

Not only do NGOs differ from each another in many ways, but they often have very different definitions of development. This will have a significant influence on their programmes and the relationships they form with others, including their beneficiaries, clients or service users, government, and international funding agencies. It is helpful for organisations to reflect and agree on their approach to development. The exercise below is intended to encourage dialogue. It contains some examples taken from discussions with NGOs in Somaliland.

EXERCISE: DEFINING DEVELOPMENT

See if you agree with the definitions of development outlined below or have different ideas about what development is about.

Definition 1

Development is about people and the way they live, not about objects, things or services given to them. Development is a process in which a community of people strives to make it possible for all its members to satisfy their fundamental human needs and to enhance the quality of their lives.

Definition 2

Development is a process. Fundamental human needs include understanding, participation, creation, identity and freedom. These are things that cannot be satisfied by giving services or things. To be complete and sustainable, development must involve the beneficiaries and help them to develop skills to understand the real causes of their problems, take initiatives, be creative, and participate in and organise action. Development means reflection and action. Members of the community need to be taught about both.

Definition 3

Development is sustainable long term improvement and changes for people and their target community areas.

Definition 4

Development is people's rights to get justice and equal opportunity in all areas and levels of life.

Definition 5

Development is improving people's lives, interests, and whatever they share. That can be achieved by living peacefully, understanding each other, sharing information, and justice.

Definition 6

Development is elevating people's economic situation, knowledge and skills to meet their fundamental human needs and achieve self-reliance, understanding and sustainable changes in life.

Empowerment, participation and inclusion

For many NGOs the concepts or **principles** of empowerment, participation and inclusion are of central importance in the way they define and approach development. This is because they see disempowerment, marginalisation, discrimination, exclusion and voicelessness as major causes as well as results of poverty, conflict and suffering. Increasingly NGOs believe that unless people can influence decisions that directly affect their lives, they will remain excluded from mainstream development. They will be merely the passive recipients of aid and assistance from the government or other sources.

National or local NGOs that define development in this way see their role as being, first and foremost, to support increasing empowerment and the active participation of people in decision making. The Capacity Building Caucus (CBC) in Somaliland emphasises that NGOs have a duty to support communities in deepening their understanding of the root causes of suffering and identifying their own solutions to overcome them:

The role of a local NGO is not to do things itself, but to help the target community make changes for itself ... The CBC, as one of its principles, always recommends a participatory approach to capacity building. It recognises the importance of allowing the community to select its own priorities.

The way an organisation chooses to work is important. Its approaches are not neutral. How programme activities are designed and implemented will directly affect their impact on people's capacity to bring about real changes in their lives, and their ability to dictate for themselves the direction and pace of such change.

1.4 ORGANISATIONAL PRINCIPLES

The principles of an NGO are reflected in the ways it works internally as an organisation and externally in its relationships with communities, clients, service users or beneficiaries.

What is a principle?

A principle is a belief or rule about which people agree.

For example, the principle of **sustainability** is one that many NGOs believe is important for an organisation and its programmes. It means approaching development in ways that are lasting, rather than dependent on continual external assistance and intervention.

A principle is an idea or concept that people support.

For example, many people support the principles of **equality** and **non-discrimination**. An organisation with these principles would take steps to make sure that ethnic minorities, disabled people and women, among others, do not suffer discrimination. It would take concrete steps towards realising these principles through, for example, an **equal opportunities policy**. It might go a step further and actively encourage and celebrate difference and **diversity**, in both its staff team and its programme (see Chapter 5: Managing people).

A principle is something that guides everyday practice.

For example, many NGOs share the principles of **democracy** and **accountability**. This means that they give a high premium to consultative, transparent and participatory ways of working and decision making. However, internal organisational democracy, transparency and accountability are often difficult principles to practise and NGOs that advocate transparent democratic and accountable government are more likely to be heard if they are seen to practise these principles themselves. Some NGOs regard their accountability to staff, members and target groups as equally important to their accountability to international funding agencies.

Clarifying organisational principles

An organisation's members together with its staff, the governing body and other key stakeholders might want to share ideas about its principles so that they have a real stake in it and share a common understanding of its purpose and what it stands for. The CBC has developed a checklist of organisational principles.

CHECKLIST: ORGANISATIONAL PRINCIPLES	
Our organisational principles	How to implement the principle
<p>1. Use a participatory strategy</p> <p>A participatory strategy means involving the participants and the community in the organisation, starting from when it defines its objectives and ideas all the way through to programme implementation and evaluation.</p>	<ul style="list-style-type: none"> • Approve a governing document that will define roles and responsibilities. • Adopt a management style that supports people. • Plan the involvement of beneficiaries in measuring the NGO's effectiveness.
<p>2. Be transparent and accountable</p> <p>The organisation must be transparent to staff, members, communities and funding agencies, in both financial and programmatic senses.</p>	<ul style="list-style-type: none"> • Approve and implement financial and administrative policies and procedures. • Prepare quality financial reports for the governing body and other key stakeholders. • Conduct regular systems audits.
<p>3. Build partnerships and trust through:</p> <p>Cooperation. Work with and listen carefully to others.</p> <p>Impact. If an organisation supports a community in achieving real and positive change it will earn respect and reputation</p> <p>Participation. People respect and value what they are or have been involved in themselves.</p>	<ul style="list-style-type: none"> • Put the concept of partnership into the NGO's system so that people work together. • Collaborate with other key actors in social development. • Establish strong links with the community and plan how best to collaborate.

1.5 DEFINING THE ORGANISATION'S MISSION

An important step for any organisation is to make clear its key purpose and how it will achieve what it has set out to do. The process of doing this can offer a good opportunity to build consensus within the staff team as well as with partners, beneficiaries and other stakeholders. A written **mission statement** provides a brief summary of the decisions reached during what may have been a long process of consultation, dialogue and debate. It can be useful to share this document with others to publicise the organisation (see Chapter 8: Publicity and fundraising). Ideally, it should be no more than a one page summary.

What is a mission statement?

A mission statement summarises what the organisation is about. It defines its direction, and tells others how it hopes to achieve its ideals. The mission statement distinguishes an organisation from others by specifying what it aims to do and how.

A clear and well defined mission is important to focus the organisation. It also clarifies the organisation's style of working. An NGO that has a mission statement will have a better idea of why it exists, whom it wants to help, and how it will reach its goals. Such a statement is best developed when an organisation is founded. However, once an organisation has been operating for some time and has a clearer mandate, this may be an opportune moment to write it down. A mission statement has the characteristics outlined in the box below.

CHARACTERISTICS OF A MISSION STATEMENT

- It is the organisation's **self-concept**.
- It is a **broad-based**, strategic statement of the NGO's goals, attitudes, orientation, and outlook.
- It is **clearly defined** to serve as a focal point, to encourage others to identify with the organisation's purpose.
- It is **long range**; it looks into the future of the organisation.
- It is **brief** and to the point.
- It **distinguishes** the organisation from others and shows what makes it different.
- It **provides focus** for the organisation.

The organisation's members and its staff team can join together to share their ideas and to agree on the **common purpose** of the organisation and why it was formed. An organisation is formed for the good of its beneficiaries, so they should participate in the process of defining its mission, which will provide a summary of the NGO's **agreed mandate**. If only a few people take part, others may not have a sense of ownership.

Before developing a mission statement, it may help to read those of some other organisations to get a better idea of how they look. The next step is to identify what information the mission statement might provide about the organisation by discussing the questions outlined below.

EXERCISE: INFORMATION FOR A MISSION STATEMENT

- **Founding date.** On what date was the organisation formed?
- **Purpose.** What is the main reason the organisation was formed? What change does it intend to help bring about?
- **Focus.** What type of focus does the organisation have in terms of its target groups, sectors, themes, strategies?
- **Geographical area of work.** Where does the organisation work?
- **Beneficiaries.** Who does the organisation support (eg refugees, women, street children, poor women and men, pastoralists, landless rural residents, etc)?
- **Organisational values.** What does the organisation stand for?
- **Type of organisation.** What type of organisation is it (eg non-governmental, voluntary organisation, independent charity, women's organisation, non-profit, non-political, etc)?
- **Religious affiliation.** Does the organisation have any ties to a religious body? If not, the mission statement may state that it is non-sectarian (non-religious).
- **Methodology.** What is distinctive about the organisation's style of working (eg participatory, inclusive, empowering)?

It can be helpful to work in a large group or smaller subgroups to decide what defines the organisation and what makes it different. This will help to determine what information to include in the statement. The following exercise provides some guidance on how to work together to define a mission statement.

EXERCISE: DEFINING A MISSION STATEMENT

- 1 Once the types of information to be included in the mission statement have been agreed, write a list on a flipchart.
- 2 Discuss what information to include under each heading. Some items are easy, such as the founding date; but others, such as organisational values, are more complex and may need more discussion.
- 3 Discuss all the information to include until consensus is reached.
- 4 Finally, summarise the information into a single statement.
- 5 Once a draft mission statement has been developed, share it with and invite feedback from members, staff and other important stakeholders who did not participate in drawing it up.
- 6 Once the mission statement has been agreed and put in writing, the governing body should approve it.
- 7 After it is approved, discuss whether to display the mission statement in the office or include it on the office letterhead. Think about what languages it should appear in.

Here is an example of a mission statement developed using these guidelines:

The Association of Pastoral Farmers is a membership based non-governmental and non-sectarian organisation. It was established on 28 July 2001 with the purpose of obtaining grazing rights for small pastoral farmers. Working in partnership with representative CBOs, it will provide capacity building for advocacy through small grants for organisational development and training. The target group is female-headed households living in the poorest regions of X and Y.

If the organisation wanted to put the mission statement on its printed stationery, then it would need to develop a **strap line** that is even more succinct. This might read as follows:

The association works in partnership with representative organisations to promote the grazing rights of impoverished women pastoral farmers by building their capacity for advocacy.

1.6 CONCLUSION: ORGANISATIONAL SUCCESS AND SUSTAINABILITY

Organisational sustainability is essential for an NGO to be effective. This concept can be defined in different ways, but it boils down to certain key factors that lead to success. Not all NGOs are created to last for decades. Some may be set up for a timebound purpose.

For example, an NGO established to organise women's groups to participate effectively in a world conference on women's rights might transform itself or close down after the conference. Nevertheless during its existence the organisation would strive to be sustainable. In other words sustainability does not necessarily imply longevity but it does mean effectiveness.

Some of the factors which national NGOs in Namibia, for example, regarded as most essential for success are summarised in the box below. In other settings different factors might be identified.

SUCCESS FACTORS FOR NGOS

- Organisational vision, which includes the positioning of an organisation within the external environment and its flexibility to adapt to changes in this environment.
- Individual staff capacities, skills and aptitude, and their collective synergy.
- Organisational capacity to attract and retain a staff body and individual staff of the calibre or potential calibre necessary for running programmes effectively.
- Organisational capacity to be accountable to funders, governing bodies or boards, staff and target groups.

In the box below are some examples of what Namibian NGOs believe are the major factors that determine their effectiveness. It may be helpful to look at these factors, pick out those most relevant to the local context and add new ones to the list.

ORGANISATIONAL EFFECTIVENESS

- Organisational ability to remain detached from party politics.
- Able and committed leadership with solid skills derived either from grassroots experience and connections, or from formal educational qualifications.
- Participatory and democratic involvement of grassroots membership and NGO staff in matters pertaining to organisational and programme development (including staff selection).
- Transparent and accountable (to grassroots membership and staff) management.
- Secure donor funding from known organisations with which partnerships have been developed.
- Donors who are committed to capacity building, skills development and conflict resolution.
- Donors who refrain from becoming enmeshed in internal organisational politics, and who are able to adopt non-interventionist methods.
- Donors who are able to gauge the NGO's capacity to absorb and manage resources and who tailor financial and other support to meet this.
- Sound organisational control mechanisms deriving from democratic participation and/or measurable control systems.
- Development of forward-thinking management and leadership strategies, and reduced reliance on organisational crisis management.
- Investment in human capital without prejudice to individual personalities, and with carefully selected training interventions.

Chapter 2: Organisational governance

2.1 OUTLINE OF CHAPTER

It is only through a system of strong organisational governance that beneficiaries can be assured that an organisation established on their behalf is indeed serving their best interests.

This chapter provides guidance on the role of a governing body and its trustees in the effective administration and management of an NGO. **Leadership, accountability** and **transparency** are essential ingredients of organisational success.

Specific guidance is provided on how to write a **governing document**, detailing the standard provisions that it should contain. These include:

- the aims of an organisation
- the powers of the governing body trustees as custodians of the organisation acting on behalf of its beneficiaries or service users
- meetings and administrative procedures
- provisions for membership and meetings
- financial accounts.

More guidance is also provided about **trustees**: how to select individuals who can contribute the appropriate skills and experience to the work of the organisation; how to ensure that they perform their roles responsibly; and what to do when individual trustees leave the governing body.

The second part of the chapter looks at how to establish a robust **governing body** by suggesting some possible **terms of reference** to guide its work and that of the trustees.

Because the development of **organisational policy** and the scrutiny of its implementation are key functions of the governing body, some guidelines on this are also provided.

The chapter concludes with a summary of factors influencing the success of a governing body, and hence good organisational governance.

2.2 LEADERSHIP

There are different levels of leadership responsibility within an NGO. Typically, the governing document will outline the responsibilities of the governing body as well as the rights and obligations of trustees and members. These can be further specified in terms of reference for the trustees. In addition, the job descriptions of individual staff members, including the Executive Director, will outline leadership roles in the staff team (See Chapter 5: Managing people).

Every organisation has a range of different leadership needs. The duties of leaders break down into four categories outlined in the box below.

GOVERNING BODY LEADERSHIP DUTIES

1. Planning

- Policy development and oversight for the implementation of policies and procedures.
- Planning the organisation's future (long and short term).
- Deciding which services or programmes the organisation provides.
- Evaluating or scrutinising the organisation's programmes and operations on a regular basis.

2. Administration

- Providing the governing body members with opportunities to grow as leaders.
- Selecting the Executive Director and evaluating his or her performance.

3. Finance

- Ensuring financial accountability.
- Overseeing, reviewing and approving the organisation's budget.
- Raising funds and ensuring that adequate funds are raised to support the organisation's work.
- Monitoring expenditure against budget.
- Safeguarding the assets of the organisation.

4. Community relations

- Ensuring that programmes and services appropriately address community or client needs.
- Marketing the organisation's services and programmes.
- Continuing public relations, which includes an awareness that governing body members are agents or messengers of the organisation in the community.
- Representing the community and its interests.

2.3 THE GOVERNING BODY

There are different types of governing body with different names (for example, executive committee, board of governors, board of directors, trustee body, leadership body) but their purpose is always the same:

to ensure that the organisation serves the interests of its beneficiaries, clients or service users as well as it can.

It is important to think carefully about the role of a governing body in setting the overall direction of the organisation – ensuring that it benefits those whom it seeks to serve, and that it is accountable to these people as the custodian of their interests. Think carefully, therefore, about what purposes the governing body will serve. An example is provided in the box below.

EXAMPLE: ROLE OF THE GOVERNING BODY

- To ensure the organisation's **success** by providing clear strategic direction and sound management.
- To provide active **leadership** of the organisation within a framework of effective checks and balances.
- To set the organisation's **strategic aims** and ensure that the necessary financial and human resources are in place for the organisation to meet them.
- To ensure that the **interests of beneficiaries** are always at the centre of the organisation's thinking and work.
- To safeguard the organisation's (financial and human) **resources**.

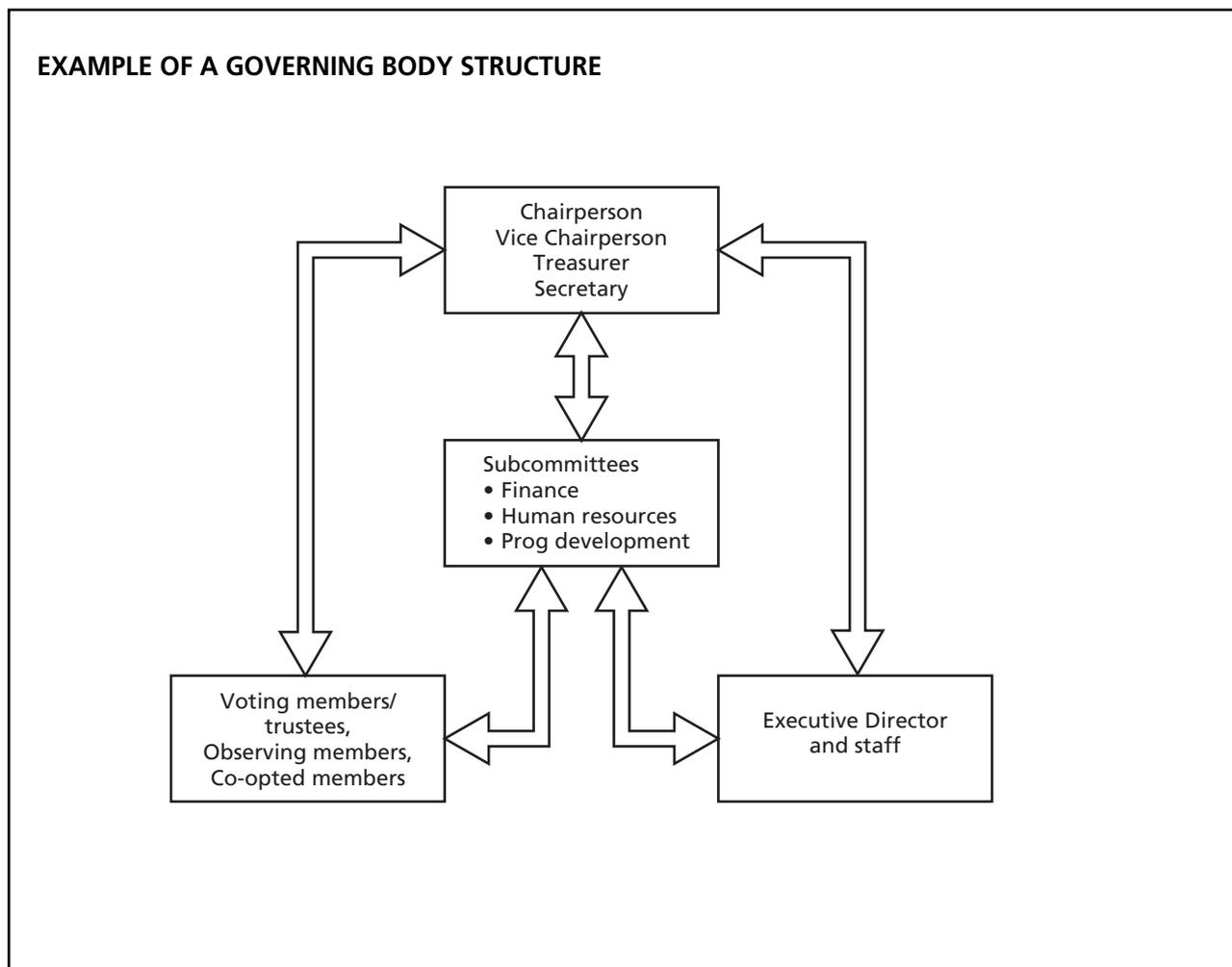
Not for profit, charitable or non-governmental organisations can be run in many different ways as specified in the governing document. The trustees are responsible under these rules for controlling the management and administration of the organisation, whether they are called members of an executive or management committee, non-executive directors, trustees or governors. Here the term **trustee** is used.

Anyone responsible for the overall management and administration of the organisation is a trustee.

A governing body is made up of **trustees** (the number will be specified in the governing document). It may also comprise some **non-voting members** who represent particular stakeholder groups. Normally the **Executive Director** will sit on the governing body but he or she will not be a trustee and will therefore not have voting rights. The Executive Director is selected and appointed by the governing body and is directly accountable to it, usually through the Chair, who is responsible for managing the Executive Director's performance.

Membership organisations may also choose to specify in their governing document that a certain number of members will be represented on the governing body, either as trustees with voting rights or as non-voting members.

Below is an example of a governing body structure.



2.4 A GOVERNING DOCUMENT

A governing document outlines the purposes of an organisation and how it will be run. It may also be a trust deed, constitution, memorandum and articles of association, or another formal, legal document.

A governing document is important as an instruction manual for the trustees and other members of the governing body. Depending on how it is written and on local legislation concerning 'not for profit' or non-governmental organisations, it may also be a document which carries legally binding obligations.

It is best to develop a governing document when in the process of establishing an organisation, even if this is not required by law or for the purposes of registration. However, such a document can also be written later.

Because the governing document outlines the **principles** by which the organisation is governed and managed, it is important that its provisions are discussed with **key stakeholders** (see Chapter 3: Strategic planning: stakeholder analysis).

How to write a governing document

As with any key policy document forward planning will make the task of developing a governing document much easier. The exercise below follows the steps in this process.

EXERCISE: DEVELOPING A GOVERNING DOCUMENT

- STEP 1** Identify the main headings to include in the document.
- STEP 2** Use these headings for an outline of the document, and consider which stakeholders to consult about different provisions.
- STEP 3** Arrange the consultations with the various stakeholders. Make sure that someone is nominated to take notes of key points raised. Highlight those aspects that may be included in the draft document.
- STEP 4** If specific points are unclear or ambiguous, then a legal adviser may be able to provide specialist advice.
- STEP 5** Once the document has been drafted, key stakeholders may be consulted again, perhaps through a workshop. Make sure that the draft document is circulated in advance with explanatory notes, and that someone is selected to present and explain its contents at the workshop.
- STEP 6** After the workshop, incorporate any agreed modifications or additions and ask a legal adviser to take a final look at the document to make sure that it complies with any relevant local legislation.
- STEP 7** Once the document has been finalised, it must be approved by the governing body. If the document is written before a governing body has been created, an important item on the agenda of the body's first meeting will be approval of the governing document.
- STEP 8** Make sure that all trustees have a copy of the governing document and that they understand its contents. This is usually the task of the Chair.

For a sample governing document see Appendix 1 of this chapter.

The importance of standard provisions

A number of standard provisions should be included in a governing document. The checklist below includes those which reflect good practice and will help trustees avoid some of the common pitfalls in the management of an NGO. The provisions in the list are explained in the following pages.

CHECKLIST: STANDARD PROVISIONS

- 1 Name of the organisation and power to amend the name.
- 2 Aims which clearly set out what the organisation was set up to do (including details of beneficiaries).
- 3 Powers clearly separated from the aims.
- 4 Provisions which describe how the trustee body is set up (including how trustees are appointed and the length of time they serve).
- 5 Provisions which deal with trustee meetings and proceedings at those meetings, including voting and a quorum.
- 6 Provisions for a membership (if appropriate), including how someone becomes a member, and voting rights.
- 7 Provisions for members' meetings and proceedings, if appropriate (eg annual general meetings, special general meetings).
- 8 Provisions for keeping the organisation's accounts and the control of its bank account.
- 9 Provisions that trustees should not have a personal interest.
- 10 A provision for amending the governing document.
- 11 A provision for dissolving the organisation.

Provision 1. It is important to consider the **name of the organisation** carefully because it may not be easy to change it once it is incorporated into the governing document.

Provision 2. The **aims** set out what an organisation is set up to do. They should therefore be described clearly, using words with a commonly accepted meaning. An organisation may have more than one aim. It is important to remember that:

- the aims should reflect what the organisation intends to do; and
- the aims should be easy to understand.

Below are some points to consider when framing the organisation's aims.

AIMS: SOME POINTS TO CONSIDER

- If the organisation has been established to benefit a particular group of beneficiaries (target group) rather than the community as a whole, this should be clearly spelt out in the aims. Similarly if the organisation is *not* going to benefit specific individuals or groups, this should be clear.
- If the benefits of the organisation are to be confined to a particular geographical area, that area should be specified.
- It is important to include a power to amend the aims.

Taking the example used in Chapter 1, of the Association of Pastoral Farmers, the objects might read as follows:

- To promote the grazing rights of pastoral farmers with particular emphasis on impoverished female-headed households living in X & Y regions.
- To work in partnership with representative organisations of pastoral farmers to deliver capacity building and other community development programmes.

Provision 3. Powers are usually set out in a separate clause immediately following the aims. The trustees of most organisations will need some powers which they can use to help them carry out the aims. Consider carefully what powers the trustees might reasonably be expected to need and include them. This might avoid having to amend the document later.

EXAMPLE: POWERS OF TRUSTEES

The trustees have the following powers, which may be exercised only in promoting the aims:

- to provide advice
- to cooperate with other bodies
- to establish a membership structure
- to raise funds
- to make grants
- to deposit or invest funds in any lawful manner
- to insure the property of the organisation against risk and take out other insurance policies to protect it
- to enter into contracts to provide services to or on behalf of other bodies
- to do anything else within the law that promotes, or helps to promote, the aims.

Provision 4. Trustees are the people responsible for the general management and administration of the organisation. The governing document should spell out clearly:

- how many trustees there will be
- how they will be appointed
- how long they will serve.

The governing document normally either appoints, or provides for the appointment of, the first trustees of the organisation. These individuals are thus named in the document as the 'first trustees'.

The following box illustrates some of the key decisions that an organisation will need to make regarding its trustees.

DECISIONS TO TAKE: TRUSTEES

Number of trustees. The organisation can decide what number of trustees will best meet its needs, bearing in mind that too many will make meetings unwieldy and decision making difficult, but having too few will place an unfair burden of work on a few individuals.

Length of office. It is advisable for the governing document to state how many years the trustees will hold office. Appointments are normally specified as being anything from one to five years.

Eligibility. The organisation's clients, beneficiaries or service users and members may also be trustees, provided that there are adequate provisions for dealing with any conflict of interest that may arise.

Re-appointment. Trustees are usually re-appointed only if those with the power to appoint them are satisfied that they are still those best-equipped to take the organisation forward. A provision which allows a competent trustee to be re-appointed can be useful for retaining valuable experience and providing continuity.

Most organisations appoint at least three trustees, and most have between three and nine. Some organisations (umbrella NGOs or network NGOs) have more than nine trustees, so that all the member organisations have the opportunity to appoint a **representative**. For the sake of continuity, it is a good idea for the governing document to state that individual trustees will hold office for different periods of time.

For example:

Trustee 1 holds office from April 2000 to March 2003.

Trustee 2 holds office from August 2000 to July 2003.

Trustee 3 holds office from November 2000 to October 2003.

Staggering the terms of office avoids a situation in which all trustee appointments end at the same time. This process may occur naturally as trustees resign or retire from office and new ones are appointed to the governing body.

When an individual is nominated by an external organisation to be a trustee, this gives a voice in running the organisation to a member of a group which has an interest in the organisation's work. This could be a beneficiary, a client, a service user, or the representative of a funding body. These nominated individuals can be a valuable asset to an organisation because they bring external perspectives which prevent the trustee body from becoming too inward-looking.

There is no difference in duties and responsibilities between a trustee selected by other trustees or elected by the members of the organisation and a trustee nominated by an external organisation. However, nominated trustees should be aware that having two roles may bring conflicting demands, especially if they are also members of the external organisation that nominated them. Where a potential conflict of interest for a trustee arises on a particular issue that the governing body is considering, she should not take part in the discussions or vote on that issue.

The governing document must also explain the specific circumstances in which a trusteeship will end. It may contain provisions stating the circumstances in which trustees can be **removed** from office, as outlined in the box below.

PROVISIONS FOR TERMINATION OF TRUSTEESHIP

The governing document may specify that the trustees can remove a trustee who consistently fails to attend meetings, or fails to attend three consecutive meetings. It might also specify that a trustee may be removed if:

- The organisation has conducted an inquiry and is satisfied that there has been misconduct or mismanagement; or
- In broad terms, the individual has failed to protect the organisation's resources or to ensure that its resources are properly used.

It is a good idea to set a limit to the **term of trusteeship** and state this clearly in the governing document (together with a re-election procedure).

A trustee may resign at any time although she should give sufficient notice to the remaining trustees. It is important that an organisation maintains a balance between experienced and new recruits. It is wise to consider devising a rota of resignations and successions to allow for experience to accumulate and to prevent a vacuum from developing. A fixed term of office of, for example, three years, can be included as a provision in the governing document.

Provision 5. Meetings and administrative provisions. Unless the governing document outlines a basic administrative framework, the trustees will find it difficult to run the organisation efficiently. Consider the list of provisions contained in the box below and add others as necessary.

PROVISIONS FOR MEETINGS AND ADMINISTRATIVE PROCEDURES

1. MEETINGS

- What is the minimum number of meetings that the trustees should have each year in addition to an annual general meeting (AGM)?
- How will meetings of the trustees be arranged?
- How will emergency or special meetings be called to discuss a particular issue?

2. THE CHAIR

- How will the Chair be appointed?
- Will the Chair have the right to a second or casting vote when the numbers of trustees voting for and against a resolution are equal?

3. A QUORUM

- What number of trustees must be present if a meeting is to be valid (that is, what is the minimum number of trustees needed for a quorum)?

If there are three, four or five trustees, then the quorum might be two, but if there are six or more trustees, the **quorum** stated could be, for example 'three, or one-third of all the current trustees, whichever is more'.

The number required for a quorum should not be set too high as this can lead to difficulties when an insufficient number of people can attend meetings.

Provision 6. Membership. For membership organisations the governing document should set out who is eligible to be a member.

For example, membership may be defined in terms of individuals or organisations only, or both **individuals** and **organisations**.

The following box lists some key considerations for membership provisions.

MEMBERSHIP PROVISIONS

- **Membership fees**
Is a subscription or membership fee payable? How often will fees become due (for example, annually or upon becoming a member, etc)?
- **Eligibility**
How will individuals or organisations apply for membership? What criteria will be used for accepting or rejecting applications?
- **Voting rights**
Will members have any voting rights on the governing body?
- **Termination of membership**
How may membership be terminated?

It is good practice to **terminate** the membership of an individual or organisation only:

- if good and sufficient reason exists and is explained to the individual concerned; and
- if the individual or organisation concerned has exercised the right to be heard before a final decision is made.

It is important that members understand that they must exercise their membership rights only in the interests of the organisation, and not for any personal gain.

Provision 7. Members' meetings. If a governing document provides for a membership, it is also advisable to provide for general and special meetings of that membership in addition to the regular meetings of the trustees and the AGM. Some questions to consider are presented in the box below.

PROVISIONS FOR MEMBERS' MEETINGS

- 1 What type and period of notice will be given before the meeting?
The notice will normally specify the time, place and general nature of the business of the meeting.
- 2 How will minute taking and voting be organised? *There may be a Secretary for the governing body or this task may be rotated between its members.*

A suggested format for the minutes of governing body committee meetings is given in Appendix 2 of this chapter.

Provision 8. Financial accounts and bank accounts. The governing document should provide for one or more bank accounts to be set up, and make adequate provision for the control of these accounts, including authority for signing cheques. Make sure that the provisions contained in the governing document match those in the financial procedures policy document (see Chapter 4: Managing finances).

Provision 9. Personal interest. The governing document should include provisions for dealing with any conflict of interest that may arise. Trustees should not be able to use their position in the organisation to promote their own personal financial gain, or other personal and direct benefit. For example, there should be a provision requiring trustees to declare their business interests and for these to be recorded.

Provision 10. Amendments. The governing document should set out a procedure by which it may be amended. There are likely to be occasions when this is required to meet changing organisational needs and imperatives.

Provision 11. Power of dissolution. There may come a time when, for whatever reasons, an organisation cannot continue to operate. Therefore the governing document should specify:

- how the organisation may be dissolved
- what will happen to any remaining assets after all debts and liabilities have been settled.

2.5 THE ROLE OF TRUSTEES

Trustees play a very important role in organisational governance. The next part of this chapter looks at issues concerning trustees that may arise when an NGO is establishing its governing body.

Selecting trustees

Trustees need to be carefully selected and trained to ensure that they contribute their best to the efficient management of the organisation. The box below suggests some guidelines for selecting trustees.

GUIDELINES FOR THE SELECTION OF TRUSTEES

- Trustees must be selected for what they can contribute to the organisation and the delivery of its objects and mission. They should NOT be appointed solely for their status or position in the community.
- Trustees must be able – and willing – to give time to the efficient running of the organisation and the fulfilment of its objects and mission.
- Trustees should be selected on the basis of their relevant experience and skills and must be prepared to play an active role in running the organisation.
- Trustees can be beneficiaries, clients or users provided that arrangements are made to avoid conflicts of interest, such as a trustee voting for something from which he or she might gain personal and direct benefit.

Trustee skills

Prospective trustees should be selected for their ability to make an effective contribution with their skills and experience. The following exercise is suggested to help the organisation think about what types of trustee it needs.

EXERCISE: SELECTING TRUSTEES**STEP 1: ASSESS EXISTING TRUSTEE SKILLS**

- List the current skills and experience that are represented on the existing governing body. Include skills such as fundraising, book-keeping, or management skills.
- An individual's experience of working for another organisation is valuable. So too is the experience of someone who has been in the same position as the beneficiaries, clients or service users of the organisation OR who is a client or user and thus fully understands the needs of this group.

STEP 2: IDENTIFY GAPS IN SKILLS AND EXPERIENCE

- Assess what skills are lacking on the governing body. Draw up a list of the gaps.
- Make a list of the skills sought in a new trustee. Some of these skills may be **essential** whereas others may be **desirable**.
- Some organisations draw up a job description for prospective trustees just as they do when employing new staff.

STEP 3: LOOK FOR BALANCE AND DIVERSITY

- Consider the current balance of the governing body.
- It can be very useful to have a group of individuals who are diverse in terms of age, sex, race or ethnicity, background and skills.
- If the organisation has an equal opportunities policy or a diversity policy, it should apply to the trustees as well as to staff.

The procedures for selecting and recruiting trustees should mirror, to the extent possible, those applied in the selection and recruitment of the NGO's staff (see Chapter 5: Managing people).

Finding new trustees

Once the skills, competence and experience the organisation needs in its trustees have been agreed, it is a good idea to draw up a list of recruitment sources which may include those outlined in the box below.

RECRUITMENT SOURCES: TRUSTEES

Good recruitment sources might include:

- government
- traditional elders
- religious leaders
- university professors
- international funding agencies.

You could also:

- advertise for trustees in the press
- hold an open day to show potential trustees what the organisation is about.

It is highly recommended that the organisation approaches other NGOs or international organisations, academic institutions and schools or reputable local businesses to ask whether they know of individuals who might be willing and able to act as trustees. Press advertisements can also be an effective way of reaching a wider group of people as the advertisement can specify the particular skills needed. However, advertising is costly.

Since the role of trustee is normally voluntary and unpaid (bar travel expenses), it is important to find individuals who are not only suitably qualified and experienced, but also committed to the mission and goals of the organisation. In the box below are some factors to consider when selecting trustees.

FACTORS TO CONSIDER: SELECTING TRUSTEES

- It is important to make potential trustees aware of the seriousness of their **duties and responsibilities**, but without discouraging them.
- The **commitment** required of a trustee needs to be clear, including the average amount of **time** that trustees are expected to devote to the organisation each week or month.
- When a number of possible recruits have been identified, it is important to consider whether their skills match the **requirements of the organisation**. The person or persons concerned will also need to judge whether the organisation is a suitable one for them.
- The original **specification** of the skill requirements for new trustees can be useful when making selection decisions.
- Make sure that the potential new trustee does not have any personal or business interests that might **conflict** with the **organisation's interests**.

After a new trustee has been selected, he or she must be **formally appointed** by the governing body. It is usual for this to take place at the Annual General Meeting or assembly. At this event people will be asked to propose and second the appointment of the selected or nominated trustees.

New trustees should sign the **minute book** of the governing body to show that they accept their appointment and are aware of their duties. This book records the date and time of all meetings and the signatures of those attending the meeting.

Induction for a new trustee

Existing trustees, particularly the Chair, should ensure that new trustees have a clear understanding of the work of the organisation and what will be expected of them. It is helpful to arrange an induction, as outlined below.

TRUSTEE INDUCTION

- 1 Provide the new trustee with a copy of:
 - the organisation's governing document
 - the latest annual report and accounts
 - the strategic plan and accompanying documents, such as the budget
 - other key organisational policy documents.
- 2 Give the new trustee details of resources and assets that belong to the organisation.
- 3 Introduce the new trustee to existing trustees to ask questions about the organisation's activities and funding.
- 4 Introduce the trustee to the Executive Director, who should be asked to arrange a tour of the office to meet staff.
- 5 With time the new trustee might also be encouraged to visit some of the organisation's clients, beneficiary or target groups and different locations where the organisation has programmes and partners.

Retirement of trustees

There are a number of circumstances in which a trustee may retire from an organisation's governing body. The box below suggests how to avoid adverse effects on the governing body's work when this happens.

GOOD PRACTICE: RETIREMENT OF TRUSTEES

- 1 The trustee should write to the Chair (unless specified otherwise in the governing document) giving notice.
- 2 It is good practice to give fellow trustees adequate notice so that they can find a replacement.
- 3 A trustee may be able to retire without a replacement being appointed, but this will depend on the provisions in the governing document. A basic rule is that a trustee may not resign unless at least two trustees remain on the governing body. Allowing a trustee to retire or resign without a replacement is not ideal. It is important for every organisation to be equipped with an efficient and effective trustee body.

2.6 TERMS OF REFERENCE

In addition to a more formal governing document, terms of reference can provide a useful guide for trustees about the way in which the governing body works. The box below gives an example.

EXAMPLE: TERMS OF REFERENCE

ISSUE

SUGGESTION

Time commitment required of governing body trustees

- Attendance at governing body committee meetings is essential to ensure a quorum.
- In addition trustees are expected to:
 - participate in at least one of the subcommittees (see below)
 - ensure up to date knowledge of all aspects of the organisation's programme.

Terms of **election and re-election** of trustees for the governing body

- Trustees are elected at the AGM for a term of three years but re-election for a further term is an advantage for reasons of continuity.
- Trustees can serve for a maximum of two terms, of up to six years.

Governing body **membership**

- Membership of the governing body consists of
 - elected voting representatives and
 - observers (non voting members) representing other organisations and institutions.

Frequency of governing body meetings

- The governing body will meet up to six times each year.
- Meetings will take place at the organisation's office premises.
- Times will be arranged to suit members as far as possible.
- Dates of meetings are set on a rolling basis up to two years in advance for planning purposes.

In addition to the main governing body committee meetings which are convened at set dates in the year (for example, every three months), some organisations create **subcommittees** that meet more frequently (for example, every six weeks) to help with specific aspects of their overall management and administration.

For example, a human resources subcommittee might be created to consider issues about the implementation of the human resource management policy, including those relating to staff and performance management (see Chapter 5). A finance subcommittee can help ensure that the organisation's finances are well managed, according to the terms laid out in a financial procedures policy document (see Chapter 4). A programme development subcommittee can provide guidance and advice for strategic planning and impact assessment.

Membership of such subcommittees is usually informal and includes trustees, non-voting members of the governing body, and members of the organisation's staff. It is important to ensure that the subcommittees draw in individuals with the skills and experience most relevant to the subject area.

For example, the Treasurer might be a member of the finance subcommittee together with the Executive Director and other trustees. The Chair might participate in the work of the programme development subcommittee, together with a delegated Programme Officer and others.

Details of subcommittees may also be contained in the terms of reference. See Appendix 3 for an example.

It can also be helpful, especially for new trustees, if the organisation details their main responsibilities in the terms of reference, as set out in the example below.

EXAMPLE: RESPONSIBILITIES OF TRUSTEES

Trustees have the responsibility to:

- Read the governing document and be aware of what it says about the objects of the organisation and how its work should be conducted.
- Find out what the organisation does and how it is funded, and be aware of the current state of its finances by reading the latest annual report and accounts, and financial reports submitted to the governing body.

Together, the trustees are responsible for ensuring that:

- The income (including special grants) of the organisation is spent only on work which is appropriate to realisation of the aims as stated in the governing document.
- The organisation is not prone to any financial risk.

The governing body employs an Executive Director to manage the organisation, its staff and finances within a policy framework it sets at committee meetings. The trustees should keep up to date with any decisions made on their behalf by reading the Executive Director's reports and all documents submitted to it.

Given the significance of trustees' responsibility to ensure that the organisation is not prone to financial risk, it is advisable to spell it out further as in the following example.

EXAMPLE: FINANCIAL RISK**It is the responsibility of the trustees to:**

- Make sure that the organisation is properly insured.
- Formally agree (at a governing body committee meeting) any contracts or commitments which have financial implications.
- Refrain from entering into any contracts (including staff contracts) unless they know that adequate funds are available to cover the costs.
- Anticipate possible future financial commitments (eg by setting money aside in case of staff redundancy payments).

2.7 MEETINGS

Different meetings have different purposes and are convened for different groups of people. A **General Assembly** or **Annual General Meeting** (AGM) is a meeting for all the members of an organisation, usually for the following purposes:

- The governing body usually reports on the year's activities at this meeting.
- Elections are held to elect new trustees at intervals specified in the governing document.

A governing body **committee meeting** is only for the trustees and observer or non-voting members of the body.

Any meeting must be well organised if it is to yield positive outcomes. Some guidelines are given below.

GUIDELINES FOR MEETINGS**RULE APPLIES TO:**

Governing body meetings

All meetings

POINTS TO REMEMBER

- Be sure to have a **quorum** present.
- Establish how many people are required to **vote**.
- Always take **minutes** of meetings. Copies of the minutes should be typed up and distributed to those present and those who have sent apologies. A copy should also be kept on file.
- At the start of a meeting, begin by **reviewing** the minutes of the previous meeting and checking to see if any actions have been completed.
- Always have an **agenda** for the meeting.
- Always give those who wish to speak the opportunity to do so, and listen respectfully to their opinions.
- Make decisions based on what is best for the organisation and its target group, not because of opinions, fear, anger or favouritism.
- After a decision is taken, always decide **who** will take the action, and **when** it should be completed by. Make sure that all members understand the decision.

2.8 ORGANISATIONAL POLICY DEVELOPMENT

One of the governing body's most important roles is to support the development of the organisation's policies and, once these have been developed, to monitor their effective implementation. Its support and guidance can be given through a structure of subcommittees or through the routine committee meetings. However, as policy development can be a time consuming business it is probably best achieved in smaller and more focused meetings. The governing body must in any case formally approve any policies that the organisation develops.

It is advisable to keep the number of policy and procedural documents to an absolute minimum to avoid unnecessary bureaucracy. It is also important to ensure that the policies are ready to hand. Policy documents that live in filing cabinets serve little practical purpose other than assuring trustees and staff of their existence. Working policy documents, on the other hand, will be referred to frequently until their contents have been fully internalised by those responsible for overseeing their implementation.

This guidance manual recommends the development of two main organisational policy documents:

- a financial procedures policy document (Chapter 4)
- a human resource management policy document (Chapter 5)

Each of these may include a large number of headings and subheadings. The specific policy guidance contained under these can always be drawn out and photocopied separately as necessary. It is helpful to have well indexed policy documents, as this makes it much easier to find the relevant section.

In addition to their roles in helping to develop organisational policy, the trustees and governing body are responsible for ensuring that the policies are effectively and fully implemented and where they are not, to take the appropriate remedial action. See Appendix 4 for questions the governing body might consider when scrutinising organisational policies.

For example, in rare cases it may be necessary for the governing body to reprimand the Executive Director and request him or her to ensure that the situation improves within a specified time frame.

2.9 CONCLUSION: SUCCESSFUL GOVERNING BODIES

Some success factors for governing bodies are listed below. It may be useful to consider which are the most important.

CHECKLIST: SUCCESS FACTORS FOR GOVERNING BODIES

- 1 Their trustees represent the interests of stakeholders and carefully monitor the actions of senior executives to promote and protect those interests.
- 2 They link the organisation to influential stakeholders outside the organisation, thereby promoting the organisation's mission while ensuring attention to important concerns in society.
- 3 They are composed of highly qualified trustees.
- 4 They exercise independent and objective thinking in appraising the actions of senior executives and in introducing strategic change.
- 5 They pay special attention to their own composition to ensure an appropriate mix of internal and external trustees, and the inclusion of minority representatives.
- 6 They have a well-developed structure: that is, they are organised into appropriate committees to perform specialised tasks (eg to review the work of the Executive Director and to audit the organisation's financial transactions).
- 7 They meet frequently to discuss progress in achieving organisational goals and to provide counsel to executives.
- 8 They assess the Executive Director's performance at least once a year to provide guidance on leadership style.
- 9 They conduct strategic reviews to determine the fit between the organisation's strategy and the needs of its environment.
- 10 They formulate and follow the ethical codes that govern the behaviour of the organisation's executives and employees.
- 11 They help the organisation look to the future by challenging trustees to clarify their visions for the organisation and fit it with the needs of society.

APPENDIX 1

A SAMPLE GOVERNING DOCUMENT: SAVE SOMALILAND TREES ORGANISATION

Save Somaliland Trees was formed as a result of a group of environmental activists wanting to come together to respond to the urgent need of the worsening situation of trees and plant life in the Somaliland countryside and urban areas. These activists want to support local communities through training and education to maintain their own sustainable environmental systems.

Article 1: NAME OF THE ORGANISATION

- 1 The name of the organisation is Save Somaliland Trees (SST).
- 2 The office of the organisation is in Hargeisa.
- 3 The emblem of the organisation is a drawing of two people planting a tree together.

Article 2: STATUS OF THE ORGANISATION

- 1 SST is a voluntary, humanitarian, non-governmental, non-profit making, non-political and non-partisan organisation.
- 2 SST has legal status and personality; it has the legal right to sue or to be sued in its own name.

Article 3: MISSION STATEMENT

Save Somaliland Trees, founded in 1998 by environmental activists, intends to reverse the environmental degradation that is occurring now in Somaliland's rural areas so that rural and nomadic populations have continued access to the natural resources on which they have depended for so many years. Save Somaliland Trees supports communities throughout Somaliland, but is focused on the areas in the northwest region. Its work is implemented through jointly planned and implemented community and SST activities.

Article 4: OBJECTIVES

The objectives of the organisation shall be to:

- 1 Improve the environmental conditions for nomads and rural people.
- 2 Advocate for the improvement of environmental legislation.
- 3 Raise awareness about the need to stop harmful environmental practices.
- 4 Serve as a forum for sharing experiences and information on environmental issues.

Article 5: VALUES

SST is committed to:

- 1 ensuring that all people, rural or urban, have access to the environmental resources they need
- 2 implementing projects according to the needs of the local communities, not of SST
- 3 providing support that will have a very long term positive effect on the environment and community
- 4 encouraging communities to understanding the relationships between their daily activities and their environment.

Article 6: STRUCTURE

Save Somaliland Trees will be structured according to the following system:

- Congress
- Board of Directors
- Director
- Management Team
- Project/Office Staff.

The project and office staff's responsibilities are described in their job descriptions, contracts, and SST's personnel policy.

6.1 CONGRESS

- The purpose of the Congress is to be an advisory board for helping SST to achieve its mission.
- The Congress is the highest organ of SST.
- The members of the Congress are those environmental activists who support the work of SST and who have made a financial contribution to SST in accordance with its membership policy. The Congress membership will be reviewed each year at its Annual General Meeting (AGM) and those who have not paid for more than three months will be dismissed from their duties.
- The Congress holds its AGM every year in January. The Congress may hold an extraordinary meeting if two-thirds of its members request one.
- The responsibilities of the Congress are:
 - approving appointments to the Board of Directors
 - approving the constitution and membership policies
 - reviewing the achievements of the previous year
 - contributing to the design of the plan for the next year.
- Cessation of the Congress membership is by:
 - not paying membership fees for more than three months
 - vote of the Congress members by at least 2/3 of all members
 - death
 - resignation.

6.2 BOARD OF DIRECTORS (BOD)

- 1 The BOD's purpose is to provide organisational leadership.
- 2 The BOD is answerable to the Congress and supervises the Director.
- 3 The BOD term is one year but members may be re-elected for up to three years.
- 4 The BOD members are nominated by the management team of the organisation and then approved by the Congress at its AGM.
- 5 The BOD will have seven members.
- 6 The responsibilities of the BOD are:
 - making decisions about the organisation that are not part of the daily running of SST
 - approving organisational policies, structure, programmes, and plan of action or strategic plan, and budget
 - organising the Annual General Meetings of the Congress
 - fundraising, with the help of the management
 - overseeing the affairs of SST between Congress meetings
 - proposing all membership policies, including determining and adjusting the membership subscription as necessary, for approval by the Congress
 - approving financial transactions above five thousand dollars
 - auditing, monitoring and evaluating the organisation.

- 7 The meetings of the BOD are monthly.
- 8 Cessation of BOD membership outside of the annual vote is by:
 - dismissal by the Congress by a 2/3 majority vote of all members
 - death
 - resignation.

6.3 EXECUTIVE DIRECTOR

- 1 The purpose of the Director is to be the leader of the organisation's daily activities.
- 2 The Director is answerable to the BOD and is the head of the Management Team.
- 3 The Director is hired on an open contract by the BOD and may be employed as long as the BOD is satisfied with his or her work.
- 4 The responsibilities of the Director are:
 - implementing the policies of the organisation
 - representing SST when signing agreements on behalf of SST
 - hiring and dismissing the heads of departments and projects
 - approving all financial disbursements
 - ensuring financial transparency of the organisation
 - coordinating the running of day-to-day activities
 - promoting SST and ensuring good relations with the community and government
 - reporting quarterly on all activities to the BOD.
- 5 Cessation of the Director position is by:
 - end of contract
 - dismissal by the BOD by five or more votes, in accordance with SST's personnel policy
 - death
 - resignation.

6.4 MANAGEMENT TEAM

- 1 The purpose of the Management Team is to implement SST's daily activities.
- 2 The Management Team is answerable to the Director, and supervises the departments and projects of the organisation.
- 3 The Director hires the Management Team members depending on their experience and qualifications in accordance with SST's personnel policy.
- 4 The members of the Management Team are the Director and heads of the departments.
- 5 The responsibilities of the Management Team are:
 - implementing daily activities
 - supporting the staff of the department and managing the departmental resources
 - appointing and dismissing project or departmental staff after receiving approval from the Director
 - assisting the Director in making managerial decisions
 - reporting weekly to the Director about the ongoing activities of the projects in the department.
- 6 The meetings of the Management Team should be at least weekly.
- 7 Cessation of Management Team membership is by:
 - dismissal by the Director in accordance with SST's personnel policy
 - death
 - resignation.

Article 7: FINANCE

The income of SST shall be derived from:

- 1 contributions from the beneficiaries of SST's work
- 2 fees paid by the Congress members
- 3 funds provided through agreements with development agencies for implementing projects.

Receiving, disbursement and reporting of the organisation's funds will be defined by the SST financial policy.

Article 8: PROPERTY OF THE ORGANISATION

All property of SST shall be registered in the name of the organisation and managed and used according to the organisational fixed asset and inventory policy.

Article 9: DISSOLUTION OF THE ORGANISATION

Save Somaliland Trees will only be dissolved by joint resolution of the Congress, Board of Directors, Director, and Management Team supported by a vote of no less than 4/5 of all delegates present. If less than 2/3 of all delegates are present, then the vote may not be passed, regardless of its outcome.

Article 10: INTERPRETATION OF THE CONSTITUTION

The responsibility for the interpretation of the terms of this constitution or any matter arising in connection with its meaning is that of the Congress by a 2/3 majority, with at least half of all delegates present.

Article 11: APPROVAL OF THE CONSTITUTION

The Congress of Save Somaliland Trees, whose signatures are attached, approves this constitution on 1 May 2000. This constitution is binding until the ratification of a later one by unanimous agreement of the Congress of SST.

APPENDIX 2

SUGGESTED FORMAT FOR MEETING MINUTES

MINUTES OF *[write the name of the group having a meeting here]* **MEETING**

Date of meeting: *[write down the complete date]*

Place of meeting: *[write down the exact place of the meeting]*

Time of meeting: *[write down the starting and finishing time]*

- 1. Persons attending:** *[list everyone who was at the meeting and his or her title]*
- 2. Agenda:** *[list what items are to be discussed, and if the group approves the agenda]*
- 3. Minutes of the previous meeting:** *[record any changes to the previous minutes and whether they were approved by the group]*
- 4. Reports:** *[record who said what; you may have a subheading for each person who presented a point]*
- 5. Matters arising:** *[give a brief report on the main points discussed]*
- 6. Action points for follow-up:** *[list the actions that have been agreed during the meeting, as well as who will do what, and when]*
- 7. Any other business:** *[briefly report and record what actions are to be taken, and by whom]*
- 8. Next meeting:** *[list the exact date, place, and time of the next meeting]*

APPENDIX 3

EXAMPLE: SUBCOMMITTEES: ROLES AND RESPONSIBILITIES

Subcommittees and roles

A **finance subcommittee** will be established to:

- Monitor implementation of the financial procedures policy.
- Ensure that systems are in place for the sound management of the organisation's material and financial resources.
- Provide ideas about fundraising opportunities.
- Review in depth the monthly or quarterly financial statements.

A **programme development subcommittee** will:

- Provide advice and ideas for the strategic plan and annual update.
- Contribute to the monitoring and evaluation of programme impact.
- Consider programme reports from the staff team.
- Advise on ways to develop the programme or service and increase its impact.

A **human resource management subcommittee** will:

- Assess all issues relating to the staff body, including the appointment of new staff, disciplinary issues and staff grievances.
- Make recommendations to the governing body on staff issues.
- Monitor the implementation of the human resource management policy.

Roles of subcommittee members

- Subcommittee members are required to oversee and support the different areas of work.
- Members of the governing body are invited to sit on the subcommittees of their choice.
- The approximate number of meetings is three or four per committee per year. The length of a meeting is usually two or three hours.
- The subcommittees have some independent decision making powers but recommendations are taken to the governing body for ratification.

APPENDIX 4

TEN QUESTIONS FOR THE GOVERNING BODY TO CONSIDER BEFORE APPROVING POLICY

- 1 Does the policy reflect the organisation's missions and goals?
- 2 Is the policy realistic? Can it be implemented?
- 3 Is the policy in agreement with an international standard (such as the Generally Accepted Accounting Procedures for finance)?
- 4 Does the policy meet local standards and local regulations?
- 5 Does the policy outline clear lines of responsibility and accountability?
- 6 Does the policy explain how it is to be implemented and/or enforced?
- 7 Does the policy state the consequences of any failure to comply with its provisions?
- 8 Are there financial costs of implementing the policy and if so, can the organisation meet the costs?
- 9 Does the policy take sufficient account of gender and diversity?
- 10 Is the policy sufficiently flexible to endure for a long time?

APPENDIX 5

QUESTIONS:

FINANCIAL SCRUTINY BY THE GOVERNING BODY

General

- Does the organisation have a positive end of month and end of year balance?
- Who owes money to the NGO? Has the number of debtors increased significantly from the previous year?
- Who does the NGO owe money to? How much? Has the number of creditors increased?
- Are project supplies and office equipment being maintained well?

Expenditure

- Are expenses in line with the budget? Are there significant variances?
- Have there been any major changes in expenditure?
- Are there any items of expenditure that have not been budgeted for?
- Is the value of fixed assets appropriate for an organisation of this size?
- Is the petty cash system being managed properly?

Income

- Is income generally in line with the budget?
- Has all income been received as budgeted?
- What fundraising events are expected for the coming year? Is the cost of holding these events in the budget?
- What percentage of the organisation's income is from abroad and what percentage is raised locally? Has this percentage changed, or will it change?
- Is earned income increasing or decreasing?

Year-end outcome

- What is the expected balance of the organisation's finances at the end of the year?
- What steps are needed to change the year-end outcome (if any)?
- Is the financial policy being implemented properly?
- Is the organisation running well? Do project results show this?
- What is the ratio of current assets to current liabilities? (A good ratio is about 1.5:1.)
- Does the organisation have any savings?

Chapter 3: Strategic planning

3.1 OUTLINE OF CHAPTER

A strategic plan is an important tool to guide the work of any organisation. It will help maintain a focused, long term vision of the organisation's mission and purpose, and aid decisions about the allocation of human and financial resources. The chapter opens with some guidance on how to ensure that a strategic plan is developed on the basis of a shared vision of the future.

The chapter briefly defines strategic planning and outlines some benefits that can be gained from the process and its product: the **strategic plan**. It goes on to provide in-depth guidance on the steps involved (as outlined in the box below).

TEN STEPS TO STRATEGIC PLANNING

- STEP 1. Prepare to plan.**
- STEP 2. Clarify mandate and scope of work.**
- STEP 3. Analyse the external environment.**
- STEP 4. Analyse the internal environment.**
- STEP 5. Identify the strategic issues.**
- STEP 6. Define the strategic aims.**
- STEP 7. Define strategies to address each strategic aim.**
- STEP 8. Identify the resources required to achieve the strategic aims.**
- STEP 9. Draw up an internal capacity building plan.**
- STEP 10. Cost the plan.**

Once the strategic plan has been written, it is advisable for the organisation to develop an **annual team work plan** and accompanying annual budget. Some guidance is provided at the end of this chapter about how to draw up an annual team work plan from which **individual performance objectives** or **individual work plans** can be developed. Chapter 4 (Managing finances) provides guidance on how to develop an annual budget for the organisation.

The diagram below shows how these different components relate to each other with the strategic plan as their core.



3.2 ORGANISATIONAL VISION

To ensure that everyone is working towards the same ideals for the future it is important to spend some time reflecting on and defining the organisation's vision. No two organisations will have the same vision: this is special and distinctive. It is useful to step back and re-examine the organisation's vision at any stage in the strategic planning process. The results of these reflections need not be documented formally, although some points raised will feed usefully into the strategic planning process.

The main purpose of a **visioning exercise** is to:

- Provide inspiration and allow participants to share creative ideas.
- Help participants to see what they are working towards.
- Encourage team building through debate on areas of agreement and disagreement to reach consensus.
- Encourage organisational and programme focus through discussion about what the organisation will or will not do, and how people will work together towards shared goals.

The box below gives some key questions to consider when defining the vision of an organisation.

QUESTIONS TO CONSIDER

- What is our vision of what our society or country might look like in five or 10 years' time?
- What type of organisation would be best placed to help realise this vision?
- What values and principles will the organisation need to develop and uphold if our vision of society is to become a reality?

It is important to involve some of the organisation's **key stakeholders**, target group or groups, beneficiaries and service users in the process of defining its vision. This can be done either through a separate process of consultation or by involving them in some aspects of the strategic planning process. Some of the following exercises may be helpful.

VISIONING EXERCISE: HOPES AND DREAMS

This exercise will allow participants to share their own personal perceptions of the future.

- In pairs brainstorm a vision for the future for:
 - yourself
 - the organisation
 - yourself in the organisation
 - the country.
- Repeat in groups of four.
- Bring back key ideas, orally or on flipcharts, to discuss with all the participants.

VISIONING EXERCISE: VISION BRAINSTORM

This exercise allows ideas for the future to be grouped under different themes.

- Make a wall chart with five columns headed personal, social, economic, political, and other.
- Each member brainstorms to the participants his or her ideal for the country and for the programme under each column.
- Once each participant has had a turn, look at each idea and tick those that are agreed by the whole group.
- Where there is no agreement, allow individuals with different views some time to argue their case and then discuss these as a group.
- Modify the list so that it represents all the ideas on which there is consensus. Mark those on which there is continuing disagreement or debate.

VISIONING EXERCISE: PERSONAL DIARIES

This exercise will encourage members of the team to think creatively about their ideal for the country and the organisation's programme.

- Each person writes a piece in diary form describing his or her ideal scenarios under the heading: 'A day in my life with the organisation five years from now'.
- Share these ideas in groups of three or four, and draw out areas of agreement and disagreement for discussion.
- Each small group writes on a flipchart the shared elements of the vision.
- All participants discuss the charts and pick out the ideals that everyone agrees with. These can then be written up on one flipchart representing the consensus of the participants.

3.3 STRATEGIC PLANNING

What is strategic planning?

Strategic planning is a disciplined process for making key decisions and agreeing on actions that will shape and guide what an organisation is, what it does, and why it does it.

Planning is an important aspect of strategic thinking and management. By working on a strategic plan together a team can:

- Think creatively about the focus and direction of the organisation's work.
- Strengthen team approaches by defining together a clear focus and direction.
- Develop plans collaboratively with partner organisations, beneficiaries and other organisations.
- Provide a framework against which to monitor progress, learn from experience and make the changes necessary to improve effectiveness and impact.
- Enable decisions to be made about the best use of the human and financial resources available.

Strategic planning can be done in different ways, and many books and manuals have been written describing various approaches. An NGO that has been operating for a number of years and can determine its own priorities from a relatively secure income base is best placed to develop a full three-year strategic plan to guide its work. Smaller, newer, less financially secure organisations may find that a more detailed **annual team work plan** is more realistic.

What is the purpose of a written plan?

A written plan will:

- Ensure that the analysis and proposals are accessible to the team and others with whom the organisation works.
- Serve as a basis from which to develop an annual team work plan and annual budget and against which to measure progress.
- Form the basis for decisions on allocation of resources (financial and human).
- Help continuity by providing new staff with a reference point and all staff with a reminder when looking at successes and challenges.

What is the life span of a strategic plan and how often should it be updated?

It is advisable to plan for at least three years, while accepting that it will be much easier for more established and better funded organisations to adopt a forward thinking approach.

It is usual for a strategic plan to be revisited annually as part of the programme review process. (An annual report might also be written at the same time.) The plan can be amended and modified to reflect developments that have taken place over the year. However, the more detailed annual team work plan will be more specific and will therefore probably require quite substantial modification at the end of each year.

3.4 STRATEGIC PLAN: STRUCTURE

A written strategic plan might include the headings in the box below.

STRUCTURE OF STRATEGIC PLAN

- Executive summary
- Vision statement
- Mandate and scope of work
- Summary analysis of external and internal environment
- Main strategic issues
- Four or five agreed strategic aims with accompanying strategies
- Assessment of human resource (staff) needs
- Budget projection

There are 10 steps to developing a strategic plan. It is important to document the outcomes and discussions of each step carefully to provide a basis for the written strategic plan. Notes of the discussion will also be useful for developing the annual team work plan and annual budget.

STEP 1: PREPARING TO PLAN

Consider the questions in the box below.

QUESTIONS TO ASK

- Who will be involved in the process (which staff, stakeholders, beneficiaries)? What will their precise roles be? What roles will different members of the team and the governing body play? How will counterparts, partner organisations and beneficiaries contribute? Who will be involved from outside the organisation? What kind of external perspectives and experiences will help in planning?
- How much time will be set aside for strategic planning? And over what period of time? How much time will different members of the team allocate to strategic planning? What is the timetable?
- Planning will be quicker and easier if relevant documents are collected in advance. Who will be responsible for collecting the relevant documents?
- Who will be responsible for ensuring that written notes of the discussions are kept? Who will be responsible for providing administrative support for the planning process?

Some useful prompts to aid preparations for strategic planning are listed below. These can also serve as a checklist.

CHECKLIST: PREPARATIONS

Involvement

- Who?
- How?
- When?

Participation

- What level?
- How much influence?

Advice

- Role of external experts?
- Overall or part-time facilitator?

Time

- Who will devote how much?

Documentation

- Who will collect documents?
- Who will take notes?

Administrative arrangements

- Who?

The time an organisation invests in preparing to plan can yield huge dividends in the quality of the final product, so preparation deserves dedicated time and careful thought. Below are some tips for successful strategic planning.

TIPS FOR SUCCESS

- Make a list of who might be involved in the process (governing body, staff, partners, beneficiaries, other agencies, government, etc).
- Consider what particular skills and experience each person can bring to the process.
- Use the expertise of members of the governing body to full advantage: their capacity for strategic thinking is one reason for selecting them.
- Allocate precise tasks to individuals in a work plan and timetable.
- Consider holding a workshop at the start of the process to present proposals for developing a strategic plan, and another at the end of the process to share a draft plan.
- Be clear about how much involvement is being offered to beneficiaries and counterparts in the process.
- Agree on what external inputs you might need for different parts of the process and invite the relevant people.
- Decide whether or not to use one person (internal or external) as a facilitator for the process. Think carefully about what kind of person is needed and draw up a detailed brief to guide him or her.
- Assign responsibility for documenting the process, writing up the strategic plan and providing administrative support.

STEP 2: CLARIFYING MANDATE AND SCOPE OF WORK

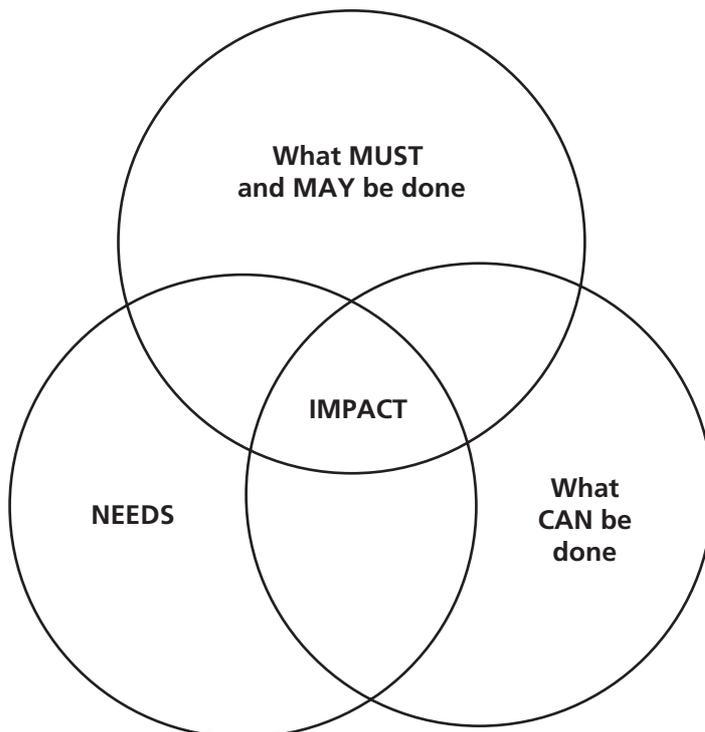
This step builds **consensus** around some of the questions listed below.

SOME QUESTIONS TO CONSIDER

- For what purpose was the organisation established and what policies and principles influence the way it operates?
- What external legislation and agreements (eg with funding agencies, the government) affect its operations and how?
- What internal rules and regulations influence the organisation's work?
- What influence do stakeholders have on the service or programme?
- Given all this, what is it possible and not possible for the organisation to do?

The process might start with a discussion about:

- What **MUST** the organisation do (that is, what is its mandate as determined by relevant legislation, policy etc)?
- What **COULD** the organisation do, given its experience and skills, etc?



For any organisation there will always be some things that it **'must do'** and others that it **'must not do'**.

What an organisation 'must do' and 'must not do' will be influenced by national legislation and the national policy environment.

For example, certain legal or other restrictions may be placed on the work NGOs are permitted to do in a country.

The 'must dos' and 'must not dos' are also influenced by an organisation's agreements with international donors and other funders or stakeholders.

For example, an organisation may undertake strategic planning when it already has a three-year funding agreement with an agency to provide small-scale credit to female heads of household engaged in small farming in area X. This obligation *must* be honoured during those three years. This would influence and perhaps severely constrain the idea of, for example, developing a programme to provide primary health care services in area Y.

On the other hand, an organisation may have an informal agreement with the government that it will focus its energies on a certain aspect of work, such as developing community water supplies. If it fails to honour this, its reputation and image may be badly damaged.

Finally, an organisation's own policies and governing document will determine the parameters of its mandate and scope of work.

For example, if the governing document states that the organisation's main target groups or beneficiaries are small-scale pastoral farmers living in rural areas X and Y, it will not be easy to switch to working with disabled people living in urban areas without amending the governing document.

In the box below are some key points that the organisation needs to consider when attempting to define its mandate and scope of work.

FACTORS TO CONSIDER: MANDATE

- The legal status of the organisation in the country where it is working.
- National laws that affect the operation of NGOs.
- Existing agreements with international donors and other funding bodies.
- The expectations of stakeholders.
- The governing document.

The mandate helps to define the organisation's **field of action**, or what it '**may do**'. The following tips may help to clarify this.

TIPS FOR DEFINING THE FIELD OF ACTION

- List all the formal and informal demands placed on the organisation (see box above).
- Undertake a **stakeholder analysis** and look at areas that are unclear or where there are points of tension.
- Interpret what is required of the organisation as a result, and also at what is allowed and not allowed.
- Decide what the boundaries are to the field of action and what scope this leaves to plan and develop the programme and organisation.

How to do a stakeholder analysis

Stakeholders are individuals, organisations and others who:

- are in a position to influence the organisation's work or place demands on it
- are affected by or can affect the work of the organisation
- have an interest in the organisation's work or can lay claim to an interest.

Undertaking a stakeholder analysis can help to:

- Identify who has a say about the organisation's work and their relative importance.
- Clarify the content and scope of others' influence.
- Highlight any tensions and contradictions in the demands being made on the organisation.
- Help an organisation to clarify its mandate.

It is particularly important to consider the position of any stakeholders whose interest is not clear, or is changing.

For example, changes in the patterns of funding from an organisation's key funding sources need to be considered. The organisation's accountability to its beneficiaries, as key stakeholders, is also of utmost importance.

The following exercise can help you to analyse the people and organisations with a stake in the organisation and its work.

EXERCISE: STAKEHOLDER ANALYSIS

- Brainstorm who has influence over the organisation's work (including team members or staff).
- Decide which of these stakeholders are most important.
- Map the stakeholders on a 'spider' diagram, plotting those with the strongest influence nearest to the office team.
- Analyse what each of these stakeholders demands from the team. What criteria do they use to judge the organisation's success? It may help to ask key stakeholders in a questionnaire or verbally, but guesswork is also helpful.
- Is the picture coherent or are there any contradictory demands that need to be resolved?

STEP 3: EXTERNAL ENVIRONMENT ANALYSIS

The box below gives some questions to guide an analysis of the external environment.

QUESTIONS TO ASK: EXTERNAL ANALYSIS

- Which **groups** of people are most affected by poverty (economic deprivation, lack of access to basic services, humanitarian disaster and conflict, discrimination, marginalisation and disempowerment)?
- What are the social, economic, political, technological and environmental **trends** that make people vulnerable to poverty, marginalisation and powerlessness, or which can strengthen their capacity to challenge and improve their situation?
- What are the major **causes** of distress and suffering?
- What are the organisation itself, other agencies and local communities **doing** to address these burning issues?

The precise way in which an organisation frames these questions will depend on its aims as outlined in the governing document and what it has agreed it 'may do' given its mandate and scope of work.

Target groups

It is important to identify the groups of people (target group or groups) most affected by poverty, exclusion and powerlessness in the country or locality where the organisation works, or in the specific sector (for example, health, education, water and sanitation) that is its focus.

It may be that the mission statement and/or the aims in the governing document specify the target group, in which case this part of the analysis might focus on identifying particular areas of unmet need within the target group and defining them more precisely.

For example: Organisation A has been established (as specified in the aims of its governing document) to provide primary health care services to women and children in X area of the country. Its external environment analysis would, thus, consider which particular women and children are most urgently in need of such services and which particular services (eg immunisation, nutrition, maternal and child health) are most important to them.

If, on the other hand, an organisation has a broader mission and mandate specific to a particular geographic location or to a particular sector, the external environment analysis would attempt to identify the groups most adversely affected and what they need.

For example: An aim of organisation B is to promote rural water development throughout the country. Its analysis would consider which groups are most in need of water services and what types of service might best address the unmet need.

It may be necessary to undertake field visits to complete this part of the analysis. Guidance on conducting community research and needs assessments is provided in Chapter 6.

Key trends

It is important to identify the key trends (social, economic, political, environmental and so on) that make people vulnerable to poverty, exclusion and powerlessness and those that can build their capacity to change their situation. An assessment of the particular vulnerabilities and capacities of different target groups will influence the selection of a strategy.

For example, the primary purpose of organisation C is to promote the right to basic education. It would thus be most concerned to analyse key trends in education and related sectors.

It might find that government spending on primary education is being concentrated in area X of the country, where there are a number of schools, whereas in area Y there is no school.

A closer look at the situation might reveal that a key factor explaining this trend is that communities living in area X are much better organised and are more vocal in their demands for education than those in area Y.

The organisation may therefore decide that it needs to invest more resources in capacity building with CBOs in area Y as a priority strategic issue.

Underlying causes

When analysing the key causes of poverty, exclusion and disempowerment of a target group, geographical area or sector, it is important to use a gender perspective to look at the different rights men and women enjoy and their different roles. Consideration of diversity issues is also essential.

Examples

Organisation D has been established to support low income pastoral farmers living in area X to enhance their livelihoods. The analysis of underlying causes is likely to suggest that the needs and experience of women farmers are very different from those of men. This has important implications for programme strategy.

Organisation E has been established to advocate for the grazing rights of small farmers. Its analysis of underlying causes may find that the rights of farmers from certain ethnic minorities are being infringed more seriously than those of other groups. It might therefore decide to prioritise these groups in its programme.

Assessment of what others are doing

An assessment of what other agencies (including government, international NGOs, national NGOs and local organisations) are doing to address the issues identified in the analysis will clarify further strategic choices about programme direction and focus.

For example, organisation F provides support to the development of primary health care in area X, working to promote the nutritional standards of women and children in female-headed households.

Its main concern is to find out which other organisations are working in these localities, and to identify where there is potential duplication or overlap, or gaps of unmet need. This will influence the programme focus as well as the partnerships and other relationships the organisation decides to develop.

STEP 4: INTERNAL ENVIRONMENT ANALYSIS

Here are some key questions to guide discussion and debate about how effective the organisation is.

KEY QUESTIONS

- What human and financial resources and capacity are available to the organisation?
- What are the organisation's weaknesses and strengths?
- What makes the organisation different or distinctive?
- What are the main lessons to be drawn from an analysis of the effectiveness of the organisation's current and past programmes?

Organisational capacity

Identifying the human and financial **resources** and **capacity** available to the organisation means looking at:

- the skills, experience, knowledge and expertise of current staff as well as their roles and responsibilities
- overall income trends, including present and projected financial resources.

For example, organisation G's internal environment analysis suggests that it has excellent organisational leadership and strategic management skills (in a strong governing body and experienced Executive Director), and strong capacity building skills (in two training officers).

However, it lacks sufficient accounting skills to cope over an increasing number of small income-generating projects.

This might suggest one of two things: a) that the organisation should consider a focus on capacity building rather than on disbursement of numerous small grants; or b) the need to employ an accountant.

Programme effectiveness

To draw lessons about programme effectiveness derived from the organisation's past and current programmes, scrutinise the main areas of funding and other support that the organisation provides, and also the advocacy and capacity building work that it is doing.

Additional factors to consider when examining programme effectiveness are:

- areas where the programme has been most effective or least effective and the reasons for this
- the skills and capacities of partner organisations
- any results that have emerged from monitoring and evaluation or programme reviews.

For example, in looking at its programme effectiveness, organisation H examines the following:

- project reports
- reports to funding bodies
- monitoring and evaluation reports
- the results of a programme review conducted two years ago.

These documents suggest that the organisation has achieved most impact through its advocacy work to change government policy on women's rights. This is demonstrated in the introduction of new legislation following three years of advocacy work by community women's groups.

The reports also show that the organisation performed least well in its small grants for income-generating projects. These have not achieved the level of self-sufficiency anticipated.

From this, the organisation might consider a number of strategic programme shifts, including greater emphasis on advocacy work and capacity building and reduced emphasis on project funding.

Distinctive competence

Identifying areas of strength and distinctive competence can help to clarify the factors that distinguish the organisation from others. It will enable it to see where it has types of programming and styles of working that are innovative and different.

For example, in the discussions Organisation H (see above) had during its strategic planning, the consensus was that the work done to promote women's rights was unique. This was because it emphasised the self-advocacy of women's groups which resulted in demonstrable success (introduction of new legislation on women's rights).

Since most other organisations encourage their own staff to undertake advocacy work with little real participation by the women whose rights are being infringed, this style of working is distinctive and may warrant further development.

Analysing strengths, weaknesses, opportunities and constraints

The analysis of the **external** and **internal environment** in which an organisation is operating can be helped by using a SWOC matrix. The purpose of a SWOC analysis is summarised in the box below.

PURPOSE OF SWOC ANALYSIS

- To help identify the key opportunities and constraints for the organisation's work in the external context of the programme.
- To help identify the internal strengths and weaknesses of the organisation, which will dictate its capacity to respond effectively to the opportunities and constraints.
- To help prepare for the identification of strategic aims by drawing out tensions between organisational capacity and the needs that the organisation is trying to address.

Taking the example of organisation X, which has been established to promote the rights of people with disabilities, a SWOC analysis summarising the most important factors might look like the example below.

EXAMPLE: COMPLETED SWOC

Based on external environment analysis/programme context

OPPORTUNITIES

- The government is receptive to new legislation on the rights of people with disabilities.
- People with disabilities (PWDs) are keen to engage in self-advocacy.

CONSTRAINTS

- Government ministers or the government may change.
- PWDs lack representative organisations and leadership skills.

Based on internal environment analysis/organisational capacity assessment

STRENGTHS

- The organisation has extensive experience of working in partnership with local PWD organisations.
- The Programme Officer has strong organisational capacity building skills.

WEAKNESSES

- Past programmes to build organisational capacity and develop self-advocacy skills have not been well monitored, so their impact is unclear.
- The organisation lacks programme staff with well developed advocacy skills.

Another useful tool for assessing what the organisation has already accomplished is an organisational timeline. The exercise below shows how to develop one.

EXERCISE: AN ORGANISATIONAL TIMELINE

- 1 Lay a few sheets of flipchart paper sideways and tape them together to make one long sheet.
- 2 Draw a line along the middle of it, left to right.
- 3 On the far left side, write the date that the organisation was formed; on the far right, put today's date.
- 4 Now fill in the timeline adding all the organisation's achievements according to approximate date. Show things such as the organisation's founding, approval of its governing document, when it moved to new premises, implementation of different projects, partnerships formed, key external events, etc.
- 5 When the timeline is finished, hang it on a wall in the office to remind people what the organisation has accomplished. This will inspire new ideas for future achievements to aim for.
- 6 **Using the timeline as a guide, discuss the following questions as a group:**
 - What are the organisation's biggest achievements since it was formed?
 - What were its biggest mistakes?
 - What areas need improvement?
 - What are the main lessons learned since the organisation was founded?

STEP 5: IDENTIFYING STRATEGIC ISSUES

This step draws together and builds on the work completed in the previous steps. It is designed to help answer the question:

What are the key strategic issues that the organisation wants to address (taken from steps 2, 3, 4)?

It is important to identify the strategic issues that have emerged from the analysis so far because this helps to:

- focus attention on really important issues
- identify the major choices facing the organisation
- highlight areas needing change
- provide insights about how to resolve the issues.

What are strategic issues?

Strategic issues are best stated and written down as **questions** because this will help highlight areas where the organisation needs to make choices and decisions. They may relate either to the **aims** of the organisation, or to its **mandate**, or to the analysis of the external and internal **environment** and the results of the **SWOC** analysis. They will thus comprise a combination of programme and organisational capacity issues. Some examples are provided in the boxes below.

EXAMPLES: STRATEGIC PROGRAMME ISSUES

Example 1: Analysis

- Poverty has increased in urban areas (especially in X and Y regions of the country), both in degree and in terms of the numbers of people affected.
- The most adversely affected are female-headed households who depend on small-scale income-generating activities.
- The organisation has achieved significant impact in its previous work to enhance the self-organisation of community based women's groups in rural areas.
- Recently a new Gender Programme Officer has been employed who has considerable experience of urban programmes.

Strategic issue:

Should the organisation develop its programme in urban areas focusing on female-headed households in the poorest regions of X and Y, working on capacity building with embryonic women's CBOs?

Example 2: Analysis

- Over the past five years the number of people living with HIV and AIDS in the country has tripled and trends (statistics of sexually transmitted diseases combined with trends in neighbouring countries) suggest that this figure will continue to rise at an ever increasing rate.
- The organisation already has a primary health care capacity building programme in the three regions that the trend analysis suggests will be worst affected.
- Opportunities to expand the programme over the next three years are constrained by the lack of financial and human resources. However, funding for work in education has come to an end and this will release programme staff for new work.

Strategic issue:

Given existing programme presence in the most affected regions and the end of the education programme, should the organisation develop its work on HIV and AIDS in these regions?

Example 3: Analysis

- Decades of internal conflict have rendered a large number of people in X locality landless and destitute. Women and children are particularly vulnerable.
- Few, if any, other organisations are working in this locality, where the organisation has had a small and successful conflict resolution programme for many years.
- A potentially strong partner organisation exists at community level.
- Two funding agencies have expressed interest in developing a programme in the locality.

Strategic issue:

Should the organisation develop its programme further over the next three years with a stronger focus on women?

Example 4: Analysis

- There is no legislation to protect the rights of people with disabilities, even though this group accounts for an estimated 13 per cent of the population – well over the global average.
- Although it has no direct experience to date of working with people with disabilities, the organisation has a strong women's rights programme and employs an Advocacy Officer with disabilities who is keen to work on disability rights issues.
- The developing National Association of People with Disabilities (NAPWD) is keen to form a partnership with the organisation and would like it to focus on the rights of women with disabilities.

Strategic issue:

Should the organisation start a disability rights programme working in partnership with the NAPWD and focusing on the rights of women with disabilities?

In addition to strategic programme issues, the analysis undertaken so far will have raised some strategic issues that relate to organisational capacity.

Some of these will relate specifically to the programme and will thus be tackled through the strategies an organisation adopts in its work on a particular strategic programme aim. Others will cut across the organisation's work and may be best addressed through an **internal capacity building plan**. Some examples of strategic organisational capacity issues are given below.

EXAMPLES: STRATEGIC ORGANISATIONAL CAPACITY ISSUES

Example 1: Analysis

- Core organisational strengths lie in advocacy for policy change and capacity building.
- Two Programme Officers with advocacy and capacity building skills are employed.
- Even though the organisation employs a Programme Officer for small business development this programme has not had the impact anticipated.

Strategic issues:

Programme: *Should the programme focus only on advocacy and capacity building programmes?*

Internal capacity: *If so, what capacities will the organisation require to exit from the small business development programme? Can the job description of the Programme Officer for this programme be changed with her agreement and how will this influence her personal development objectives (for example, what training will she need)?*

Example 2: Analysis

An organisational weakness lies in accounting systems and procedures, which are inadequate for the demands of the current programme.

Strategic issues:

Programme: *Can demands on the accounting system be reduced through programme change?*

Internal capacity: *Could weaknesses in the organisation's financial system be addressed by employing an accountant?*

Example 3: Analysis

The budget has been under-funded for the past eight months with the result that some programme activities have stopped.

Strategic issues:

Programme: *What has been the effect on beneficiaries of the programme activities that have stopped? Is it essential to resume these as soon as possible?*

Internal capacity: *What needs to be done to ensure a more robust funding base for the future?*

Example 4: Analysis

- Monitoring and evaluation reports show that the organisation has significant impact in its advocacy work with women's groups on women's rights.
- Only two members of staff are familiar with women's rights issues and one has well developed advocacy skills.

Strategic issues:

Programme: *Should the women's rights advocacy programme be developed further?*

Internal capacity: *How can the organisation enhance its gender and advocacy capacity?*

To test whether or not an issue is really strategic, examine each issue in terms of the questions below.

IS THE ISSUE STRATEGIC?

- Is it possible to explain why it is a burning issue?
- Can the organisation do anything about the issue?
- Will the impact of addressing the issue be significant?
- Does the issue have significant implications for financial or human resources?
- Will the issue still be significant in two years' time?
- Will there be important consequences if this issue is NOT addressed?

If the answer to most of these questions is 'yes', it is likely that the issue is strategic.

It is likely that many strategic issues will remain on the list even after those which fail this test have been eliminated. The next step is to prioritise the remaining strategic issues, group them and synthesise them into strategic aims.

STEP 6: DEFINING STRATEGIC AIMS

Because the number of strategic issues is likely to be large, the key questions to ask in Step 6 are:

- How can the strategic issues identified be synthesised or merged?
- Which issues should be prioritised?

In this step the purpose is to identify three or four strategic aims to guide the organisation's programme. It is important to consider the factors outlined below.

STRATEGIC AIMS: FACTORS TO CONSIDER

- Prioritise the strategic issues, synthesise them and develop themes.
- Decide where the organisation is most likely to have most positive impact.
- Agree on existing areas of programme work that will need to be phased out.
- Decide which issues the organisation will NOT attempt to address even if they are burning issues, for example because it lacks the expertise to be as effective as another organisation with the relevant capacities.

It is also useful at this stage to look carefully at the **priorities**.

How to prioritise

The exercise below will help the team to prioritise strategic issues before formulating strategic aims. It can also be used in other situations where a large number of priorities need to be narrowed down to **key choices**.

EXERCISE: PRIORITISATION

- Divide into small groups to brainstorm strategic issues.
- Each group selects two to four issues which it feels are the most important to explore further and writes these down on cards.
- The groups come together to explain what their priority issues are and why.
- The issues are summarised on a flipchart, grouping together similar or related issues.
- Participants vote for those they think are the most significant by, for example, placing a sticker or drawing against the issue of their choice.

Once this exercise has been completed, it should be possible to define the strategic aims to guide the organisation's programme over the next three years.

What is a strategic aim?

A strategic aim:

- relates to the three-year period ahead
- states clearly and precisely what the organisation wants to achieve during this time and how it intends to achieve it.

EXAMPLES: STRATEGIC AIMS

- 1 To improve the standard of animal health among low income pastoral farmers living on marginal lands in localities X and Y, working in partnership with local CBOs.
- 2 To support the self organisation of people living with HIV and AIDS in places where the organisation already has a programme presence.
- 3 To support initiatives aimed at increasing the income of female-headed households on marginal lands in locality X through increased livestock production and marketing opportunities.

STEP 7: DEFINING STRATEGIES

What are strategies?

Strategies are the paths that the organisation will follow as it works towards achieving the identified strategic aims.

For maximum impact, it is advisable to select a combination of strategies for each strategic aim. In the annual team work plan these strategies will be spelt out in more detail. In this part of the strategic planning process, it is necessary only to look at the big picture.

The issues that need to be considered are outlined below.

KEY FACTORS TO CONSIDER

- What are the most appropriate strategies to pursue in working towards the identified strategic aims?
- What are the relative advantages and disadvantages of methods such as research, project funding, networking, advocacy and capacity building for realising each of the strategic aims?
- What approaches or combination of approaches will be used: capacity building, institutional strengthening, research, advocacy, networking, conflict resolution, etc?
- Who will the partner organisations or counterparts be: other local NGOs, CBOs, faith groups, network NGOs, labour organisations, etc?
- Whom will the organisation collaborate with: government departments, international agencies, other local NGOs?

Bearing these questions in mind, consider some of the most appropriate strategies for working towards achievement of the aims identified as priorities over the coming three years.

Below are some examples of appropriate strategies for the strategic aims given as examples under step 6.

EXAMPLES: STRATEGIC AIMS AND STRATEGIES

Example 1: Strategic aim

To improve the standard of animal health among low income pastoral farmers living on marginal lands in localities X and Y, working in partnership with local CBOs.

Strategies

- Undertake in-depth needs assessment of animal health needs in X and Y localities.
- Provide capacity building in animal health care to farmers working in partnership with CBOs.
- Channel small project funds for veterinary medicines through CBOs.
- Fund community exchange projects.
- Develop new links with community women's groups.
- Ensure that the Gender Officer plans for additional time to work with the women's groups.
- Secure additional funds to develop the programme from an international funding agency.

Example 2: Strategic aim

To support the self organisation of people living with HIV and AIDS in places where the organisation already has a programme presence.

Strategies

- Fund community needs assessment for better analysis and future advocacy work.
- Provide capacity building for organisational development with CBOs formed by people living with HIV and AIDS.
- Canvass other organisations to collaborate in the programme.
- Use lessons from past capacity building programmes promoting the self organisation of people with disabilities to inform the new programme.
- Develop the training programme for staff on HIV and AIDS.

Example 3: Strategic aim

To support initiatives aimed at increasing the income of female-headed households on marginal lands in locality X through increased livestock production and marketing opportunities.

Strategies

- Support sustainable land use methods with female small-scale livestock producers.
- Help female-headed households to gain access to marketing systems for livestock.
- Undertake advocacy with women's groups for improved extension and advice.
- Fund women's consumer cooperatives and provide capacity building support for them.
- Employ a Programme Officer with gender skills and experience in livestock production and marketing.
- Phase out work in localities Y and Z over three years.

STEP 8: IDENTIFYING RESOURCE NEEDS

Once the strategies have been defined for each of the organisation's three or four strategic aims, it is necessary to work out what **human and financial resources** will be needed over the next three years to achieve the aims of the strategic plan.

KEY QUESTIONS TO CONSIDER

FINANCIAL RESOURCES

- What financial resources are currently available, for which aspects of the work planned, and where do these come from (eg international donors, government, international agencies)?
- Are there new sources of funding that could be explored (what, how, etc)?

HUMAN RESOURCES

- What human resources are currently available to the organisation (analyse staff skills and experiences, and contributions from others including partners, beneficiaries and other agencies)?
- What are the gaps between what is available and what is needed?
- How might these gaps best be filled? For example, consider the merits of staff development and training, developing new partnerships with others, the employment of new staff.
- Is the balance between different categories of staff (management, finance, administration and programme) optimal? If not how might this be changed?
- Within the programme staff team is the balance between project, communications, advocacy, capacity building and networking skills good? If not, how will the imbalances be addressed?

This analysis will provide the basis of both the **internal capacity building plan** (Step 9) and the **costing of the strategic plan** (Step 10).

STEP 9: INTERNAL CAPACITY BUILDING PLAN

During the strategic planning process a significant number of strategic issues will have been identified that relate to organisational capacity, its strengths or weaknesses. Where these relate directly to the final strategic aims, it is important to link them to the strategies for achieving those aims.

However, some issues will be broader and are best addressed by developing an internal capacity building plan. This will help to ensure that the organisation successfully builds on the strengths it has identified and minimises or overcomes its weaknesses.

The internal capacity building plan may be just a one-page document. It should specify what areas of capacity need to be addressed and how they will be addressed. An example is given below.

EXAMPLE: CAPACITY GAPS AND THE MEANS TO ADDRESS THEM	
IDENTIFIED WEAKNESS OR GAP	HOW TO ADDRESS IT
Weak financial management skills.	<ul style="list-style-type: none"> • Second the Finance Officer to a larger NGO for three months for training. • Employ a short term replacement.
Inadequate funds in budget to cover new programme in HIV and AIDS.	<ul style="list-style-type: none"> • Incorporate new work into fundraising strategy as a priority. • Submit a concept paper and full project proposal to X and Y funding agencies.
Lack of gender analysis and awareness in staff team.	<ul style="list-style-type: none"> • Employ a new Programme Officer with strong gender skills and experience. • Develop a gender training programme for key staff. • Seek mentoring in gender from other NGOs for Programme Officers.
Office administration systems inadequate for expanding the programme.	<ul style="list-style-type: none"> • The Fund Administrator should participate in a two-week course in basic administration for NGOs. • Revise job descriptions of X and Y staff. • Establish a rota for reception duties.

Financial resources

Some of the cross cutting organisational strategic issues that emerge will relate to the financial management of the organisation and can be tackled by developing and implementing a financial procedures policy document (see Chapter 4: Managing finances). Others will relate to human resources capacity (see below) because they concern the lack of certain types of financial skill or experience. Yet others will relate to the funding base of the organisation, and therefore a fundraising plan (see Chapter 8: Publicity and fundraising) will be required to meet the strategic aims.

Human resources

It is likely that some strategic issues will concern areas of weakness in the staff team, or in the skills and experience required for various types of programme. Building an organisation's human resource capacity is about more than training, although this is important. It is also about developing institutional mechanisms. When developing a human resources management policy, as suggested in Chapter 5 (Managing people), it is important to ensure that strategic issues relating to human resources are identified.

STEP 10: COSTING THE STRATEGIC PLAN

This step concerns the resources that will be needed to implement the strategic plan. They will need to cover the strategies identified for each strategic aim and the internal capacity building plan. Below are some factors to consider when costing.

COSTING: FACTORS TO CONSIDER

- **Identify the inputs** required to implement each strategy in terms of people, equipment, services and materials. Distinguish between the essential and less essential components, in case it is necessary to prioritise later.
- **Categorise the costs of inputs.** One way of doing this is to distinguish between recurrent office costs, management costs, and direct programme costs (for example small grants, costs of working with partners, workshops, advocacy and research costs, etc).
- **Assess the organisation's income.** Identify funds that have already been pledged (by funding agencies, for example) and gaps or new areas that are not funded (see Chapter 8).
- **Translate the gaps** into the fundraising strategy (see Chapter 4).

See Chapter 4 for guidance on budgeting and Chapter 8 for guidance on fundraising.

At this stage it is sufficient to have an estimate of projected costs to cover the three-year period. Much more detail will be needed for the **annual budget** (see Chapter 4).

3.5 ANNUAL TEAM WORK PLAN

Once the strategic plan has been completed, it is advisable to develop an annual team work plan. The key idea is to re-examine each strategic aim and think about what **objectives** would help the team implement the strategies identified most effectively. In the process, some of the strategies may need to be further developed and refined. The example below looks at objectives that could be devised for one of the strategic aims used as an example in Steps 6 and 7 above.

EXAMPLE: DEVELOPING TEAM OBJECTIVES	
STRATEGIC AIM <i>To support the self organisation of people living with HIV and AIDS in localities where the organisation already has a programme.</i>	
STRATEGIES	TEAM OBJECTIVES
Provide capacity building for organisational development with CBOs formed by people living with HIV and AIDS.	<ul style="list-style-type: none"> • Develop a fully costed capacity building plan through in-depth consultations with members of embryonic associations. • Secure funds for this through a new agreement with an international funding agency.
Use lessons from the previous programme promoting the self-organisation of people with disabilities to inform the new programme.	<ul style="list-style-type: none"> • Review the previous capacity building programme with representative organisations of people with disabilities, draw out the relevant lessons and share them to develop strategies for the new programme.
Fund community needs assessment for better analysis and future advocacy work.	<ul style="list-style-type: none"> • Conduct a comprehensive needs assessment of people living with HIV and AIDS in localities X and Y, in partnership with local CBOs. • Feed the conclusions and new strategies into the work plan for Year 2.
Canvass other organisations to collaborate in the programme.	<ul style="list-style-type: none"> • Other national NGOs and international NGOs convene a meeting to discuss priorities with people living with HIV and AIDS and design supportive strategies.
Develop a training programme for programme staff on HIV and AIDS.	<ul style="list-style-type: none"> • Design a staff training programme, implement it and assess its effectiveness.

Once ideas for the objectives of the annual team work plan have been collected and listed it will be necessary to prioritise and synthesise these. Ideally there should be no more than 10 objectives to guide the organisation's work towards the strategic aims over the year ahead.

In addition, it will be important to assign specific tasks to staff or staff time. This will be relatively straightforward in the case of programme staff. The work of administrative staff and the tasks involved in general programme management will cut across most of the objectives. It might best be summarised separately in the annual team work plan.

The important thing is that each person in the team knows what he or she is responsible for in terms of programme delivery, so that this can be incorporated into the personal objectives (see below).

Approving the plans

Once the strategic plan has been written up, it will need to be approved by the governing body. This body will need to consider whether it fits with the overall mission of the organisation and its aims as specified in the governing document.

The governing body should also review the feasibility of the annual team work plan and the annual budget, once these have been completed, to ensure that the planned activities:

- are realistic and achievable
- will meet the needs of the target groups, service users or clients
- can be implemented with the resources available.

3.6 INDIVIDUAL PERFORMANCE OBJECTIVES

Once the governing body has approved the annual team work plan, it is the task of the Executive Director to ensure that individual members of staff understand clearly their roles and responsibilities. One way of doing this is to set individual performance objectives to serve as the basis of performance management (see Chapter 5: Managing people).

How to develop personal objectives

To develop objectives against which the individual performance of each member of staff will be assessed or appraised:

- Identify key responsibilities for the year ahead, to be sure that the roles and responsibilities of each person are clear.
- Define and agree objectives for the year ahead in these areas of responsibility.

It is realistic to identify between four and six key responsibilities and four to eight objectives. Usually each person has one objective for each area of responsibility, but where the key responsibility is broad he or she may have two.

A **key responsibility** describes what work an individual is responsible for over the coming year. These can normally be derived from the job description (see Chapter 5: Managing people). However, it is important to consider also the objectives contained in the annual team work plan and to make sure that there is a good fit.

In developing an objective it is important to consider:

- What will be achieved?
- How will it be achieved?
- What resources (including time, skills, support, and money) are needed for the objective to be achieved?

Each objective should be specific, measurable, achievable, relevant and time-related (**SMART**).

It is useful to ask individuals to complete a sheet listing objectives, including indicators and a timeline. These can then be discussed with the individual's line manager and modified accordingly.

Once the objectives sheet is finalised, a copy should be signed by both the line manager and the individual concerned and kept on the staff member's personnel or performance management file for reference during interim appraisals and the annual review (see Chapter 5: Managing people). In some cases it may be necessary to update, change or modify the objectives to fit with the changing realities of the job or factors such as loss of anticipated funding.

3.7 INDIVIDUAL WORK PLANS

In most cases if key responsibilities are clearly defined and realistic objectives are set against them, more detail is unnecessary. However, some people find that they work better with a fully elaborated work plan. This can help individuals to plan their time effectively and prioritise the smaller tasks that develop out of the objectives. This is for the organisation and then its staff to decide.

The following example shows how to break down different types of task in an individual work plan and set responsibilities against them.

EXAMPLE: TASKS OF ACCOUNTANT

Regular tasks

- Daily tasks (check staff timesheets, vehicle logbook, etc)
- Weekly tasks (attend management meetings, etc)
- Monthly tasks (conduct a surprise cash count, physical count of inventory, etc, complete monthly financial return)
- Quarterly tasks (prepare financial reports for governing body)
- Other regular tasks (fixed asset count, etc)

Donor requirements

Complete project financial reports according to specified timelines.

Monitoring and evaluation

Monitor accounts according to procedures laid out in the financial procedures policy document.

Meetings

- Attend regular finance meetings
- Attend special meetings as required

Organisational development

Improve the accounting system as specified in the strategic plan.

Time management

Everyone is busy. Time is one of the most important resources that an organisation has and it needs to be used carefully. The box below provides some tips for effective time management.

EFFECTIVE TIME MANAGEMENT

Plan long term. Look at work over a 12-month period, not just from a day-to-day perspective.

Make a wall chart detailing planned activities and add others as they arise including organisational activities (eg moving to a new office, visits by donors, annual leave, etc).

Make lists. Write down the tasks that need to be completed over a week, month, quarter. Prioritise these tasks.

Update the list regularly and cross off the items that have been completed.

Delegate tasks to others as appropriate.

If working with others, share responsibility for the work by delegating specific tasks to them.

Prioritise.

Group tasks as follows:

A tasks – urgent and important

B tasks – urgent or important

C tasks – routine.

Some people find it helpful to make a list of all their tasks for the week ahead and then divide them into A, B, or C tasks (see box above). If they are not regular tasks, it is helpful to make a note of the expected completion date or deadline.

It may also be helpful to divide up the **working day**. If doing this it is best to apportion different types of tasks to different parts of the day. (For example, A tasks could be done mid-morning, B tasks either first thing in the morning or in the late afternoon, and C tasks at the end of the day). It is important to think about your energy levels at different parts of the day when doing this, and to assign the most complex tasks to times when these are highest. Look at the day and see what tasks might appropriately be delegated to others or combined to take up less time.

3.8 CONCLUSION

After working through this chapter the organisation will have made the following gains:

ACHIEVEMENTS

Team planning	Experience of planning a major project, ie developing a strategic plan and accompanying documents
Team work	Experience of working together as a team and with others
Organisational vision	A clear, focused and shared vision of the organisation's direction
Strategic analysis	A deeper understanding and shared analysis of the organisation's operating environment
Stakeholders	Knowledge of who has what stake in the organisation and its programme
Impact	Learning from past programme experience and knowledge of where it can make greatest impact
Prioritisation	New skills in synthesising and prioritising difficult issues
Programme	Agreement on programme priorities for the coming three years
Strategies	Strategies mapped out to make the priorities a reality
Capacity and resources	Understanding of what capacities and resources (human and financial) exist and are needed to implement effective programmes
Cost	Knowledge of the overall costs of implementing the strategic plan
Annual team work plan	Objectives mapped out for the year ahead so that the sum of the staff team's effort adds up to more than its individual parts
Individual performance objectives	Knowledge of how each individual will contribute and how his or her performance will be appraised

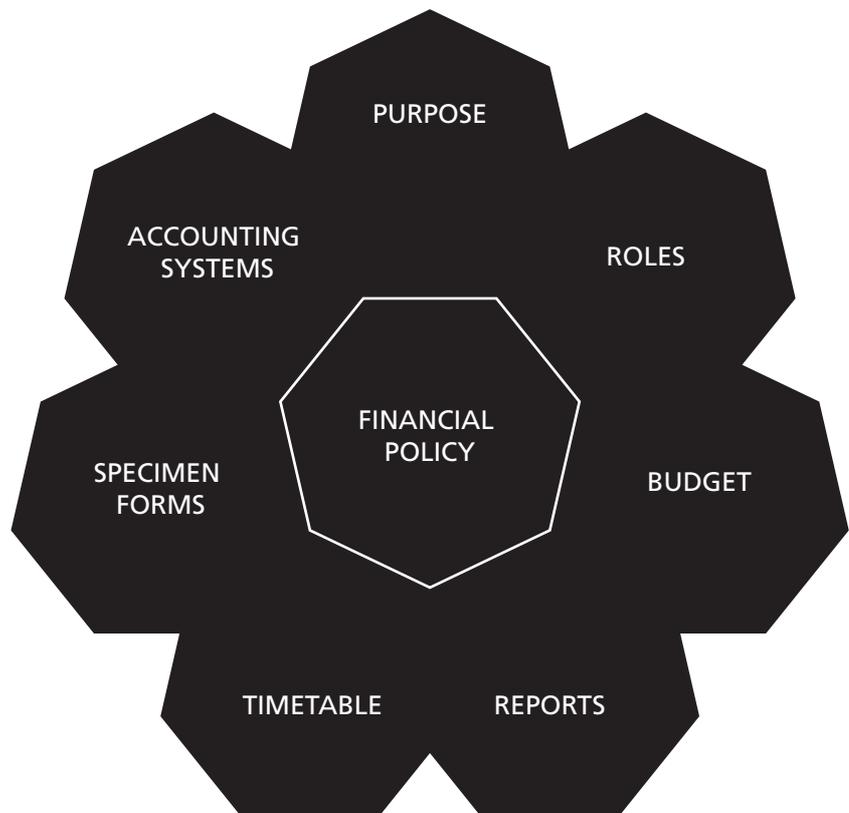
Chapter 4: Managing finances

4.1 OUTLINE OF CHAPTER

This chapter provides guidance on how to develop a **financial procedures policy**. Applying such a policy will ensure the good financial management and accounting practice that are essential for the organisation's success.

The guidance falls under seven main headings (see diagram) which can also serve as the section headings for the policy document. Samples of the forms to be used under the policy are given in the appendices.

ELEMENTS OF A FINANCIAL PROCEDURES POLICY DOCUMENT



4.2 PURPOSE

The financial procedures policy is critical for any organisation because it lays down procedures to ensure that the organisation's resources (both financial and material) are put to their proper use. It is important that this policy is well understood by staff and members of the governing body, because they are all responsible for good management of resources.

Normally the governing body members and the Executive Director play the key roles in developing such a policy, but it may be useful to involve other members of staff, in particular those with responsibility for finance.

It is advisable to have a single, comprehensive policy document dealing with financial management and accounting procedures, rather than a series of separate ones. It will be easier to monitor its implementation and to update it.

The policy document will outline the financial management procedures of the organisation and specify the roles and responsibilities of staff and governing body members. It is common to state in the document itself that it cannot be changed without the formal approval of the governing body.

Before embarking on the details of the policy it is useful to start with a discussion about the purposes it will serve. A summary of the conclusions reached might then form the **preamble** of the document, as in the example presented below.

EXAMPLE: PURPOSE OF FINANCIAL POLICY

Through rigorous adherence to the financial procedures outlined in the policy document the organisation will be able to ensure the following:

- The governing body will be able to show both funders and beneficiaries that the organisation's assets are safe, because it will be able to show that checks and controls have been implemented.
- The organisation and its reputation will be protected against financial mismanagement by staff or governing body members.
- The interests of the beneficiaries of the organisation, its employees and the governing body will be protected.
- The relationship between the members of the governing body and the staff in financial matters and their respective roles and responsibilities will be clarified.
- There will be an appropriate segregation of responsibilities for the approval and execution of expenditure.
- Financial decisions will be given appropriate consideration before they are taken.
- The relevant accounting regulations, standards and legal requirements will be complied with.

4.3 ROLES AND RESPONSIBILITIES

The first thing to do when setting up an accounting system is to decide who is responsible for what in terms of financial management. It is very important that financial responsibilities are shared and clearly demarcated.

One of the most important principles of sound accounting management is that all financial transactions should be prepared by one person and reviewed by another.

The segregation of responsibilities means ensuring that the person nominated to make payments by cash or cheque should not be a cheque signatory, or be responsible for petty cash.

For example, the person responsible for authorising the payment of salaries (Executive Director) should not be the person who actually makes these payments (Finance Officer). The person responsible for signing a cheque for a petty cash top-up (Finance Officer) should not be the person responsible for making payments out of the petty cash (the Administrator).

The purpose of segregating responsibility in this way is to ensure that **checks and balances** are built into the system regardless of how few or many staff an organisation employs.

The next question to consider is the role of the governing body and trustees in financial management, because the governing body has ultimate responsibility for ensuring that all the assets and finances of the organisation are properly managed and that staff, including the Executive Director, are fully accountable to it. The **basic accounting principles** should be outlined in the governing document (see Chapter 2: Organisational governance). In addition, some governing bodies nominate or select a trustee to act on their behalf as **Treasurer**.

It is particularly important to have clear lines of responsibility at the most senior levels of the organisation, but all employees share responsibility for ensuring that finances are secure. Below is some guidance about how these responsibilities could be defined in a financial procedures policy document. Some organisations also include the contents of the 'responsibilities of staff' paragraph in all their employment contracts (see Chapter 5: Managing people).

EXAMPLES: KEY FINANCIAL RESPONSIBILITIES

Responsibilities of governing body trustees

The trustees hold the organisation's assets in trust for the beneficiaries and funders and are responsible for ensuring that they are used to achieve the aims for which the organisation was established. Trustees are duty bound to ensure that proper account books and records are kept, that annual reports and accounts are prepared, and that these conform to any relevant local legislation.

It is the responsibility of the trustees and all staff to ensure that the organisation's financial systems and procedures are adhered to at all times and to report any discrepancies immediately: in the case of staff, to their line manager, and in the case of the Executive Director or trustees, to the governing body.

Responsibilities of the Executive Director

It is the responsibility of the Executive Director to ensure that all financial systems and procedures specified in the policy document are in place and that the staff adhere to them, to report any discrepancies in a timely fashion to the Chair or Treasurer, and to take the appropriate disciplinary action against staff found to be in breach. The Executive Director will rely on the assistance of the accountant to ensure the smooth financial operation of the organisation on a day-to-day basis.

Responsibilities of staff

Before committing the organisation to any expenditure for goods or services or to any financial liability, an employee must be satisfied that he or she has the necessary authority. A breach of the organisation's financial policies and procedures could be considered serious misconduct and could lead to disciplinary action.

It is also important to outline clearly the more specific responsibilities of those charged with managing the organisation's finances. The boxes below give examples.

EXAMPLES: SPECIFIC RESPONSIBILITIES**The Chair or Treasurer**

- oversees and monitors adherence to the financial procedures set out in this policy document
- provides advice and support to the Executive Director and governing body on financial management issues
- represents the governing body on issues relating to the sound financial management of the organisation
- liaises with the appointed auditor and presents audited annual accounts to the Annual General Meeting.

Trustees

- approve financial systems, procedures and management
- approve annual budget and annual audited accounts
- monitor income and expenditure
- implement policy on loans, investments and reserves
- approve arrangements for insurance and risk management
- approve all salaries, new posts, appointments
- authorise all the organisation's bank accounts and their signatories.

The Executive Director

- presents accurate, timely and high quality financial information and reports to the governing body
- formulates the annual budget
- monitors financial outcomes against the budgets on a monthly basis and takes appropriate action
- facilitates the annual audit
- reports annually to the governing body on a competitive quotation process for all annual contracts for goods, services, insurance, etc
- ensures that all staff adhere to the financial procedures outlined in the financial procedures policy document
- authorises petty cash top-ups against expenditure documented by the Office Manager
- keeps abreast of any changes in financial legislation and regulations affecting the organisation
- directs and coordinates financial strategies and plans, linking these to the annual work plan
- ensures adequate insurance to cover assets and liabilities
- checks records of incoming cheques and cash against bank statements
- banks incoming receipts at least weekly
- keeps the cheque book in an appropriate, secure and safe place.

Finance Officer

- records all incoming cheques and cash and ensures the security of these until they are banked
- maintains an up-to-date record of all assets and regularly checks that these are secure and well maintained
- prepares expenditure documentation for appropriate authorisation (see procedures)
- checks orders received against invoices and keeps records of orders placed but not yet received
- manages petty cash float, subject to cash count and checks by the Executive Director whenever a top-up is requested
- keeps the assets registers.

These responsibilities should be reflected in the terms of reference of the governing body (see Chapter 2) and in the individual job descriptions of staff (see Chapter 5). If the organisation employs an accountant, then some of the responsibilities of the Executive Director outlined above may be delegated to this post-holder.

4.4 ACCOUNTING SYSTEMS

The third part of the financial procedures policy document will outline the organisation's systems and procedures for ensuring robust financial management. Below is a checklist of questions to consider when framing this.

CHECKLIST: KEY DECISIONS TO TAKE

- | | |
|--------------------|---|
| FRAUD | <ul style="list-style-type: none"> • How will the organisation deal with cases of possible fraud? • To whom will staff report cases of suspected fraud? • What action will be taken if a member of staff is found to have been involved in fraud? |
| SYSTEMS | <ul style="list-style-type: none"> • Will the organisation use a computer accounts system or a manual system (specify details)? |
| BANKING | <ul style="list-style-type: none"> • How will the organisation organise and manage its bank accounts? <ul style="list-style-type: none"> ◦ Current account details ◦ Minimum requirements for cheque signatories • How will the organisation ensure that the bank accounts are secure? |
| CASH POLICY | <ul style="list-style-type: none"> • How will cash transactions be managed? |
| ASSETS | <ul style="list-style-type: none"> • How will fixed and consumable assets be managed? |
| VEHICLES | <ul style="list-style-type: none"> • How will the organisation ensure that its vehicles are used and maintained appropriately? |
| STAFF | <ul style="list-style-type: none"> • How will staff expenses and entitlements be managed? • What is the staff salary structure? • What expenses or other entitlements are staff, governing body members, volunteers entitled to? |
| PURCHASING | <ul style="list-style-type: none"> • How will the organisation manage purchasing and procurement for office and project items? |
| INSURANCE | <ul style="list-style-type: none"> • What type of insurance is needed (what does the law require) for staff, premises, assets and vehicles? |

4.4.1 POLICY ON FRAUD

All governing body members and staff employed by the organisation have a **duty** to ensure that they safeguard its financial assets. For this reason it is important to have a clear policy spelling out what action will be taken in the case of **suspected fraud** and the lines of authority that have been established for dealing with such cases.

As soon as a staff member has any suspicion of fraud in any area of the organisation's work, he or she needs to know to whom to report it. Usually the policy will specify that such concerns should be taken, in the first instance, to the Executive Director who in turn will report to the governing body, including the Chair and/or Treasurer. However, concerns relating to the financial conduct of the Executive Director or that of a trustee are usually taken directly and explicitly to the Chair of the governing body.

In any circumstance where fraud is suspected or discovered, the policy document must specify that prompt **legal action** will be taken and that fraud is sufficient grounds for the **dismissal** on the grounds of **gross misconduct** of a staff member (see Chapter 5: Managing people). These provisions can provide an important deterrent.

4.4.2 SYSTEMS OVERVIEW

It is also important to specify in full in the policy document how the organisation will record its financial transactions, including petty cash. Some organisations will keep **manual records** of their transactions; others will use a **computerised accounts system**.

Under the manual system a separate **bank book** must be maintained for each bank account, as well as a **cash book** for the main cash float. These books are usually referred to as ledgers.

Two different systems can be used: a **single entry ledger system** or a **double entry ledger system**. (See Appendices 1 and 2 for examples of these.) However, these should NOT be treated as forms because loose pieces of paper can easily be lost. The format should be used in the books of account (for bank and cash) or on a computerised system.

Generally speaking, very small organisations can use a single entry system easily, but once their accounts become more complex it is best to start using the double entry system. It is advisable for an organisation to use a double entry system if it makes more than about 20 payments a month because it shows more specifically how the money was spent and facilitates monitoring. Basically, the double entry ledger is a more sophisticated way of recording income and expenditure by entering each transaction twice (ie double entry) to make it easier to check how much has been spent against each budget heading.

In the double entry system payments and receipts are detailed in date order with receipts on the left and payments on the right. Each transaction must be supported by a receipt or payment voucher. The reference number must be recorded on the form. Cheque numbers must also be recorded. The relevant budget head or account code must be entered against each transaction.

A single entry ledger system must include:

- the **date** of the transaction
- a **description** of how the money was spent or received
- a **voucher number**
- an '**amount in**' or '**amount out**' column representing income or expenditure
- the **current balance**, calculated by simply adding or subtracting the total from the previous current balance. At the beginning of each new page, the balance carried forward is entered from the bottom of the previous page.

- In the **double entry ledger system** the current balance is calculated by subtracting total expenditure from total income.
- The **budget codes** are entered across the top of the ledger: budget subheadings can be included under each main heading as desired.
- As with the single entry ledger system, each transaction is entered in the 'amount' column but **income** is listed separately in the column on the left and **expenditure** in the column on the right.
- After the amount has been entered in the appropriate column it is entered again under the appropriate **budget heading** or subheading. This means that at the month end, it is easy to calculate how much has been spent under each budget heading.

4.4.3 BANKING REQUIREMENTS

Although many local NGOs do not have bank accounts when they begin operations, it is essential to ensure that such an account is opened at the earliest opportunity (where possible). As many of the organisation's financial transactions as is realistic should take place through the bank account rather than through cash transactions. It is much easier to monitor bank transactions and a bank is the safest place in which to keep funds.

The policy document will need to specify the full details of any bank accounts held in the name of the organisation.

CURRENT ACCOUNT DETAILS

Account type:

Name and address of bank:

Account name and number:

Cheque signatories

It is good practice to require that all cheques are signed jointly by at least two of the named signatories and to specify that for cheques over X amount one of the signatories must be the Chair or Treasurer of the governing body.

Indeed, it is prudent to specify that any cheque above X amount must be approved by the governing body at one of its routine committee meetings. This will ensure that no cheques for large amounts of money are cashed without full knowledge and authorisation.

It is essential to spell out clearly the minimum sums for which different signatories are empowered to sign cheques and who these signatories must be, as outlined in the example below.

EXAMPLE: CHEQUE SIGNATORY REQUIREMENTS

Up to maximum sum of X	Executive Director
From X to Y sum	Executive Director and named governing body signatory or two governing body signatories
Above Y sum	Governing body signatory and Treasurer or Chair of governing body

See Appendix 3 for an example of an authorised signatories list.

In addition to clearly specifying cheque signatory requirements for different levels of payment, it is essential to have clear procedures to guide the signatories as shown in the box below.

PROCEDURES: CHEQUES

- All cheque payments will be summarised quarterly and made available for inspection by the governing body.
- Cheques made payable to an account signatory must not be signed by that signatory.
- All cheque expenditures will be recorded on the accounts system and cross referenced to a cheque number, with the nature of the payment clearly identified.
- All cheque book stubs will be completed at the time of payment and retained according to the auditors' requirements.
- No cheques will be signed without the corresponding invoice, or other documentary evidence of the nature of the payment.
- Blank cheques must never be signed.
- An individual must be in the formal employment of the organisation or elected to the governing body as a trustee for a minimum of three months before becoming a signatory. The governing body will make any necessary arrangements to cover signatory responsibilities during the initial stages of employment or trusteeship.

It is also important to think clearly about practical issues such as the logistics involved in meeting the minimum requirements for signatories.

For example, if the Chair of your governing body lives far away from the office, it might be better to have the Treasurer who lives nearby as a named signatory of cheques above X amount.

However, if the governing body meets regularly it should be possible for larger cheques to be signed before or after the committee meetings, provided that this is planned ahead of time.

Bank security

The policy document should specify the procedures to ensure that all funds kept in the bank are secure at all times, as outlined in the box below.

EXAMPLE: BANK SECURITY RULES

- The number of bank accounts must be kept to a minimum.
- Arrangements must be made with the bank to confirm payments over a given amount before they are cleared.
- Bank transfers must be made only by cheque and not by letter, fax, email, telephone or internet.
- All bank documentation, such as examples of the signatories' signatures, must be kept in a secure file together with other financial records.
- It is advisable to ensure that any bank accounts are in the name of the organisation rather than in the names of individuals.
- Two members of the governing body (including the Chair or Treasurer) must authorise the opening and closing of every bank account.

Any **deposits** of either cash or cheques into the bank must be authorised and recorded. (See Appendices 4 and 5 for suggested formats for recording deposits.)

4.4.4 CASH POLICY

The governing body should decide in principle the **ceiling** on the amount of petty cash to be maintained in the office at any one time. This amount should be specified in the financial procedures policy document. It is the responsibility of the Executive Director to ensure that these limits are adhered to. Petty cash float levels will usually be enough to last a week. The amount of the petty cash float is best fixed. When it falls below a certain level it must be topped up from the bank, to restore it to its original level.

When the petty cash float becomes low, a **petty cash top-up request form** (see Appendix 6) must be completed by the Finance Officer and authorised by the Executive Director. The same person cannot prepare *and* authorise a petty cash top-up request form.

It is also advisable to set some **authorised expenditure limits** on petty cash (see Appendix 7 for a specimen form). These need to be understood by everyone on the staff team and kept on file as a record.

Cash floats

For salary advances and operating or travel floats, it is essential to ensure at minimum that:

- An up to date float register is kept.
- Limits are set on the size of a salary advance or cash float.
- Authorisation procedures are clearly defined.
- All staff members understand clearly the method of repayment or, in the case of salary advances, deduction.
- Receipts or a receipt book are used to back all transactions.

A float is an amount of cash given to an individual to cover expenditure while away from the office or to purchase items that cannot be paid for by cheque. It is important to ensure that all floats given out are properly accounted for. To do this, a **float register** must be maintained (see Appendix 8). The left-hand side of the register records the floats given out. The right-hand side lists floats returned and expenditure accounted for. The final column shows the value of floats outstanding.

The register is simply a means to ensure that all floats have been accounted for. The floats also need to be recorded in the accounts. The payment of the float must be coded to personal floats on the expenditure side of the cash or bank book. When the residual float is returned with receipts, the total value of the float is cancelled by showing the full amount of the float on the income side of the cash or bank book. The expenditure is shown on the payments side, coded to the relevant accounts.

Inevitably there will be circumstances when it is necessary and prudent for an organisation to provide a member of staff with a cash advance for which there is no supporting documentation. In addition to salary advances, which are recorded on the salary sheet (see 4.4.7 below), it can be helpful to have a page at the back of the cash book that records the amount of any advance taken. The person receiving the advance should sign for it, and no new advances can be given to the same individual until the last one has been cleared. Cash advances are not encouraged, and the normal procedure for cash disbursement should be used whenever possible.

Surprise cash count

To ensure that petty cash is being managed properly, it is a good idea for the Treasurer to undertake a surprise cash count periodically. The Executive Director should also do this from time to time. This may be done using the cash count form (see Appendix 9) which is also used for the month end accounts (see 4.6 below).

Whoever is carrying out the count asks the Finance Officer for the current balance as stated in the cash book and enters this at the top of the form. A physical count of all the petty cash in the safe or cash box is then done and entered by denomination on the form. If the cash balance does not match the cash balance in the accounts, the reasons for this need to be explained on the form.

The example below outlines some best practice guidelines for petty cash management.

EXAMPLE: CASH MANAGEMENT GUIDELINES

- No more than [specified amount] will be held as a petty cash float in a locked cash box at any one time. This will be managed by [named person who should NOT be a cheque signatory].
- All cash payments will be made from the petty cash float, not by the retention of incoming money.
- All claims from the petty cash float will be backed up by supporting documented evidence, which is authorised by someone other than the claimant.
- Petty cash top-up requests must be made by the person with responsibility for petty cash, showing that expenditure has reached a level where funds need to be replenished to the value requested. A cheque signatory [or signatories] will check and approve the receipts and then sign the cheque.
- Cheque, rather than petty cash, payments must be made wherever possible for goods or services over the value of [specified amount].
- The balance of petty cash kept in the office will be monitored periodically by the Executive Director or Treasurer.

4.4.5 FIXED AND CONSUMABLE ASSETS

The difference between consumable and fixed assets is defined in the box below.

CONSUMABLE ASSETS

- Items that get used up over time such as rent, insurance, stationery, paper and other supplies

FIXED ASSETS

- Office equipment, office furniture, personal computers, laptop computers, printers, photocopier, motor vehicles

Some organisations will need to account for the assets they have in the office or for office use and those which are donated or loaned to projects. Different registers should be kept for each as follows:

- Register A: fixed assets
- Register B: consumable assets
- Register C: assets purchased for a project
- Register D: assets of a finished project.

Specimens of these registers are appended (see Appendices 10-13). In managing and accounting for assets the following example sets out the minimum standards of good practice.

EXAMPLE: FIXED ASSET MANAGEMENT POLICY**Registration**

All fixed assets with a purchase price over a specified amount must be registered by the [eg Office Manager] in a register and a copy of the purchase invoice must be kept with the register. The register must be updated monthly to include newly purchased assets.

Physical audit

Identification of fixed assets must be undertaken under the supervision of the Treasurer or Chair of the governing body in the following circumstances:

- in the month before the end of the financial year
- during an audit visit
- during the handover of the Executive Director to a successor.

Lost or stolen items

The Chair or Treasurer of the governing body must be advised of any lost or stolen items. **Theft is a disciplinary offence.**

Depreciation

Depreciation is set at a level of three years for computers and printers, 10 years for office furniture and five years for vehicles. Depreciation will be calculated when end of year accounts are prepared and as advised by the auditor.

Disposal

Where an asset is no longer required its sale or disposal must be authorised by the Chair or the Treasurer of the governing body.

Retained assets

Assets held beyond the write-off period must be retained on the register and given a nominal value.

Private use of the organisation's computers or photocopier is permitted in special cases, as determined by the Executive Director. The staff member bears the full actual cost. Should a movable asset be damaged or lost while in the care of an employee for private use, the organisation may ask the employee to bear the full cost of repair or replacement.

Most of the procedures for managing consumable assets will be very similar to those for fixed assets.

EXAMPLE: MANAGEMENT OF CONSUMABLE ASSETS

Registration

All items with a purchase price over a specified amount must be entered in a register. This will be kept by the Office Manager [or other specified post holder] and updated monthly.

Physical audit

As for fixed assets (see box above).

Depreciation is not applied to consumable items.

Disposal must be authorised by the Executive Director and reported to the governing body at its next meeting.

Private use

As for fixed assets (see box above).

An inventory statement

In addition to the assets, organisations will have **expendable** and **non-expendable** supplies. Expendable supplies are similar to consumable assets but not of high value (valued below a specified amount and therefore not included in the register of consumable assets). Non-expendable supplies are similar to fixed assets but of less financial worth, for example filing in-trays for the office or wheelbarrows and hoes for a project. As these items will not be covered by assets policy, an inventory statement is necessary. This should cover the following areas:

- How does the organisation register expendable and non-expendable supplies?
- Who can use which supplies and under whose authority?
- How are the supplies monitored?
- What action will be taken when supplies are damaged or lost?

4.4.6 MANAGING VEHICLES

A vehicle is one of the most costly fixed assets that an organisation has and must, therefore, be carefully managed. The box below raises some key questions to guide discussion and decision making about vehicle management.

VEHICLE MANAGEMENT

- Who must authorise the use of vehicles?
- For what purposes can an NGO vehicle be used? For example, is personal use by staff permitted?
- Who is permitted to drive the vehicle? Are partner organisations and other people who are not employed by the organisation permitted to use the vehicle and under what conditions? Whose approval is needed?
- What documents related to the vehicle must be kept (eg vehicle logbook)? Who is responsible for keeping them secure and what information must they include?
- Who is responsible for making sure that the vehicle is roadworthy and serviced regularly? Does the office use one registered garage?
- Where must the vehicle be parked out of office hours?
- What rules are there to ensure road safety (for example, observing certain speed limits, wearing safety belts, not driving after dusk or before dawn except in exceptional circumstances)?
- Who is responsible for ensuring that the appropriate vehicle insurance cover is in place?

The points outlined in the example below are standard rules used by most organisations for management of vehicles.

EXAMPLE: VEHICLE MANAGEMENT GUIDELINES

- The Administrator coordinates vehicle use according to the guidelines that the organisation has established for use and authorisation.
- The driver keeps a **vehicle logbook** to provide a full record of where the vehicle went, how long it took, what the distance was, and how much fuel and oil has been purchased and used. The passenger must sign the vehicle logbook after each trip.
- The unauthorised use of vehicles is a disciplinary issue.
- A **vehicle control white/blackboard** will record where the vehicle is, how long it will be away from the office, and the names of the driver and passengers.
- The Finance Officer [or another senior member of staff] must check the vehicle logbook weekly.
- Staff authorised to use the vehicle for personal reasons must pay X for each kilometre driven.
- Seatbelts must be worn at all times and on all journeys.
- Speed limits must be observed at all times [specify appropriate limits, eg for tarmac roads and non-tarmac roads].
- The Finance Officer must ensure that the vehicle is properly insured, serviced and maintained, and that health and safety rules are observed. Any discrepancies must be reported to the Executive Director who will also carry out spot checks on documentation concerning the vehicle, including bills for servicing.
- In the event of a road accident the details must be reported in full and immediately to the Executive Director.

4.4.7 STAFF SALARIES

A significant component of monthly expenditure is likely to be for staff salaries. It is thus important that these transactions are carefully managed according to best practice procedures understood by all members of staff. The example below outlines some of these.

EXAMPLE: MANAGING STAFF SALARIES

- Personnel records for all staff members should be kept separately from pay records and checks will be made against them from time to time by the Chair of the governing body to ensure that there are no 'fictitious' employees.
- All staff salary levels and grades should be approved by the governing body. Any re-grading of posts or changes to salaries must also be approved by this body, including annual incremental increases at the beginning of each new financial year.
- Where possible all salary payments should be made by bank transfer. No advances on salary or other loans can be made unless specifically authorised by the governing body.
- Cash salary payments may be necessary in some locations, and must be signed for by the staff member.
- All tax should be deducted at source and paid directly to the authorities by cheque.

In addition, a **salary sheet** should be prepared monthly to show how the salaries paid were calculated (see Appendix 14). The net pay figures on these must agree with the figures for salaries paid, as shown in the relevant cash or bank books. Any salary deductions must be recorded on the salary sheet, including any advances paid to staff during the month. These will be deducted when calculating net pay.

4.4.8 STAFF EXPENSES AND ENTITLEMENTS

Staff may incur expenses when undertaking official work for the organisation, especially when this requires travel away from the office. Normally staff who are authorised to travel for the organisation will be given a cash travel float for which they must sign. However, clear **limits** need to be set on how much can be legitimately claimed from the organisation and staff should understand that if they exceed these limits they will have to reimburse the organisation from their salary. In addition, most organisations have some rules to govern the personal use of the organisation's telephone and computers, etc.

The example below provides some guidance on how to manage staff expenses and other entitlements.

EXAMPLE: STAFF EXPENSES AND ENTITLEMENTS

- The line manager should ensure that costs incurred by staff in carrying out their duties for the organisation are essential. **Reimbursement** will be of the actual amount and not rounded up. Payment of expense claims can only be made to a staff member who provides the necessary receipts. [Some organisations find it easier simply to give staff who are travelling on official business a daily allowance for which they are not required to provide receipts.]
- All staff travel and subsistence expense claims must be **approved** by the line manager whose expenses will be approved by the Executive Director. The travel and subsistence claims of the Executive Director will be monitored by the Chair or Treasurer of the governing body.
- Staff who are out of the office on official business, approved by their line manager, are **entitled to claim** for non-alcoholic beverages and meals. If the absence is for a period of more than four hours they are entitled to claim up to a maximum of [specified amount] and for periods of more than seven hours the maximum value of the claim can be [specified amount]. For field trips requiring overnight stays away from the office, the maximum amount that can be claimed in expenses for a day is [specified amount] plus up to a maximum of [specified amount] a night for accommodation.
- Unless authorised to do so by their line manager, staff are not permitted to use the office **telephone** for personal telephone, fax or internet calls. If they use the office telephone with authorisation, they must reimburse the costs of any calls made.

4.4.9 PURCHASING

Procedures for purchasing are needed to ensure that the organisation's financial resources are always used for the correct purpose and that purchases made are for goods and services that provide the best value possible.

Quotations from different suppliers of goods and services over a set price limit should always be requested (see quotation request form, Appendix 15). These are then compared for competitiveness (see summary bid analysis form, Appendix 16). Before any supplies (above a specified cost) are purchased a supplies requisition form (Appendix 17) should be filled in and authorised. Once this has been approved a purchase order form should be completed (Appendix 18). Once the goods have been received a confirmation of goods received form should be filled in (Appendix 19).

EXAMPLE: PURCHASING PROCEDURES

- All anticipated expenditure must be authorised through an **annual purchasing plan**, prepared by the Executive Director at the same time as the budget and approved by the governing body as part of the annual business planning and budget process.
- Expenditure must be authorised at the **requisition** stage, not after receipt of goods or services. Before any purchases or orders over [specified amount] are made, a **purchase order form** must be filled out.
- Purchases or orders of between the sums of [specified amounts A and B] must be **authorised** by either the Executive Director or Accountant; those between [C and D] must be authorised by the Executive Director; those between [E and F] by one trustee signatory and those over [G] by two trustee signatories (one of whom must be the Treasurer).
- Purchases of **regular supplies or services** are made from preferred suppliers only on the following basis:
 - Their prices are competitive.
 - Their products or services are of good quality.
 - The NGO has a transparent relationship with suppliers and providers.
 - A comparative review of competitiveness (including reliability, etc) is undertaken by the Executive Director and approved by the governing body annually.
- In the case of purchases over [specified amount] the Accountant or Office Manager must ask for quotations from at least **three potential suppliers**. The Executive Director will then sign for and approve the selected quotation.
- All purchase transactions must be entered into the accounts and **secure records** kept by the Accountant and Executive Director.
- All outgoing **invoices** for the organisation must be drawn up by the Executive Director or the Accountant and copies must be kept on file.

4.4.10 INSURANCE

It is usual for the trustees to approve any necessary arrangements for insurance annually on the basis of a competitive quotation process. The Executive Director is then responsible for managing any insurance policies. The organisation may be required to hold the following insurance and, if so, the insured amounts should be reviewed annually: office contents insurance, public liability, employer's liability, trustees' liability, vehicles. It is important to check employer's liability.

4.4.11 RECEIVING INCOME

An organisation will receive various types of income (for example, grants from funding bodies, donations, membership dues, repayment of travel floats or salary advances, etc). All income, whether by cheque or in cash, must be recorded on a pre-numbered, duplicate **receipt voucher** (see Appendix 20 for an example) which must be completed with the following information:

- the date
- the name of the person or organisation paying in the money (cash or cheque)
- explanation of why the income is being received
- the amount received
- the budget code to be credited
- whether the income is in the form of cash or a cheque.

Any relevant documents must be attached to the receipt voucher. The voucher is then signed by the person giving the money and the Accountant to say that the money has been received. The top copy of the voucher is kept by the person giving the money, as a receipt, and the second copy filed as the organisation's record. It is best if this information is recorded in a sequentially printed book of receipts with counterfoils. The details from the voucher must be summarised on the receipts side of the appropriate bank or cash book. The income must be received into the bank account.

4.5 THE BUDGET

As seen in Chapter 3 (Strategic planning), the annual budget is best developed from the annual team work plan which is closely related to the strategic plan.

What is a budget?

A budget is:

- *a plan for the coming year*
- *a financial statement showing the organisation's activities*
- *a forecast for the year showing areas of under-funding or weakness*
- *a management tool for monitoring income and expenditure*
- *a tool to aid fundraising.*

A budget should usually be developed according to the NGO's financial year (annually). It is best to have one organisational budget that covers all the activities outlined in the annual team work plan.

How to develop an annual budget

Every financial year proper and realistic estimates of the NGO's income and expenditure will be made by the Executive Director with support from the Treasurer and Finance Committee and presented to the trustees. Some budgetary work is delegated, but final approval and authority lies with the Trustees. Trustees and staff have a duty to seek best value from the expenditure of the organisation.

As with strategic planning, preparing an annual budget requires thought and analysis, although probably less consultation and dialogue, if it is to reflect adequately the organisation's financial needs for the year ahead. It is helpful to refer to certain **documents** when undertaking the budget analysis and forecasting, as outlined in the box below.

TIPS: WHAT TO LOOK FOR

- In Chapter 3 it was recommended that organisations cost their five-year strategic plan. If this has been done, the costing and projections should be referred to closely when developing the more detailed and comprehensive annual budget for the organisation.
- It also helps to scrutinise expenditure against the previous year's budget: look for any areas of overspend or underspend, and analyse the reasons for this carefully, to assess whether these items were wrongly budgeted in the first place or whether they were over- or underspent because of unanticipated changes in programme activities, office or management costs.
- Look at the organisation's annual team work plan and attempt to cost, as precisely as possible, the expenditure likely to come from its implementation (ie the activities planned). Look particularly at any planned changes in programme activities (for example direct grants to projects or partner organisations, workshops, staffing, office equipment and supplies) that will have implications for the year's expenditure.
- Analyse the known and anticipated income for the coming year in terms of the sums agreed or pledged by funding agencies and any other monies expected from donations, membership fees, or income generating activities.
- Obtain estimates for any new items in the budget or for costs that may have increased since the previous year.

The basic steps for developing a budget once this analysis has been completed are outlined in the box below.

DRAWING UP THE BUDGET

- 1 Define** the parameters. What period will the budget cover (eg April 1-March 31)? What currency will be used?
- 2 Identify** all direct expenses, indirect expenses and sources of income for the budget (but not yet their amounts). Divide them into the following categories and subcategories:
 - **direct expenses** (project staff salaries, project equipment and materials, project expendable supplies, and other project direct expenses)
 - **indirect expenses** (salaries, office equipment and materials, office supplies, and other indirect expenses)
 - **income** (include all sources, including membership fees, donations, grants from funding agencies, service contracts).
- 3 Code** the items listed in Step 2. There are many ways to code budget items (eg, see the sample budget, Appendix 21).
- 4 Transfer** the items to the budget itself. Be sure to include:
 - **expenses heading** along the side of the worksheet
 - direct expense subheading
 - code and item titles
 - the actual direct expense items (from step 2)
 - indirect expense heading
 - code and item titles (same as under direct expense)
 - the actual indirect expense items (from step 2)
 - *Line for total expenses*
 - **income heading**
 - actual income items (from step 2)
 - *Line for total income*
- 5 Consolidate the figures.**
 - **Establish** costs for each item based on the budget analysis and estimates.
 - **Calculate** the sums across the rows and down the columns of the worksheet for the expenses.
 - **Transfer** income figures on to the worksheet.
- 6 Calculate** any surplus or deficit. Analyse the results.

For many organisations the first draft of the annual budget will reveal a significant gap between planned expenditure and known or anticipated income. It is important that in the second draft the difference between these two sets of figures is zero. This form of **'zero budgeting'** is by far the safest principle from which to work, but it is likely to mean taking items of expenditure that are lower priorities off the budget, at least until additional income is guaranteed. If the organisation's income base is weak or insecure, it is best to undertake a **budget review and update** quarterly so that, with the approval of the governing body, any new income and hence expenditure can be incorporated. The difference between income and expenditure in the overall budget should always be brought back to zero.

Appendix 21 gives an example of a quarterly budget of a small NGO.

4.6 REPORTING AND MONITORING

One of the key factors of organisational success and sustainability is a robust system of financial reporting and monitoring. Without this it is difficult to know what the overall financial position of the organisation is, or how its resources are being used. Also, most funding agencies make such systems a requirement or precondition of their funding. An organisation that fails to monitor and report on its finances will be unlikely to attract the funding it requires.

The finances of an organisation can be monitored and reported in a number of ways. What follows are some **best practice guidelines**.

Monthly financial return

To achieve minimum best practice standards, the organisation should produce a monthly financial return for the governing body, detailing financial movement in the previous accounting period. A best practice example of the documentation that an organisation could put together to accompany this return is provided below.

EXAMPLE: MONTHLY FINANCIAL RETURN

The monthly financial return should include:

- a **checklist** of all the documents attached with the return signed by the Executive Director
- a **narrative report** (maximum one sheet of A4) highlighting all the major variances (for example five per cent over or under budget) and any significant risk factors
- a summary of **expenditure and income** by account
- a **salary** sheet
- a **bank reconciliation** and **cash count sheet**
- a breakdown of **floats** and **loans outstanding**
- fixed asset register **depreciation**.

Bank reconciliation

A bank reconciliation should be compiled as part of the organisation's monthly accounts. The **balance carried forward** in the bank book is the bank balance from the organisation's perspective. A **bank statement** shows the balance from the bank's perspective. The bank reconciliation compares the two, and identifies why they differ. One reason for discrepancies will be timing differences.

For example, cheques written in the last few days of the month will take some time to clear and to show on the bank statements. However, they will already have been entered in the office bank book. Similarly, certain entries such as bank charges will appear on the statements before being entered in the bank book. To reconcile the bank account, it is usual to tick each entry in the bank book against those on the bank statement. Those entries not ticked are the items that need to be reconciled.

See Appendix 22 for an example of a **bank reconciliation sheet**.

Cash reconciliation

The balance carried forward in the cashbook must agree with the amount of cash in the petty cash box. This must be checked by performing a cash count at the end of the month and completing the **cash count form** (Appendix 9; also used for surprise cash counts – see section 4.4.4 above). Any difference must be explained, and the accounts adjusted accordingly. For example, small differences may arise because of slightly incorrect change. These small differences can be written off to miscellaneous expenses in the cashbook, so that the amount carried forward agrees with the amount in the petty cash box. However, it is advisable to define what is meant by 'small' (specify 'less than X amount').

Monitoring expenditure against budget

Quarterly reports for submission to the governing body should be compiled to monitor expenditure against budget. See Appendix 23 for a sample **budget against actual spending report**. The most important thing to highlight here is any variance in expenditure against budget: in other words, are there budget lines where the organisation has overspent and, if so, by how much, or by what percentage? This can be seen by checking cumulatively the amount spent against the amount allocated in the budget to each category and subcategory.

Although all accounts relating to projects will be included in the main accounting system, it is important to share this information with direct beneficiaries. This can be done using a **cumulative expenditure project report** format (see Appendix 24).

Financial auditing

The audit is an extremely important element of financial reporting. In addition to an annual, **external audit** undertaken by a recognised auditor, it is recommended that an **internal organisational systems audit** should be completed at least twice a year. The person conducting the audit should be known to the organisation, but independent of its administration and finances.

To do the audit, the auditor should cover all main headings contained in the checklist below and record what he or she finds. Any errors found should be clearly explained together with a recommendation for corrective action. A first audit can be time-consuming, but subsequent audits are likely to take only a few days. When the auditor is finished, she or he should prepare a report of findings for the governing body with a list of recommendations. The Executive Director, guided by the governing body, is responsible for ensuring that the recommendations are implemented.

CHECKLIST: FINANCIAL AUDIT

- Budget
- Procurement
- Segregation of duties
- Cash management
- Cash advances
- Petty cash
- Financial reports
- Bank accounts
- Financial monitoring

More guidance on how to conduct an audit is found in Chapter 7 (Office administration).

4.7 FINANCIAL REPORTS: TIMETABLE

It will be for the governing body to decide how it would like the quarterly accounts to be presented.

For example, it may specify the following:

- **monthly budget against actual expenditure** report for the previous quarter, comparing expenditure with the same quarter in the previous financial year, if appropriate
- **notes** on the budget against actual expenditure report for the previous quarter, with explanations of any significant **variances**
- a **balance sheet** as at the end of the previous financial quarter.

The box below presents an example of good practice for which financial reports should be produced when and by whom.

EXAMPLE: FINANCIAL REPORTING TIMETABLE

MONTHLY

- **Bank reconciliation** must be completed.
- **Cash reconciliation.** The Executive Director must authorise the petty cash account.
- The Executive Director must conduct a **surprise cash count**.
- The Executive Director must prepare a summary financial report showing any **variances** over five per cent, and will send this to the Treasurer for information and oversight.

QUARTERLY

- **Quarterly financial returns** must be prepared by the Executive Director and submitted to the governing body for scrutiny and approval. The financial reports must include a written document explaining variances from the budgeted amounts. These will be presented in a format to be periodically reviewed by the governing body.

ANNUALLY

- At the end of each financial year the Executive Director, guided by the Auditor, must prepare consolidated accounts for the past year. These will be considered by the governing body before the annual audit commences.
- The Executive Director, other delegated staff and trustees will participate in any discussions with the Auditor concerning the draft audited accounts.

It is a good idea to develop an annual financial timetable which details the tasks to be completed month by month, and who is responsible for doing what (see example in Appendix 25).

4.8 SPECIMEN FORMS

This part of the financial procedures policy document lists forms to be used under the policy, together with specimens of the forms. Below is a suggested list. The specimen forms themselves follow as appendices to the chapter.

LIST OF SPECIMEN FORMS USED UNDER THE POLICY

- 1** Single entry ledger
- 2** Double entry ledger
- 3** Authorised signatories list: bank cheques
- 4** Bank deposit record: cash
- 5** Bank deposit record: cheques
- 6** Petty cash top-up request form
- 7** Authorised petty cash expenditure limits
- 8** Float register
- 9** Cash count form
- 10** Fixed asset register A
- 11** Consumable asset register B
- 12** Assets purchased for a project: register C
- 13** Assets of a finished project: register D
- 14** Salary sheet
- 15** Quotation request form
- 16** Summary bid analysis form
- 17** Supplies requisition form
- 18** Purchase order
- 19** Confirmation of goods received
- 20** Receipt voucher
- 21** Quarterly budget
- 22** Bank reconciliation
- 23** Budget against actual spending report
- 24** Cumulative expenditure: project report

APPENDIX 3

AUTHORISED SIGNATORIES LIST: BANK

The following people are authorised to sign cheques for the [name of organisation] bank account [name, branch and account number]:

Name	Signature	Maximum cheque amount authorised to sign for	Start date	End date

Prepared by:

Name: _____

Signature: _____

Job title: _____

Approved by:

Name: _____

Signature: _____

Job title: _____

APPENDIX 4

BANK DEPOSIT RECORD: CASH

Number: _____

Date: _____

Amount of cash deposited:

Denomination	Quantity	Subtotals
TOTAL:		

Deposited by:

Name: _____

Signature: _____

Job title: _____

Checked by:

Name: _____

Signature: _____

Job title: _____

APPENDIX 5

BANK DEPOSIT RECORD: CHEQUES

Number: _____

Date: _____

Cheques deposited

Cheque number	Received from	Voucher number	Amount
TOTAL:			

Deposited by:

Name: _____

Signature: _____

Job title: _____

Checked by:

Name: _____

Signature: _____

Job title: _____

APPENDIX 6

PETTY CASH TOP-UP REQUEST FORM			
Reference number	Description	Budget code	Total

Cash reconciliation			Analysis of cash	
Float amount	Minus cash spent	Cash in box		
			TOTAL CASH IN BOX	

<p>Prepared by:</p> <p>Name: _____</p> <p>Signature: _____</p> <p>Job title: _____</p>	<p>Approved by:</p> <p>Name: _____</p> <p>Signature: _____</p> <p>Job title: _____</p>
--	--

APPENDIX 7

AUTHORISED PETTY CASH EXPENDITURE LIMITS

The following people are authorised to use petty cash according to the following expenditure limits:

Name	Signature	Maximum amount	Start date	End date
=				

Prepared by:

Name: _____

Signature: _____

Job title: _____

Approved by:

Name: _____

Signature: _____

Job title: _____

APPENDIX 9

CASH COUNT FORM			
Currency-----		Month-----	
	Denomination	Number	Subtotals
Notes			
Coins			
Totals			
Cash balance in accounts			
Difference			
Comments			
Prepared by:		Checked by:	
Name: _____		Name: _____	
Signature: _____		Signature: _____	
Job title: _____		Job title: _____	

APPENDIX 16

SUMMARY BID ANALYSIS FORM

Date: _____

Description of item	Quantity	Vendor 1 price	Vendor 2 price	Vendor 3 price	Vendor 4 price	Vendor 5 price	Vendor 6 price

Recommendations _____

Contract awarded to: _____

Prepared by:

Name: _____

Signature: _____

Job title: _____

Approved by:

Name: _____

Signature: _____

Job title: _____

APPENDIX 17

SUPPLIES REQUISITION FORM

Date: _____ Budget code _____

Item and description	Quantity	Unit price	Total price	Project name

Special instructions:

Requested by:

Approved by:

Name: _____

Name: _____

Signature: _____

Signature: _____

Job title: _____

Job title: _____

APPENDIX 20

RECEIPT VOUCHER

Consecutive receipt number: _____

Date: _____

Amount received and currency _____

Received from _____ [name of organisation and name of person]

for the payment of _____

Budget code _____

Signed: _____

Date: _____

Received by:

Checked by:

Name: _____

Name: _____

Signature: _____

Signature: _____

Job title: _____

Job title: _____

APPENDIX 21 EXAMPLE OF QUARTERLY BUDGET

TIME PERIOD: OCTOBER-DECEMBER 2000		CURRENCY USED: US\$			
Code	Item	October	November	December	Total
	EXPENSES				
1000	Direct expenses				
1100	Salaries				
1101	Project Manager	\$100	\$100	\$100	\$300
1102	Trainer	\$75	\$75	\$75	\$225
1103	Assistant Trainer	\$50	\$50	\$50	\$150
1200	Project materials				
1201	Shovels	\$25	\$25	\$25	\$75
1202	Wheelbarrows	\$50	\$50	\$50	\$150
1300	Expendable supplies				
1301	Seeds	\$30	\$30	\$30	\$90
1400	Other direct expenses				
1401	Transport	\$50	\$50	\$50	\$150
1402	Water for planting trees	\$5	\$5	\$5	\$15
	Subtotal for direct expenses	\$385	\$385	\$385	\$1,155
2000	Indirect expenses				
2100	Salaries				
2101	Executive Director	\$250	\$250	\$250	\$750
2102	Watchman	\$25	\$25	\$25	\$75
2103	Cleaner	\$25	\$25	\$25	\$75
2200	Office equipment and materials				
2201	Computer	\$1,500	0	0	\$1,500
2202	Furniture	0	\$100	0	\$100
2203	Other	\$25	\$25	\$25	\$75
2300	Expendable supplies				
2301	Fuel for vehicle	\$25	\$25	\$25	\$75
2302	Stationery	\$20	\$20	\$20	\$60
2400	Other indirect expenses				
2401	Electricity	\$40	\$40	\$40	\$120
2402	Rent	\$100	\$100	\$100	\$300
2403	Water	\$10	\$10	\$10	\$30
2404	Tea	\$20	\$20	\$20	\$60
2405	Petty cash	\$35	\$35	\$35	\$105
	Subtotal for indirect expenses	\$2,075	\$675	\$575	\$3,325

continued on next page

APPENDIX 21 cont

	TOTAL EXPENSES	\$2,460	\$1,060	\$960	\$4,480
3000	INCOME				
3001	Ministry of Environment	\$300	\$300	\$300	\$900
3002	Oxfam	\$3,150	\$0	\$0	\$3,150
3003	Local community	\$100	\$100	\$100	\$300
	TOTAL INCOME	\$3,550	\$400	\$400	\$4,350
	BALANCE	\$1,090	-\$660	-\$560	-\$130

APPENDIX 22 EXAMPLE OF BANK RECONCILIATION

Balance per bank statement as at 30 September 2003	12,654.20
---	------------------

Less: Unpresented cheques at 30/09/03

Cheque No.	Date		
130	22/09/03	200.00	
132	22/09/03	2,070.00	
133	22/09/03	62.50	
135	22/09/03	162.00	
			[-2,494.50]

Total cash available	10,159.70
-----------------------------	------------------

Bank book summary

Bank book balance at 30 September 2003	10,158.58
--	-----------

Error on Cheque 40	16.29	
Error on Cheque 91	-0.07	
Error on Cheque 97	-4.00	
		[+12.22]

Less: Stamp tax shown on statements

Jan	0.20	
Feb	1.50	
Mar	1.50	
Apr	1.10	
May	1.80	
Jun	0.80	
Jul	0.90	
Aug	1.80	
Sep	1.50	
		[-11.10]

Adjusted bank book balance at 30 September 2003	10,159.70
--	------------------

Prepared by: _____ Approved by: _____

Signature: _____ Signature: _____

Job title: _____ Job title: _____

NB Having performed the bank reconciliation, the Finance Officer must review it to see which items need investigation, and what action is then needed, including but not limited to, making all relevant ledger entries.

APPENDIX 23

BUDGET AGAINST ACTUAL SPENDING REPORT

TIME PERIOD COVERED-----

CURRENCY USED-----

Code	Item	Actual	Budgeted	Difference	Notes
Expenses					
	TOTAL EXPENSES:				
Income					
	TOTAL INCOME:				
	BALANCE:				

Prepared by:

Approved by:

Name: _____ **Name:** _____

Signature: _____ **Signature:** _____

Job title: _____ **Job title:** _____

Date: _____ **Date:** _____

Chapter 5: Managing people

5.1 OUTLINE OF CHAPTER

Good people management is far less simple or straightforward than is often thought. This chapter provides guidance on how to develop a human resources management policy that includes the essential elements of managing people effectively, ensuring that they perform to their best and develop personally through their jobs.

As with the financial procedures policy document, it is advisable to have a single **human resources management policy document** that brings together all the organisation's policies on the management and development of its people or human resources. The nine elements or main headings for this are presented in the diagram below.

NINE POLICY ELEMENTS



5.2 EQUAL OPPORTUNITIES AND DIVERSITY

Most NGOs subscribe to principles of equal opportunities and non-discrimination. These concepts are rooted in the commitment to ensure equality of opportunity in all matters relating to employment and conditions at work, and to a working environment and culture free from any form of discrimination. The idea of valuing diversity adds to these principles simply through a more active commitment towards the promotion of difference. In other words, an organisation that values diversity will not only seek a culture and ethos in which discrimination and inequalities of opportunity are not tolerated, but will strive to ensure that it embraces and celebrates difference.

A commitment to these principles can be written up in the form of a statement of good practice to be included, for example, in all employment contracts. It might read as follows:

X organisation is an equal opportunity employer. It is publicly opposed to any form of discrimination on the grounds of disability, sex, marital or parental status, age, race, colour, nationality, ethnic or national origins, religious belief and sexual orientation in all aspects of its work. It promotes and values the diversity of its staff and partners, and embraces this principle in its programme and organisational culture.

An organisation may wish to include other considerations in its definition of diversity.

For example, if people living with HIV or AIDS suffer unfair treatment and undue discrimination in the country, an explicit provision relating to them may be included.

It is also important to consider the **purpose** of making an explicit policy commitment to equal opportunities, non-discrimination and the promotion of diversity. The following exercise may help with this.

EXERCISE: PURPOSE OF EQUAL OPPORTUNITIES POLICY

Review some policies that national and international governmental bodies and other local and international NGOs in the country have developed and consider what aspects of these the organisation might emulate.

Discuss the benefits such a policy might bring to the organisation. For example, it could ensure that all employees receive the support they deserve to attain their full potential, to the benefit of the organisation and its mission.

Consider the importance of ensuring that staff members practise it in their behaviour at the office and in the communities they support.

The organisation may wish to state that it regards non-compliance with the policy gravely and that behaviour or actions against the spirit of the policy will be considered a serious disciplinary matter. In addition, the organisation may wish to consider the following aspects for inclusion in the policy document and programme of work.

ADDITIONAL FACTORS TO CONSIDER

Monitoring the composition of the staff body

Maintain confidential records of each employee and his or her racial or ethnic origin, gender, age and any disability, and continuously monitor this to ensure that the staff body comprises a good mix of people.

Setting targets

Some organisations set targets, for example for the number of women or people with disabilities whom they will seek to employ within a five-year period.

Advertising vacancies

- Simultaneously advertise all job vacancies externally and internally to ensure the broadest possible field of candidates.
- Take steps to ensure that information about any employment vacancy is available and accessible to under-represented groups inside and outside the organisation.
- All vacancy advertisements should state the organisation's commitment to equal opportunities, non-discrimination and diversity.

Selection and recruitment

Take steps to ensure that selection criteria (job description, employee specification, competencies required for each job) demonstrate a commitment to diversity.

Positive action

For example, if the organisation provides staff development and training opportunities, it might want to emphasise that under-represented groups within the organisation will be encouraged to apply for these.

Careful recording of the reasons why applicants for job vacancies are rejected or selected can also be an important tool for creating a transparent approach to the selection and recruitment of staff. Stating in the policy that recruitment to all jobs will be strictly on merit will also indicate the seriousness with which the organisation views these issues.

These principles can be incorporated into all employment contracts and into the organisation's mission statement. The contracts can specify that if the new employee believes that he or she is being discriminated against on any grounds related to the policy, these concerns can be raised with his or her line manager or with a trustee to whom the governing body has assigned special responsibility for human resource issues.

5.3 SELECTION AND RECRUITMENT

One of the most important processes for any organisation is the selection and recruitment of the right staff for the right jobs. Some issues in selection and recruitment that relate to equal opportunities, non-discrimination and diversity have been covered in the previous section of this chapter. However, other aspects also warrant careful consideration because the calibre, experience and commitment of the staff employed by any organisation are a key hallmark of its capacity to deliver its mission effectively.

There are a number of steps to take when developing the selection and recruitment procedures for employing a new member of staff. These can be written up as a section of the human resource management policy document. Below are some guidelines on the steps to follow.

STEP 1: ANALYSE ORGANISATIONAL NEEDS

The number and categories of staff that the organisation needs to employ will be largely determined by the strategic plan. This will usually contain:

- a section outlining in brief the number and types of staff needed for the organisation to realise its strategic objectives
- an assessment of any gaps between the staff needed and the existing staff contingent.

If there are mismatches between the staff the organisation already has and the staff it needs, the strategic plan may have suggested some priority areas for staff development or training to fill the gaps identified.

However, as any organisation develops and changes it will need from time to time to recruit new staff. It is important to remember that recruitment should be intimately linked to efficient programme delivery and effective management of financial and human resources. The greatest impact on the lives of beneficiaries or clients does not necessarily come from employing greater numbers of people, because each individual needs good management to perform effectively.

People management is a time consuming and complex business. Look carefully at what the organisation really needs in terms of skills and experience before planning to employ new staff. It is important to take any proposals for the employment of new staff to the governing body for approval before starting a selection and recruitment process. The trustees will need to assess the proposal against both the financial resources available to the organisation and its strategic aims.

STEP 2: DRAW UP A JOB DESCRIPTION

Once the governing body has agreed that the employment of a new staff member is affordable and necessary for the organisation to better deliver its mission and realise its strategic objectives, it will need to draw up a job description and **person specification**.

The more precisely the job description spells out the rationale for the new post; identifies its specific responsibilities; and defines the skills and

experience required, the easier it will be to ensure that the right person is found for the job. Below are some points to consider when designing a job description.

THE JOB DESCRIPTION

A job description might include the following elements:

Background and rationale of post

How does the post relate to the realisation of the organisation's mission statement and its strategic objectives?

Specific responsibilities

What precisely is the post holder expected to do?

Person specification

What are the specific competencies, skills and experience needed to deliver the specific responsibilities?

Contract period

Will the NGO offer the successful candidate a fixed term contract (eg two years subject to continued funding) **or** an open ended contract (eg permanent subject to satisfactory performance and appraisal outcomes)?

If the organisation already has a full staff complement and the strategic analysis shows that it does not, at this stage, need to employ any new staff, it will still be important to do the following:

- Draw up job descriptions for every person on the payroll regardless of the level of the post or the number of hours the post holder works (including, for example, an office cleaner who works only three hours a week).
- Review each person's job description annually to make sure that it continues to reflect accurately the work plans of the individuals concerned.

From time to time it may be necessary to modify or update a job description. If this is done during a contract period, care must be taken to ensure that the elements of the revised job description still add up to the same post. If they suggest a new type of post, it will be necessary to consider initiating a new selection and recruitment process and issuing a new contract of employment.

Any minor changes to a person's existing job description should be discussed and agreed with the employee concerned during his or her annual performance appraisal.

A good time to make more significant changes to a particular job description, or indeed post, is when the existing post holder leaves the organisation. Such changes may also be called for if the strategic planning process suggests the need for a more fundamental overhaul of the staff complement. However, a major restructuring process will place heavy demands on all concerned and should therefore be considered only with the full backing of the governing body.

STEP 3: ADVERTISE THE VACANCY

In most cases it is good practice to advertise a post widely both internally within the office, and externally within the wider stakeholder and partner community and beyond. It is not always essential, however, to advertise a vacancy externally if the vacancy offers an opportunity to promote an existing member of staff. However, the process should be open and transparent, whatever the post advertised.

To advertise a vacancy externally a job advertisement will be needed. This should provide a succinct summary of the job description and a brief statement about equal opportunities and diversity.

The tips below may help decide where and how best to advertise a vacancy.

ADVERTISING A VACANCY

- Advertise the post **within the organisation**, making it clear that the opportunity to apply is open to all employees who believe that they have the necessary competencies, skills and experience.
- Compile a **list of partner organisations**, other NGOs, international NGOs, etc and send a letter together with the advertisement and job description to the Director or person responsible for human resources in these organisations. Ask them to post the advertisement on their notice boards and make the vacancy known to others in their organisations.
- Consider the costs of placing a **job advertisement** in local magazines and newspapers, or in the national and possibly regional or international press. The more senior the post, the wider the field should be.
- Ask the staff and governing body members to share the **advertisement flyer** and job description with organisations and individuals who they think might be interested.

Be sure that everyone knows that the selection and recruitment process will be open and fair. If individuals are approached directly and encouraged to apply, it is particularly important to ensure that they know they enjoy no unfair advantage.

STEP 4: THE SELECTION PANEL

The selection panel needs to be of high quality if every applicant is to have the same consideration and opportunity. Some factors to consider are outlined below.

THE SELECTION PANEL

- Usually the governing body will be responsible for the selection and recruitment of the **Executive Director**.
- For most other **senior and middle level posts** it is important to invite at least one member of the governing body to sit on the panel together with the Executive Director. Some organisations do this regardless of the level of post they are seeking to fill.
- At least one other member of staff should be on the panel and this responsibility is best rotated, so that all employees have the opportunity to develop selection and recruitment skills.
- It can also be helpful to have the perspective that an external person can bring to the process. Such a person might be a representative of a partner organisation, an international or local NGO or another body.

The choice of panel members will be influenced by the nature of the post advertised. It is important to ensure that the selection panel represents a good mix of people in terms of gender, age, ethnic group and so on. If the selection panel itself is not diverse it will be more difficult to meet a commitment to promoting diversity.

STEP 5: SELECTION CRITERIA AND SHORTLISTING

If the skills and experience the organisation is looking for are clearly specified in the job description the task of the selection panel will be easier.

SHORTLISTING CANDIDATES

- It is advisable for the panel to discuss the **'essential'** and the **'desirable'** competencies, skills and experience together and compile a written list, so that as they go through each application individually they can score the results to share with other members of the panel.
- Once this has been done the scores each member of the panel has come up with can be compared to compile a list of between four and eight **shortlisted candidates**.
- Any disagreements among members of the panel need to be aired and discussed fully with a view to reaching **consensus**, but usually the **recruiting manager** has the final word.

STEP 6: INTERVIEWING

There are no hard and fast rules about how to design an **interview process**. This will be influenced by the nature of the post and the precise skills and experience needed. However, every shortlisted candidate should go through the same process, for the sake of fairness. It is good practice to inform candidates what form this will take before the interview date, so that they can prepare themselves.

EXAMPLE: POSSIBLE COMPONENTS OF AN INTERVIEW

- A **finance test** is a written exercise designed to test the candidates' financial aptitude and should be designed by someone with financial expertise.
- A **written test** can be an essay on a particular topic or in answer to a specific question. It is designed to test the candidates' skills in written communication, analysis and strategic thinking.
- In a **panel interview**, two or more panel members can use a pre-determined set of questions designed to test the relevance of the candidates' skills and experience to the post.
- An **individual interview** can be conducted by one person with each candidate to examine, for example, personnel issues such as willingness to travel if this is part of the job, etc.
- In a **group exercise**, all the candidates can be given a topic to discuss in a group. This can help the selection panel assess team working and group interaction skills.
- If the post requires communication with the public, candidates can be asked to make a five-minute **presentation** to the interview panel on a particular topic.

It is important to have a **grading system** for each test, so that the interview panel can assign marks to each candidate and select the person with the highest marks.

For example, each test could be graded: excellent, average, and poor; or A, B, C; or 1, 2, 3. In tests which contain a number of questions, such as the panel interview, each question can be graded using the same system. It is easier if interviewers have a sheet on which to grade each candidate's marks.

It is best if each member of the selection panel fills out a sheet (like the one below) independently, during or directly after each candidate has been interviewed.

EXAMPLE: INTERVIEW GRADING SHEET		
CANDIDATE NUMBER OR NAME:		
TEST/EXERCISE	GRADE/MARK	COMMENTS
Presentation		
Panel interview *		
Finance test		
Overall mark/grade		
Overall comments/observations		

* grade given for each question

STEP 7: SELECTION

Once all the candidates have been through the interview process, the members of the panel should meet to compare the grades they have given each candidate and any comments or observations they have noted.

It is important to note any significant variations in the grades given by different panellists to each candidate.

For example, Candidate 1 may have been given an overall grade of A/B by one panellist and C/D by another. This may simply be because one panellist tends to mark high and the other low. It may also be because the two panellists picked up different things from the interview process, in which case these differences need to be discussed.

It is not usually difficult for the panellists to reach consensus about which candidate performed best and should thus be offered the job. However, if it is difficult to reach a decision it may be advisable to have a preliminary discussion at the end of the process and then reconvene the following day to look at the assessments afresh. Ultimately, however, it is the **recruiting manager's** assessment that counts. So, for example, if the organisation is looking for a receptionist and the Office Administrator is the recruiting manager, the Office Administrator's view will win out.

STEP 8: INFORMING CANDIDATES

It is extremely important to give ALL the candidates who have participated in a selection process feedback on their performance, whether they have been successful or not. To do this, notes taken during the process will need to be written up clearly and kept on file for some months.

In most cases it will be possible to select the best candidate for the post and to make him or her an offer of employment. However, occasionally the process will result in a **failed recruitment** because none of the candidates performed well enough or seemed right for the post. The organisation will then have to consider re-advertising the post and going through another selection process.

STEP 9: EMPLOYMENT OFFER

It is quite common for an organisation to make a new employee an offer of employment that is subject to receipt of satisfactory **references**. Two references should normally be sought, at least one of which should be from the candidate's line manager in their previous job. Referees could be supplied with the appropriate job description and asked to comment on the candidate's suitability for the job.

Some of the terms and conditions considered below are specified in the **letter of appointment** which is usually sent to the new employee once he or she has accepted a verbal offer of employment, before he or she formally signs an employment contract.

LETTER OF APPOINTMENT

A letter of appointment usually:

- states the **rate of pay** and specifies when salaries are paid (eg monthly in arrears on the last day of each month) and how they will be paid (preferably by bank transfer)
- outlines any **tax** or other statutory requirements, etc
- gives details of the **probation** period
- provides details of any **increments** to be awarded (eg on the first of April each year, after six months' service) until the staff member has reached the maximum for the grade and provided he or she is NOT involved in any disciplinary procedure.

STEP 10: CONTRACT OF EMPLOYMENT

An employment contract is an important document and the new employee should be advised to:

- read it carefully
- query anything that they do not fully understand with the recruiting manager
- keep a copy of the contract in a safe place.

In addition to an equal opportunities statement and any preconditions of employment, the contract will usually include information about terms and conditions of service. Some terms and conditions will be specified in the contract (see below for guidance on which ones). Others can be included in the organisation's human resources management policy document, which can then be referred to in the employment contract.

5.4 TERMS AND CONDITIONS OF SERVICE

Terms and conditions include a number of aspects:

- Induction and probation
- Hours of work and core hours
- Salary structure and remuneration
- Subsistence and travel expenses
- Sick leave and sick pay
- Maternity and paternity provisions
- Annual leave
- Compassionate leave
- Secondary employment
- Notice period

5.4.1 INDUCTION AND PROBATION

It is normal for an employment contract to specify the details of induction and a probationary period of employment.

It is important to ensure that new members of staff start off on the right footing. A well planned induction process can make all the difference. The more senior the post, the more time and thought will be required. However, ideally all new staff should receive the elements of induction outlined in the box below, although less senior staff will probably become acquainted with the programme on the ground only at a later stage.

- | | |
|-------------------------|--|
| DOCUMENTATION | <ul style="list-style-type: none"> • A copy of the job description and employment contract • Copies of the governing document, the strategic plan, the annual team work plan, the organisational chart, the latest annual review and any other documents relevant to the post • Copies of the financial procedures policy (see Chapter 4) and human resources policy document or relevant sections of these |
| BRIEFINGS | <ul style="list-style-type: none"> • A briefing session with the governing body Chair or another trustee • A briefing session with the Executive Director or another senior member of the team • Briefing sessions with staff members whose work is linked in some way to that of the new post holder • A briefing session with the persons responsible for human resources and finance |
| PROGRAMME VISITS | <ul style="list-style-type: none"> • For programme staff, a community visit to talk with beneficiaries and/or a briefing session with members of the organisation's target group |

It is a good idea to allow new members of staff a set period of time, a probationary period, in which they can decide whether the post is right for them and the management can decide if the new staff member is up to the job. The details of the probationary period and its implications are normally spelled out in the employment contract. See the example below.

EXAMPLE: PROBATION PROVISIONS

- The first six months of employment are **probationary**.
- During this time the employee is expected to demonstrate his or her suitability for the job and to participate in an **interim performance appraisal**.
- A **performance review** will be conducted at the end of the six months. This will recommend one of three things:
 - that the appointment is confirmed and that the contract will continue, or
 - that the probationary period should be extended (for a maximum of another 8 weeks), or
 - that the employment should be terminated.

5.4.2 HOURS OF WORK AND CORE HOURS

Hours of work are also specified in the employment contract and should reflect the practice of other employers in the locality (for example, 38 hours a week, Monday to Friday, excluding one or two hours' break for lunch; or 40 hours a week, Monday to Saturday, with a half-day on Wednesday and Saturday, etc).

The box below outlines a number of options that the organisation may wish to consider.

FLEXIBLE WORKING HOURS

- Assess the relative costs and benefits of flexible working hours.

OVERTIME WORKED

- Decide on a policy for additional hours worked by staff.

PART-TIME STAFF

- Discuss the advantages and disadvantages of employing part-time staff.

WORKING FROM HOME

- Decide the policy on staff working from home.

It is important to consider whether or not some **flexibility** will be allowed on core office hours.

For example, some organisations require that all staff be in the office (unless they are on authorised travel) between the hours of X and Y; they can fit their remaining contract hours into the working day or week around this as they choose. For example, they can come into the office early and leave early. Other organisations expect all staff to work the same hours.

The relative costs and benefits of flexibility versus a more routine structure need to be carefully considered. If some flexibility is allowed as a matter of policy, it is essential to have clear guidelines about whose authorisation is required and how staff time will be recorded and monitored.

Another complex question is whether the organisation will pay members of staff who are required by their manager to work additional hours of **overtime** or give them **time off in lieu** (TOIL) in compensation for this. Think about how this additional pay or time off will be recorded and by whom.

In addition, the organisation will need to have a policy to deal with weekend (or Friday) work by members of staff who are required, for example, to undertake field trips. Are these individuals entitled to a rest and recuperation day on return from the trip? Consider also whether this time can be saved up or must be taken immediately after the person returns.

For any arrangements concerning time off in lieu or rest and recuperation, the policy will need to be clear about who decides what is appropriate in various circumstances. Some organisations have a rule that an agreement between the employee and line manager must be made in advance at a **monthly supervision meeting**, for example.

The organisation may also wish to specify that TOIL should not be unreasonably accumulated. For example, the maximum period taken as TOIL at any one time should not exceed more than one working week. Staff wishing to exceed this limit should first obtain the permission of their line manager or, in the case of the Executive Director, the Chair of the governing body. It can also be specified that all TOIL should be taken before the end of an employee's yearly contract date.

An organisation will need to provide some guidance about hours of work for **part-time** members of staff. It may also wish to stipulate the importance of flexibility, for example for participation in a meeting that demands the presence of all staff.

Last but not least it is sensible to have some rules about whether or not members of staff are permitted to **work from home** and whose authorisation is required for this.

It is important to bear in mind that the more flexibility the organisation allows over working hours, the more complex monitoring and record keeping will become.

5.4.3 SALARY STRUCTURE AND REMUNERATION

To ensure equity and transparency, it is advisable to design a salary structure which contains the following elements: job grade; starting salary; years of service; annual increment. Annual increment is a specified percentage per annum every year for up to five years of continuous employment, and a different percentage for every year after the employee has worked for more than five years.

5.4.4 SUBSISTENCE AND TRAVEL EXPENSES

Most NGOs have a number of staff members who are required to **travel** away from the office as part of their job description. At such times they will need cash to pay for vehicle fuel, meals and sometimes accommodation. Procedures for dealing with subsistence costs and travel expenses (see Chapter 4: Managing finances) should be summarised in the employment contract.

5.4.5 SICK LEAVE AND SICK PAY

When determining the organisation's policy towards sick leave and pay, it is important to consider both any local legislation and the practice of other employers with a good reputation in the sector. Absence owing to sickness can be a major drain on an organisation's resources, so it is important to ensure that it is only taken legitimately, disrupts the work of the organisation as little as possible and does not harm the employee. The box below outlines key procedures to consider for sick leave.

PROCEDURES: SICKNESS ABSENCE

- Notification of absence from work
- Recording sick leave taken
- Managing return to work after sick leave
- Documentary evidence of sickness

It is important to have some rules governing whom staff members must notify if they know that they are going to be absent from the office. Some organisations specify that notice must be given within a specified time frame. For example, this might be not later than three hours after the employee's normal start time. However, such a rule might be difficult to enforce when staff members do not have a telephone at home.

Some organisations use a **notification of sickness absence form** which the staff member concerned must complete and forward to his or her manager on return to work. This can be kept on file as a record.

Another question to consider is how the organisation will ensure that any sick leave taken was legitimate and that it will not continue to have adverse effects on either the staff member or her/his work once s/he has returned to the office.

Some organisations have a policy that requires the person concerned to attend a return to work **after sickness interview** with their line manager to ensure that any necessary follow-up action is taken and that they are well enough to return to work.

Some organisations require **documentary evidence** of sickness when the leave taken exceeds a certain number of days.

For example, some organisations require a medical certificate or official letter from the individual's doctor (or hospital) after an absence of, for example, seven days. In addition, if sickness continues, a final statement giving the date on which the employee will be fit to resume work may be required.

It is good practice to ensure that employees do not lose pay when they take absence from work owing to sickness or injury. The organisation will need to consider the issue of **sickness pay** from the perspective of both local legislation and good practice, and from the resources it has available. It is sensible to develop some basic scales to govern these payments. It is also essential to make sure that a contingency fund is planned in the annual budget (see Chapter 4: Managing finances).

EXAMPLE: SCALES FOR SICK PAY

YEAR OF SERVICE	FULL PAY	HALF PAY
<i>One year</i>	One month	Two months (after four months' service)
<i>Two years</i>	Two months	Two months
<i>Three years</i>	Three months	Three months
<i>Four years</i>	Four months	Four months
<i>Five years</i>	Five months	Five months
<i>More than five years</i>	Six months	Six months

5.4.6 MATERNITY AND PATERNITY PROVISIONS

Most organisations will have some maternity provisions in their human resource management policy document. However, while it is best practice to have a maternity policy, the precise content of it will be influenced by local legislation and the practice of other NGOs. Some of the procedures to consider are presented in the box below.

MATERNITY PROVISIONS

- Rules governing **when** a woman who becomes pregnant must inform the organisation and **whom** she should inform (for example, her line manager).
- A procedure for assessing that it is safe for the woman to continue with her normal duties and to discuss maternity provisions.
- Guidelines about how long the employee must have been in continuous employment with the organisation to qualify for maternity leave (both paid and unpaid) and time off for ante-natal care, etc.
- Rules outlining the maximum number of days or weeks of maternity leave that can be taken and, if it is paid, the rate of pay that the organisation gives.
- Rules concerning the earliest time at which maternity leave may be taken according to the baby's due date, and the advance notice required; similar rules about when the woman must return to work (if she intends to do so) and how much notice of this she must give.
- A woman who decides not to return to her post after the birth of the child would normally be expected to offer her resignation according to the standard procedure.

Some organisations include entitlements to leave and pay for a staff member who becomes an **adoptive parent**. A provision for this may be included in the policy. In addition, **paternity** or partner leave may be offered to a staff member whose partner has had a baby so that he can be present at the time of the child's birth and for some days afterwards. This leave is sometimes also paid, but any additional paternity leave is unpaid and considered on request.

It is good practice to make provision in the annual budget for at least one maternity and paternity leave package a year, more if the number of staff employed is large.

5.4.7 ANNUAL LEAVE

Some organisations calculate each employee's leave entitlement year from the date the contract started. Others define the same **leave year** for all staff as January to December or April to March. In the latter case, it will be necessary to give annual leave proportionally (pro rata) to members of staff who started or ended a contract with the organisation mid-way during the leave year. This is also usually done for staff who work part time or less than full time.

The number of national holidays additional to annual leave will also need to be decided, as will the basis on which these entitlements are calculated for part time staff on a pro rata basis.

In determining the annual holiday leave that members of staff are entitled to it is helpful to develop a scale that reflects the individual's **length of service** with the organisation.

EXAMPLE: ANNUAL LEAVE

Below five years of service

Grades 1-3	22 days
Grades 4-6	20 days

More than five and less than 10 years' service

Grades 1-3	25 days
Grades 4-6	23 days

More than 10 years of service

Grades 1-3	30 days
Grades 4-6	26 days

To avoid a situation where staff accumulate large amounts of **backdated leave** it is wise to have a policy which states how many days of annual leave from one year may be carried over into the next and how quickly the balance must be rectified.

For example, the organisation may say that up to 25 per cent of leave days can be carried over for up to three months of the next annual leave year. If they have not been taken by this time, they will be forfeited.

To ensure that the effectiveness of the programme, organisation and team work is not jeopardised by staff taking their annual leave at the same time or in a particularly busy period, the organisation will need a procedure to authorise leave. This is usually done through an **application for leave form** that is signed by the direct line manager and possibly also by the Executive Director or governing body Chair. It is helpful if staff plan and apply for their leave days with as much advance notice as possible, although this may not always be feasible.

5.4.8 COMPASSIONATE LEAVE

Many organisations have a policy to govern compassionate leave, which is time off work for special reasons. It is essential to define what this means clearly.

For example, does it cover employees who suffer the death or serious illness of a partner or child? How will 'a partner' and 'a child' be defined in the policy?

5.4.9 SECONDARY EMPLOYMENT

Although part-time staff may have a second employer this practice is best discouraged among full time employees. The policy document and employment contract might state that staff must obtain the permission of their line manager and/or the Executive Director before taking up additional employment, even on a short term basis.

All employees should be clear about their contractual obligations and should not take external employment which:

- conflicts with the organisation's interests, or
- may bring the organisation into disrepute, or
- puts their health at risk.

5.4.10 NOTICE PERIOD

Inevitably in any organisation there will be employees who voluntarily decide to leave an organisation and circumstances in which the organisation will need to dismiss a person because of poor performance or for other reasons. The human resource management policy document should explain the procedures for resignation and dismissal from employment. It is important to consider the factors outlined in the box below.

RESIGNATION AND DISMISSAL

- What is the **procedure** an employee must follow if s/he wishes to resign from her/his post?
- How much **advance notice** does the **employee** need to give the employer so that the resignation does not leave a post vacant for longer than necessary and to ensure that there is no unnecessary loss of salary?
- How much **advance notice** does the **employer** need to give the employee so that s/he can make the necessary preparations to leave and the organisation can find a replacement?
- What is the **procedure for dismissing** an employee for reasons other than those resulting from a disciplinary procedure?
- What is the procedure for dismissing an employee as part of a **disciplinary process**?
- Under what circumstances does the employee have the right to a recommendation or **reference** when leaving the organisation?

For the smooth running of the organisation it is advisable to define as clearly as possible the period of notice required for members of staff who have satisfactorily completed their probationary period. It is fairest if the same period of notice is required from both parties (employer and employee), except in cases of dismissal for **gross misconduct** as part of a disciplinary procedure, where the process differs.

EXAMPLE: NOTICE PERIOD REQUIRED

JOB CATEGORIES	JOB GRADES	NOTICE PERIOD
Titles	1-3	Three months
Titles	3-6	One month in Year 1 of employment and two months thereafter
Titles	6-9	One month

5.5 PERFORMANCE MANAGEMENT

How employees are managed is one of the most important determinants of the organisation's success and programme impact. It is thus essential that the organisation discusses and agrees the **core elements** of the performance management system that will be used and documents them clearly in the human resource management policy document.

Principles

It is important to look at the **principles** of performance management that the organisation wishes to follow. The box below presents some questions to consider.

KEY PRINCIPLES

1. Assess the benefits for the organisation

- What are the main benefits of performance management for the organisation?
- What are the main benefits of performance management for the individuals the organisation employs?

2. Agree on key processes

- How will the organisation ensure that the performance management system adopted is fair, transparent and accountable?
- Who will be responsible for reviewing the performance of the Executive Director (for example, the Chair of the governing body)?
- Will the Executive Director delegate responsibility for reviewing the performance of more junior staff to others in the office? How will the line managers give feedback on junior staff performance to the Executive Director?

3. Agree on reviews

- When will annual performance reviews and interim reviews with staff take place?
- Will the agreed outcomes of all reviews be kept on the individual staff member's file or will the interim reviews simply be more informal than the annual review?

4. Discuss preparation

- How will staff prepare themselves for performance reviews?
- Does the organisation have the necessary skills to implement a performance review system or is training required?
- How might such training be acquired?

What is performance management?

Performance management can be defined in different ways, but it usually comprises three core elements:

- The **day-to-day management** of an individual's performance to ensure that what needs to be achieved is achieved effectively and on time. It requires good two-way communication between an individual employee and his or her line manager, and positive and critical feedback about how well the work is going.
- **Performance review or appraisal** to assess if each employee is performing in his or her job according to clearly defined objectives or an agreed work plan. These reviews are usually held once a year, with interim appraisals either monthly or quarterly.
- **Staff development** through which each employee's existing skills, knowledge and experience are developed so that he or she performs as effectively as possible in the job.

Addressing poor performance

Most individuals perform to their best in a management system that is supportive, fair, and transparent and open. But one of the most difficult issues to deal with is the poor performance or under-performance of a staff member.

ADDRESSING POOR PERFORMANCE

The line manager is responsible for making sure that the employee:

- knows what aspects of his or her performance must be improved, how and by when
- understands how achievement of the necessary improvement will be assessed and measured
- is clear about who will provide help or support
- agrees on a date on which to review progress.

In addition the line manager will:

- ensure that improvements are acknowledged (verbally and in writing)
- review the individual's work to ensure that progress is maintained.

If the line manager responsible notes any aspect of an individual's poor performance during day-to-day management of that person, the manager should raise these issues openly and frankly in the monthly or quarterly interim appraisal. There will then be few surprises for either party in the annual appraisal or review process.

What is an annual performance review?

Usually the annual performance appraisal or review includes the elements in the box below.

THE ANNUAL PERFORMANCE APPRAISAL

- An assessment of the overall performance of the individual during the previous year in terms of his or her key responsibilities and agreed objectives or work plan.
- A review of each objective or of the different components of the individual's work plan.
- A discussion about the individual's performance highlighting areas of particular achievement or strength and those that need improvement or further development.
- An opportunity for the employee to give the line manager feedback on his or her management and support of the employee over the year and any areas of tension or potential difficulty.
- A discussion of the employee's development needs for the year ahead based on his or her new objectives or work plan.

How to deal with disagreement

Where there is open, transparent and honest communication on performance issues between an employee and her line manager throughout the year, there will usually be little disagreement over the points discussed during the annual performance review. However, this is not always the case.

It is important to invest some time and energy in resolving any disagreement by talking about where the difference of opinion lies and sharing information that 'proves' or 'disproves' the performance or behaviour around which the disagreement revolves. If this does not lead to greater consensus, then the employee should understand that she may take the issue to her line manager's manager. In the case of the Executive Director, this will be the governing body Chair.

Lastly, if all else fails the person who perceives himself to be the injured party may wish to use the **formal grievance procedure** outlined in section 5.7 below.

5.6 STAFF DEVELOPMENT

Staff development is one of the most effective tools for ensuring that the organisation can retain staff and that individuals perform to the best of their potential.

Staff development is all about strengthening each person's existing knowledge, skills and ways of working and helping them to acquire new skills, experience and knowledge so they can perform their jobs more effectively.

Developing people is not only about formal training, although this can play an important role. It is also about learning in different ways, both formal and less formal, through workshops and short courses; mentoring, coaching or shadowing others; on-the-job experience; sharing ideas, skills and experiences with colleagues, clients and partner organisations; self-reflection on mistakes and achievements, what works well and less well; using the internet (if this is an option); and from private study and reading. Some of these forms of learning can be planned.

For example, if a new Programme Officer has little prior experience in developing a project proposal her manager could arrange for her to be mentored by a more experienced Programme Officer in the same or another organisation. The mentor would be a person whom the new Programme Officer could ask for special advice and assistance. The mentor could invite the new Programme Officer to be a shadow during the process of developing a project proposal. The mentor would also look out for useful events such as meetings and workshops that the new Programme Officer might participate in to help develop her skills and confidence.

Other forms of learning are either continuous or occur spontaneously as part of an individual's daily work practice or leisure. Much learning is based on an attitude of mind – the willingness and desire to learn more and to improve practice – and **organisational culture**: an environment which encourages 'no blame' and learning through sharing and doing. This is encouraged through team working, clear policies, robust performance management, and non-hierarchical structures.

5.7 RAISING CONCERNS AT WORK (GRIEVANCE)

In some cases performance and other issues cannot be resolved through dialogue, but require more **formal procedures**. It is important for an organisation to have a policy on how staff can raise concerns at work. Staff members need to understand how to use it if they need to.

In the past all the strands of such a policy fell under the title of a 'grievance policy'. In today's more complex and aware world, it is recognised that some issues, such as bullying and harassment at work, cause grievance of a particularly difficult nature. Hence a new and more innovative approach to employees' concerns in the workplace is developing in the public, private and 'not for profit' sectors.

Why is it important to have a grievance policy?

- Having a grievance policy enables employees to raise concerns at work more easily, whether these concerns are about their own employment or about other aspects of the organisation's operations.
- Such a policy reflects the organisation's commitment to the highest possible standards of openness, probity and accountability. In line with that commitment employees with serious concerns about any aspect of the organisation's work are encouraged to come forward and express them.

To whom do employees air a grievance?

In the vast majority of cases employees who have concerns should be advised to share these with their line manager in the first instance. The employee concerned must be assured that the line manager will treat the concerns seriously and deal with them promptly. In special circumstances, however, this course of action may be inappropriate and therefore the policy should state that the employee may approach a member of the governing body.

When should an employee raise a concern?

It is important to promote good employee relations by encouraging employees to raise concerns about matters affecting their employment at an early stage.

It is also important to emphasise that the organisation will provide all reasonable protection for employees who raise genuine concerns in good faith. Staff must be assured that if they raise a concern in good faith that is not subsequently confirmed by investigation, no action will be taken against them. If, however, it is the considered view of the relevant manager or the governing body Chair that an employee has raised a concern frivolously, maliciously, or for personal gain, it must be emphasised that disciplinary action may be taken.

What is 'whistle blowing'?

Any serious concern an employee may have about any aspect of the organisation's work or about the conduct of other employees, trustees or others acting on behalf of the organisation, should be reported. It is important at a policy level to be very clear about what such concerns mean in practice. In the following example, a serious concern is seen to relate to one of three things.

EXAMPLE: DEFINITION OF A 'SERIOUS CONCERN'

- It is against the organisation's policies.
- It falls below established standards of practice.
- It amounts to improper conduct, including something that is believed to be:
 - against the law
 - a health and safety risk
 - damaging the environment
 - misuse of donated money
 - corruption or unethical conduct
 - abuse of clients or service users.

These concerns must be treated in confidence and every effort must be made to protect the identity of the employee raising the concern if he or she so wishes. However, the employee may be required at the appropriate time to provide a statement or act as a witness. Concerns expressed anonymously are normally NOT investigated unless the relevant manager and the governing body agree that there is sufficient evidence to proceed.

5.8 DISCIPLINARY PROCEDURES

Employees of the organisation are expected to preserve its good reputation at all times and to show the highest standards of behaviour while in its employ. This is particularly important for organisations established to promote the rights and needs of those who are less fortunate in society. Here staff conduct must at all times be beyond reproach. Before starting work with the organisation all new employees should be urged to familiarise themselves with the disciplinary procedures. These should apply to all employees regardless of seniority or grade.

The questions in the box below provide a guide for discussion and decision making on disciplinary procedure.

A DISCIPLINARY PROCEDURE

What is the purpose of a disciplinary procedure?

It is designed to:

- Help an employee whose conduct or performance gives cause for dissatisfaction to improve the situation.
- Clarify the rights and responsibilities of managers and employees.
- Encourage effective managerial support, thereby reducing the need for formal disciplinary action.

When is the procedure used?

The main areas which might involve the use of the disciplinary procedure are:

- issues of competence
- misconduct
- gross misconduct.

How does a disciplinary procedure work?

- All stages of the procedure must be carried out as quickly and carefully as possible in the interests of all concerned.
- Employees may be suspended on full pay for purposes of investigation or for the protection of other individuals.
- Disciplinary measures might include any one or more of the following:
 - verbal warning
 - first written warning
 - final written warning
 - loss of pay
 - demotion
 - transfer
 - dismissal with or without notice.

What are the employee's rights?

At each stage in the procedure employees have the following rights:

- to be informed of the complaint against them
- to state their case and call witnesses if necessary
- to be accompanied by a friend, or work colleague
- to be given a written reason for any decision taken
- to have access to all relevant records and correspondence on file
- to use the appeals procedure.

Appeals

It is important that the disciplinary procedures policy allows employees a right of appeal against any disciplinary decision. Such appeals should be made in writing as promptly as possible (for example, within 10 working days of written notification of a disciplinary decision). If an employee's appeal is to receive a fair hearing it is also important to establish an **appeals panel** which the governing body can ask to review the case.

The appeals panel should not have been involved in the disciplinary procedure and may be nominated from outside the organisation.

Disciplinary records

Following any disciplinary action a note should be kept on the employee's file for a specified period of time. Most organisations allow the **expiry time** to be determined by the disciplinary panel according to the gravity of the case.

5.9 HARASSMENT AND BULLYING AT WORK

An increasing number of NGOs are developing a policy to tackle bullying and harassment as part of their overall human resources management policy. Such a policy demonstrates the organisation's commitment to providing a healthy, safe and productive working environment for all its employees. It is based on the assumption that this cannot be achieved if harassment or bullying are tolerated in the workplace. Harassment and bullying are usually defined as coercive, offensive or intimidating behaviour which undermines the right of others to be treated with dignity at work. Examples of such behaviour are given in the box below.

SOME DEFINITIONS OF BULLYING AND HARASSMENT

- 1) The harassment of people who are perceived by another as being different and/or inferior because of their race, gender, ethnicity, religion, disability.
- 2) Harassment or bullying of one employee by another which can take a number of forms including the following:
 - physical aggression or intimidation
 - practical jokes which embarrass or humiliate
 - verbal abuse, including personal insults, offensive comments, taunts, threats, malicious gossip or innuendo
 - abuse of an individual's right to personal privacy, for example intrusion into another employee's personal property or into their private life
 - deliberate exclusion of an employee from normal social or professional contact at the workplace.
- 3) Harassment or bullying of employees by their manager which can include the following behaviours:
 - humiliation, for example reprimanding an employee in front of other employees when this could be done in private
 - verbal abuse, for example personal insults directed at an employee
 - victimisation, for example singling out an employee for unjustified criticism
 - intimidation, for example aggressive behaviour or threats directed at an employee
 - the persistent placing of excessive demands on employees, setting of unrealistic work targets or objectives, or the changing of targets or objectives without good reason
 - instructions or requests to employees to perform inappropriate tasks which are outside the remit of the job, for example personal errands.

Responsibilities

It is important that a policy to prevent harassment and bullying at work outlines clearly the responsibilities of both employees and managers. All employees should be aware that it is their responsibility to maintain appropriate standards of behaviour in the workplace and to ensure that they do not contribute to the creation of a work environment in which harassment or bullying is condoned or encouraged. They should also challenge harassment or bullying on the part of others where appropriate, and should report any incident to their line manager or to the governing body. Over and above this, it is the responsibility of all managers to prevent harassment and bullying wherever possible and to take appropriate action against such behaviour when necessary. In particular, the policy can specify the responsibilities of managers outlined in the example below.

EXAMPLE: MANAGERS' RESPONSIBILITIES

- As part of their normal responsibilities, managers should be alert to the possibility of harassment or bullying.
- Managers should correct any behaviour which could be seen as contrary to this policy and remind employees of the policy when appropriate.
- They should ensure that this policy is communicated to newly appointed employees during their induction and is reinforced at regular intervals in routine meetings, briefings, etc.
- They should provide a supportive framework for any employee with a complaint of harassment or bullying.
- They should take prompt action to deal with harassment or bullying as soon as it is identified, including disciplinary action where appropriate.
- They should keep records of any incidents of harassment or bullying reported or observed.
- They should treat all cases of harassment or bullying with appropriate confidentiality and consult the governing body for advice where appropriate.

Cases of harassment and bullying can be managed either **informally** or **formally**, as outlined in the example below.

EXAMPLE: INFORMAL AND FORMAL PROCEDURES

INFORMAL

- Employees who wish to raise an issue concerning harassment or bullying informally should approach their line manager or the Personnel Officer on the executive committee.
- In minor or isolated cases of harassment or bullying, it may be possible for the issue to be settled informally and confidentially between the parties themselves. For example, one employee could ask another to refrain from a particular type of intimidating behaviour.

FORMAL

- If an informal approach fails, or if harassment or bullying take a more serious form, the employee should bring the situation formally to the attention of her line manager. An employee who feels that she is being harassed or bullied by her line manager should bring the situation to the attention of a more senior manager or to the governing body.
- The employee may nominate someone else to raise the matter with an appropriate manager on her behalf.
- The manager to whom the incident is reported should arrange for an immediate and thorough investigation, and then take appropriate action. Managers should seek advice from the governing body on whether formal disciplinary action is appropriate.
- The manager should take steps to ensure confidentiality and fairness to both parties. It is particularly important that no-one should be victimised as a result of making a complaint or being the subject of a complaint of harassment or bullying.

If an employee is not satisfied that a complaint has been dealt with speedily and effectively, he or she should use the organisation's grievance procedure (see section 5.7 above).

5.10 HEALTH AND SAFETY AT WORK

What is the purpose of a health and safety policy?

Some of the reasons for having a policy to ensure good standards of health and safety for the organisation are outlined in the box below. Consider additional ones that are specific to the organisation or its programme.

EXAMPLE: PURPOSE OF HEALTH AND SAFETY POLICY

- To provide healthy and safe working conditions, equipment and systems for all employees, volunteers and members.
- To facilitate sharing of information and training around health and safety issues.
- To demonstrate the organisation's commitment to the health, safety and welfare of all employees and other people who come into contact with it.
- To ensure compliance with any national legislation and local best practice.

Who is responsible?

It is advisable to nominate two people in the organisation, a member of staff AND a member of the governing body, to oversee health and safety. The governing body member might have prime responsibility for ensuring that the health and safety policy is adhered to; and the staff member might be responsible for ensuring that day-to-day arrangements on the office premises are appropriate and for undertaking an annual risk assessment.

However, it is important to stress that all employees of the organisation have the responsibility to work together with the management team to achieve a healthy and safe working environment, and to take reasonable care of themselves and others. Employees should be encouraged to refer any concerns they may have about health and safety to the nominated representatives so that they can initiate appropriate action.

5.11 CONCLUSION

After working through this chapter the organisation should have developed a clear human resources management policy that will help to make sure that its most valuable resources – people – are well managed, highly motivated and able to work in a creative yet safe and secure environment. The box below highlights some of the benefits such a policy can bring to an organisation and its staff team.

BENEFITS OF A HUMAN RESOURCES MANAGEMENT POLICY

Equal opportunities and diversity The staff team, partner organisations, beneficiaries and funding agencies know that discrimination is not tolerated: rather, diversity is celebrated.

Selection and recruitment The right staff are chosen for the right jobs through open and transparent processes.

Terms and conditions All members of staff know what they are entitled to in terms of remuneration, leave and other benefits.

Performance management Principles are agreed for managing individual performance and the team understands the annual review process, how to resolve disagreement and how poor performance will be handled.

Staff development Team members are motivated to seek new knowledge and practice in a learning environment.

Grievance Staff members understand what a grievance is and know what to do and expect should they air a grievance or 'blow the whistle'.

Disciplinary procedures Everyone understands how seriously poor performance or misconduct are addressed and what rights and obligations they have.

Bullying and harassment Staff members know that bullying and harassment are not tolerated and that their managers have special responsibilities to ensure a safe and secure working environment for all.

Health and safety The purpose of health and safety procedures is understood and responsibilities for observing these are clearly defined.

Chapter 6: Managing projects

6.1 OUTLINE OF CHAPTER

This chapter presents **definitions** of projects and the project cycle and then looks at why many community development projects prove to be less successful than anticipated. It goes on to provide some best practice guidance for **project management**. It looks at how NGOs can best assess community requests for support, emphasising the importance of looking at these within the parameters of the strategic plan and annual team work plan. Some methods for assessing community needs and undertaking a **community needs assessment** are provided, with examples of tools for community research. Some advice is given about how to select the best tools for community research and how to set about planning, implementing and analysing the research results.

Sometimes community research is used as a tool for **project design**, although this is not its only role. It can also be used in strategic planning and impact assessments.

The second part of the chapter provides guidance on how to develop a **concept paper** for a project, how to identify potential funding sources and test the interest of potential funders, and how to write a full-blown **project proposal**. This includes guidance on how to produce a project budget, work plan and the additional information that funding agencies normally require.

6.2 STRATEGIC PLAN AND PROJECT MANAGEMENT

The content of this chapter links to Chapter 3 (Strategic planning) in two ways. First, some of the tools and exercises it contains can be used to aid a strategic planning process.

For example, part of the external environment analysis might include an in-depth needs assessment of a community needing assistance and support from the organisation over the next three years.

Other tools suggested below may also be relevant to strategic planning and to the systems for impact assessment or monitoring and evaluation.

Second, Chapter 3 outlined how organisations can develop strategies for realising their strategic aims. These included:

- networking with others
- advocacy, or influencing policy
- capacity building and training

- institutional strengthening or organisational development
- research
- direct funding and grant-making to community based organisations.

What is a project?

Interpreted broadly, the concept of a project embraces most, if not all, these strategic activities. It concerns the steps taken to translate an idea about helping communities to meet an identified need into practical actions (strategies or a project) that will substantially change people's lives for the better.

In the broadest sense of the term, 'a project' can be defined in terms of four general characteristics:

- It has an output or set of outputs defined by an overall goal or strategic aim.
- It is planned, implemented and evaluated over a clearly demarcated period of time.
- It has a pre-determined input of resources (financial or material and human).
- It uses specific ways of working.

Some projects do not involve any direct funding, but do demand considerable non-financial support, for example advice.

For example, a small-scale voluntary project aims to help a school to organise a garbage collection day in order to protect the environment. It may require the voluntary inputs of teachers, pupils and parents and, possibly, the staff of a local NGO.

Similarly, the time an NGO Project Officer spends helping a community group to organise itself through various capacity building initiatives does not require direct funding, but has costs in terms of staff time for the NGO. Many NGOs find that much of their day to day work involves this type of non-funding support because of the high premium placed on empowerment.

At the other extreme are very large projects that require a large investment of funds, such as building a community primary school or a village health centre. Here an NGO may provide direct funds – often acting as an intermediary between the community and a larger funding agency – and other forms of advice and support to the community concerned.

Some projects have **outputs** that are clearly visible and tangible, such as the rehabilitation of buildings or the construction of village roads. The outputs of other projects are often less straightforward.

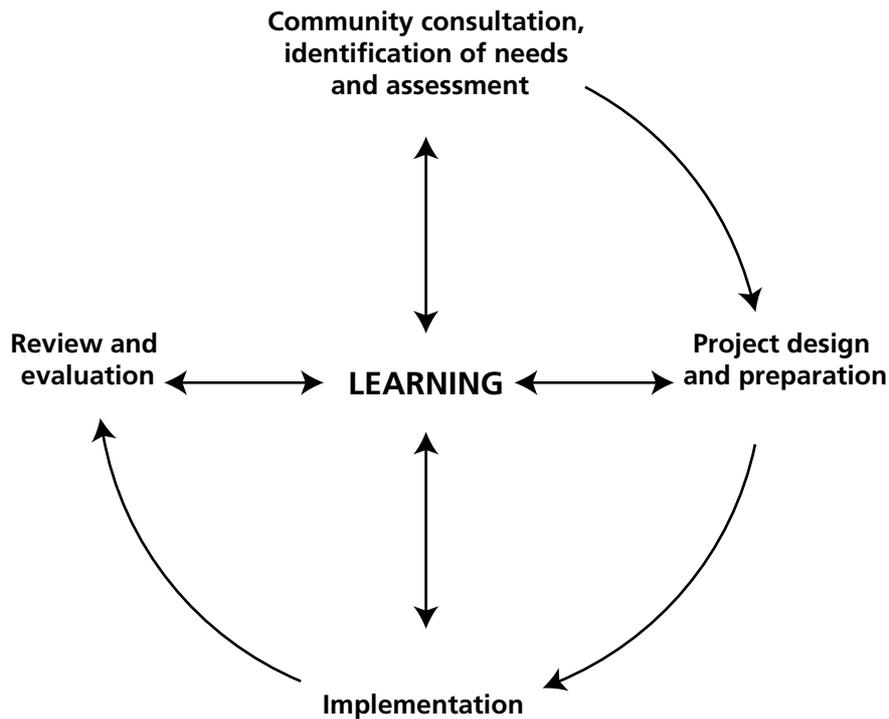
For example, the primary output of a project with small community groups organised by people living with HIV and AIDS to ensure more effective networking and communication is not as easy to demonstrate as a new building.

A project to build the advocacy capacities of organisations working to advance the human rights of women so that they can influence the introduction of new legislation on women's rights to land (the eventual outcome) has less tangible outputs than the repair of community water pumps.

The impact of projects that have more tangible outputs and outcomes is much easier to evaluate than the impact of projects which aim to change the way people behave, think and believe. However, it is possible to define impact **indicators** or indicators of achievement for most projects, even the least apparently tangible.

What is a project cycle?

A project cycle can be shown as a complete circle with learning at its centre. Lessons can be learnt from both the successes and failures. The box below suggests some principles of project management guided by a participatory approach.



A PARTICIPATORY APPROACH

- Project design involves the community, rather than being something an NGO staff member does in the office.
- Project monitoring and evaluation are guided first and foremost by listening to clients or beneficiaries.
- Significant project decisions are made with the participation of the target group and beneficiaries, and are based on consensus.
- A key component of any project is changes in attitudes and behaviour in the name of sustainable long term change.

Strategies and projects

Increasingly organisations have found that the positive impact of their work in changing people's lives is enhanced if programmes include a combination of different strategies. Hence the emphasis nowadays is less on 'projects' than on strategies to help communities achieve their aspirations.

For example, NGO support to a community wishing to develop its water resources might include, for example, a combination of capacity building and training for a community based organisation in basic organisational skills and small-scale dam rehabilitation; small-scale funding for safer drinking water; and support to community activists advocating increased government spending on water development in a particular locality.

It is generally believed that such a combination of activities results in greater **sustainability** and **reduced dependence**, as well as having greater long term impact on the lives of more people than project funding alone. The basic assumption made by the Somaliland Capacity Building Caucus (CBC), for example, is that reaching development goals means that people become involved in their own development. The organisation, therefore, will '*help people to shape their own lives*'.

If an organisation is operating at a national or regional level, much of its programme may consist of making grants to other organisations that, as a result of this support, become **partner organisations**: they provide a way of channelling financial and other support to the target groups or ultimate beneficiaries at a more localised, community level.

However, some organisations make a strategic decision to work directly at community level with the target group or beneficiaries. A key question to ask is always:

How can an NGO best reach the target groups it has identified at community level that are in greatest need of support?

Sometimes embryonic or developing **community based organisations** (CBOs) exist with which an NGO can work. Often, however, NGOs must start community level development virtually from scratch, with activities to support members of a community to develop their own organisational structures and their own development initiatives.

An NGO may work primarily through partner organisations, or directly with community groups and other structures, or combine the two approaches. But however it works, the support it provides to a community should generally include a combination of strategies.

Why do some projects have little impact?

About 80 per cent of development projects fail before or after they are completed. This means that development workers must think seriously about what works best and what works less well. There are many reasons why development projects are less successful than they might otherwise be. Some of the most important are presented in the box below.

WHY PROJECTS FAIL

- Not enough time is spent on preparation and reflection before starting work. NGOs rush into projects without good planning.
- There are problems with logistics: not enough money, not enough time, the Project Manager gets sick, etc.
- The NGO has not developed the skills of project design and management, which require learning and practice.
- NGOs are inconsistent in the methods they use.

Some NGOs see projects as opportunities to secure funding; others see them as a vehicle for change. But few take the time to work out a carefully planned project with the target group before it is implemented.

Logistical problems are usually related to poor planning.

For example, an NGO puts together a budget very quickly and then realises that there is not enough money for the necessary supplies. Or insufficient time is budgeted to implement all the planned capacity building activities.

Most logistical problems can be prevented by better planning.

Learning from experience is one of the most important success factors. In addition, training in programme management skills can be very helpful and should therefore not be limited to one or two people in an organisation. If only a few people can participate in training events, it is important that they share their learning with others.

Sometimes the cause of a problem may have been clearly identified, but the project does not deliver because the method used is inappropriate.

What works best?

In the box below the CBC outlines the factors that it has found lead to most success in project management.

CBC PRINCIPLES**Our principles****The ways that our organisation will implement these principles****1. Use a participatory strategy**

- Approve a governing document that will define roles and responsibilities.
- Adopt a management style that supports people.
- Plan how the beneficiaries will measure the NGO's effectiveness.

2. Design the project to be sustainable

- Set indicators.
- Involve community members in project implementation.
- Secure funding for the entire project.

3. Build on community and participants' contributions

- Solicit community contributions.
- Ensure that income generated from the project is used to develop the project further.

4. Be transparent and accountable

- Approve and implement financial and administrative policies and procedures.
- Prepare financial reports and share them with funding agencies and beneficiaries.
- Conduct both internal and external audits.

5. Build partnerships through cooperative, participative and open approaches

- Practise working in partnership.
- Collaborate with other key actors.
- Establish strong formal and informal links with the target community.

The box below shows some of the constraints on a participatory approach to community development and project management.

CONSTRAINTS ON PARTICIPATORY APPROACHES	
Issue	How to tackle it
<p><i>Problems with funding agencies</i></p> <ul style="list-style-type: none"> • Mandate often limited to specific objectives, areas, or target groups. • Different values. • Funding limited, short term, or allocated to specific areas. • Insufficient flexibility to meet different needs. 	<p><i>Relations with funding agencies</i></p> <ul style="list-style-type: none"> • Reduce dependence through: <ul style="list-style-type: none"> ◦ local fundraising ◦ raising money through income generation activities ◦ community contributions in cash or kind to projects. • Talk in a constructive way, avoid confrontation.
<p><i>Problems with local organisations (NGOs and CBOs)</i></p> <ul style="list-style-type: none"> • Members serve individual interests. • NGOs do not use participatory methods. • NGOs are not transparent. • Organisations lack training and capacity in project management skills. • Mandates are limited to specific objectives, areas, and target groups. 	<p><i>Relations with NGOs and CBOs</i></p> <ul style="list-style-type: none"> • Be flexible and patient; listen, and communicate with different members of the community. • Persuade those involved in the project that dialogue is important.
<p><i>Problems with the community</i></p> <ul style="list-style-type: none"> • Influential members (elders, police, and local authorities) seek to advance their own interests. • Other members are in the 'back seat', but this does not mean that they are not ready to support good initiatives. 	<p><i>Relations with the community</i></p> <ul style="list-style-type: none"> • Learn to recognise potential activists. • Avoid problem-makers. • Trust and use relevant experience and skills. • Look for resources in a group, place or situation. • Do not focus on problems: look for solutions.

6.3 NEEDS ASSESSMENT

If a local NGO provides either grants or capacity building support for community development initiatives, it will inevitably receive numerous requests. How can these be assessed? The starting point is the strategic plan and annual team work plan. Although strategic planning is a continuous, rolling process amenable to annual updating and has some built in flexibility, ALL programme activities must fall within its parameters.

Inevitably, unexpected requests for support, in the form of a small grant, capacity building, advice or other inputs, will be received. However, the basic **best practice rule** is that only requests that fall within the parameters of the strategic plan and can be accommodated in the annual team work plan are considered, however worthy or interesting other requests may be.

Hence when requests for support that requires the time of a member of staff are received, the following three questions must ALL be answered in the affirmative:

- Does the request for support fall into an area covered by the aims of strategic plan and the strategies that the organisation is adopting to meet them?
- Can the support requested be accommodated within the annual team work plan, even if it has not been planned for?
- Can the request be met adequately by incorporating the necessary activities into the individual work plans and objectives of staff members?

If the answer to any of these questions is 'no' or 'unsure', then it is best to decline the request for support or assistance and if possible recommend another organisation that might be able to help. Many development and humanitarian organisations find it very difficult to learn to say 'no', but the overall positive impact that can be achieved through sound focus and clear direction should not be compromised by the desire to help everyone.

It might be difficult to assist a particular community to meet its desired goals immediately. In some cases a further opportunity may arise to reconsider the request when the strategic plan is reviewed and a new annual team work plan is developed for the year ahead.

If a community request for development support appears to warrant further consideration, the next question is how best to assess it further. Some key considerations are outlined in the box below.

TEN KEY QUESTIONS

- 1 Is the project, planned activity or strategy addressing an unmet need in the community?
- 2 What will be the likely impact of addressing this unmet need?
- 3 What type of support is the community looking for from the organisation?
- 4 What contribution, if any, will community members themselves make (for example, labour for the rehabilitation of a community well)?
- 5 Where did the idea come from or start? Was it the idea of a group of community members or of a single individual? Does the idea have broad based support and agreement within the community?
- 6 Who will the direct beneficiaries be? Are women and other marginalised people included or involved?
- 7 What will be the likely environmental impact?
- 8 How will gender relations be influenced?
- 9 What will happen when the organisation stops providing financial and other support? Will the community be able to continue or develop the activities?
- 10 What level of organisation exists in the community to assure effective implementation and management of the project, or activities planned?

The CBC recommends five steps to assist understanding of the needs a community may have:

- 1 **Identify** a problem situation (using needs assessment tools and techniques).
- 2 Check with **stakeholders** to see if they think it is a problem.
- 3 Consider **every angle** of the situation.
- 4 Establish a **cause and effect relationship** between the various issues.
- 5 Make a **problem and objective tree**.

Most communities can identify hundreds of problems or issues. The key thing is to prioritise these (see Chapter 3: Strategic planning).

Regardless of who is conducting the research – activists in the community or the staff of an NGO – the following principles are recommended when undertaking any form of research at community level.

PRINCIPLES OF COMMUNITY RESEARCH

Respect. Always be respectful to the community and its members.

Simplicity. Be simple and direct in conducting the research.

Feedback. If using a participatory approach, give feedback to the community on the results of the research. Listen to comments and adapt the approach as necessary and appropriate.

Expectations. Be extremely careful about raising expectations while conducting research. Do not make false promises.

6.3.1 SOME TOOLS FOR A COMMUNITY NEEDS ASSESSMENT

A needs assessment helps the NGO to understand a community better. It can help to identify what the major areas of unmet need are and determine the best strategies to address them.

There are many ways to conduct a needs assessment, including:

- **Community mapping.** Community members make a map of their community that identifies the resources available in it. This can be used to start a discussion about existing resources and gaps.
- **Pairwise ranking.** Community members brainstorm to compile a list of needs and compare each need to the others on the list to get a better understanding of which needs are the greatest. It is best if several groups with different interests, such as elderly women, farmers and young men, do the ranking separately and compare results.
- **Success ranking.** Community members list their needs and rank these from most urgent to least necessary.
- **Group discussion** is a good way to air and share ideas. In some situations, however, discussions can be dominated by certain individuals. They thus require careful management if they are to provide an opportunity for all to express their opinions.
- **Seasonal calendars.** Community members identify what happens at different times of the year using an annual calendar. Some points that may be raised are the times of year when it normally rains (and resulting lower or higher prices), influxes of nomads, increases in certain illnesses, availability or scarcity of certain goods, etc.
- **Historical profiles.** A historical timeline of someone's life may show how the overall environment, and community priorities and concerns, have changed over a generation or more. This can be done by an elder who maps out her life with respect to certain issues (for example education: what schools were there in the village when she was born, which children attended school, etc) and records it on a timeline. Others can then contribute their ideas or fill in any gaps.
- **Case studies.** A case study (of a village, a person, or an event) can illustrate priorities, concerns and what happens in various situations. Ask people to either explain what happened or to role-play what occurred in the case you are studying.
- **Problem trees.** The roots and the fruits of the problems as perceived by the community can be plotted as a tree diagram.
- **Focus group.** Prepare a set of guiding questions and invite various representatives of the community to a discussion.
- **Questionnaire.** Discuss a list of written questions with different members of the community.

- **Semi-structured individual interviews.** Ask several people from the community what they think the community's needs are.
- **SWOC analysis.** Ask the constituency to identify its own strengths, weaknesses, opportunities and constraints.

Any of these tools can be combined with **informal observation**. Remember, when collecting information, to separate facts from opinions. Ask people for their opinions, but also ask them to support these with facts.

EXAMPLE: VILLAGE SKETCH MAP

This tool is considered one of the best and easiest participatory tools to identify and analyse community needs. The sketch map is a way to encourage residents to talk to each other and share their experiences and stories about the community's accomplishments and needs.

This tool can achieve the following objectives:

- Open a development dialogue within the community and between the community and assessment team.
- Announce to the community that there is an opportunity to tell outsiders something worthwhile about their accomplishments as well as their needs.
- Begin building a database to help community groups rank their problems and consider solutions that they can undertake themselves.

A good way to start a community based needs assessment is for the community to draw a sketch map that will locate the village's development successes, failures and continuing problems.

It may be helpful to have two or three groups each doing their own map: perhaps men, women, and young people or some similar arrangement.

Groups can draw their maps on the ground, build three-dimensional models or simply draw them on paper.

At the end of the exercise, one person should be charged with making a good copy of the map on flipchart paper or reporting back to the community later.

EXAMPLE: VILLAGE HISTORY

This tool is a list of events that happened in one village over a certain period of time. The goal is to retrieve important events in the life of the village.

The tool is useful for three reasons:

- It tells the assessment group about important events in the village's history.
- It allows the villagers to exchange views on which events they think were most influential in their past.
- It informs the community's younger generation about events which they may not know about.

Assemble as many of the older men and women in the village as possible and ask them to reconstruct what they think are most important events in the life of the village.

It may be helpful to divide them into smaller groups to allow each group to select one particular important event and discuss it separately.

At the end of the exercise, one facilitator should be assigned to write the final community history on flipchart paper and report back to the community later for their feedback.

EXAMPLE: MEETING WITH TARGET BENEFICIARIES

Direct contact with specific groups within the community can yield useful information.

Meeting with target beneficiaries can help researchers:

- to listen to the ideas or problems from the perspective of particular people in the community
- to present specific programme objectives to potential target groups in the village
- to avoid raising expectations and conflicts from people in the community who do not belong to the target groups.

This method can be used with potential target beneficiaries to discuss their needs and ways to address them. A facilitator of the group should record (for example, on flipchart paper) the main points agreed during the meeting, then present these at the end of the meeting.

EXAMPLE: A PROBLEM TREE

One format for summarising community discussions is a problem tree.

Arrange the problem, its causes and effects in the format of a tree. The causes are the roots of the tree, the problem is the trunk, and the effects are the leaves of the tree. The exercise is very easy to do, and can be used to summarise and analyse information from the community.

The problem tree reminds us that the causes of a problem are rarely visible. Most of what we see is the effect of the problem.

EXAMPLE: FOCUS GROUP DISCUSSIONS

This is a formal but unstructured participatory method of collecting data. Focus groups use a set of prepared questions to guide discussion among selected representatives of the community.

Using a focus group discussion will achieve the following:

- discussion of a particular topic or issue in the community
- use of the vast knowledge and experience already available in the community that relates to the topic under discussion
- better understanding of the different views that may exist among different groups about the causes of or solution to a particular problem.

A focus group discussion in the village usually has between six and 10 participants who do not represent one particular group. They are selected because they have certain characteristics in common that relate to the topic under discussion. Focus group members are invited to discuss and share their ideas. Group discussions can be organised at different times with similar types of participants to identify trends and patterns in perceptions.

Some important points to remember for planning a focus group in the community are:

- Participants must know something about the topic under discussion.
- The number of participants should be between six and 10.
- The group interview should be semi-structured.
- The discussion must be participatory. The questions must be open ended.
- Answers from the group must represent a consensus or different opinions, not facts or specific data.

EXAMPLE: KEY INFORMANT INTERVIEW

The staff employed by the implementing organisation may meet their target beneficiaries on a daily basis. They have a good feel for what problems exist in the village and how the community feels about those problems.

The major purpose of contacting key informants is to:

- get first-hand information from the community
- hear informants' ideas, based on their own experiences of working with a community, about how programmes could be developed to meet their needs more effectively.

Interview an expert (community leader, government official, health worker, religious leader, schoolteacher, etc) who is related to the target community, but not a direct beneficiary, to help identify needs and solutions.

Try also to identify project stakeholders and involve them in a brainstorming session where they can identify and discuss all aspects of the problems. Look at all the community issues discussed and define the specific problems. Compare current activities with desired activities to see what type of project can solve the problem identified.

The box below lists tools that can be used for more technical research.

EXAMPLE: TECHNICAL RESEARCH FOR NEEDS ASSESSMENT

Research usually means trying to develop new knowledge and ideas to solve a particular problem. The most common types of research used in community development work include:

- **Survey.** A survey collects information by looking at several different cases (people, places, dates). A **questionnaire** is usually used to do a survey.
- **Rapid Rural Appraisal (RRA).** Developed in the 1980s, RRA is a collection of research methods used by a team of local and/or external researchers. RRA includes, but is not limited to, informal observation, individual interviews, group interviews, surveys, ranking exercise, role play, community mapping, sketch maps and calendars.
- **Participatory Rural Appraisal (PRA).** Developed in the 1990s, PRA is a collection of research methods used for and by the community. It includes RRA methods as well as some additional techniques and tools.
- **Participatory Learning Approach (PLA).** A British method developed in the mid-1990s, PLA uses group learning (without a formal division into students and teachers) to assess a problem or develop a solution.

6.3.2 ASKING THE RIGHT QUESTIONS

When designing questions for a focus group discussion, or any other dialogue where getting the right information is important, bear the following points in mind.

ASKING QUESTIONS

- Make sure that the questions on the same topic are grouped together. For example, do not put questions about what marketing skills the participants have in the middle of a set of questions about social needs.
- Check that the questions are not overly repetitive.
- Keep the questions simple. Do not put too much information in each question. If it seems too big, then break it down into several questions. For example instead of: 'What literacy and numeracy training have you had?' ask: 'What literacy training have you had?' This way, the group can discuss each part of the question separately.
- Avoid vague questions and questions that can mean different things to different people. For example, 'Are you healthy?' is a difficult question to evaluate because people have different standards of what healthy means. Also, it is vague. Health can refer to nutrition, diseases, personal habits, preventive health care, etc. Instead, ask: 'Have you been out of work sick in the last year?'
- Do not make assumptions about what answers people will give when designing questions. For example, if you planned to ask 'What income generating projects would interest you the most?' and to follow this with 'What training have you had in soap making?' you would be assuming that the respondent was interested in soap making.
- Try to establish a good flow of questions. Put the questions on a related topic together. Put questions of the same style (such as true/false, yes/no questions) together. Put questions on one idea together, followed by a summary question for that idea.
- Review the questions when you are finished and check that they cover all the topics you need to research.

6.3.3 SUPPLEMENTARY INFORMATION

Other resources may help to supplement information provided by the target group or community. This may be especially important when collecting technical information.

OTHER INFORMATION SOURCES AND RESOURCES

Contacts

- Line Ministries
- Ministry of National Planning and Coordination
- Municipality
- Community leaders
- Consultants
- Umbrella organisations

Documentary resources

- Reports from other NGOs who have done similar projects
- Government reports and data
- Newspapers
- Technical books
- Old project proposals, successful and unsuccessful
- Workshop reports and materials

6.3.4 PLANNING COMMUNITY RESEARCH

Some of the techniques for community research are low cost and time efficient. Some are expensive and time consuming. Each has its advantages and disadvantages, and it is important to select the right technique and tools for each situation.

When choosing the most appropriate tools and techniques:

- Use participatory methods of fieldwork and research wherever possible, to encourage community participation.
- Involve the beneficiaries in the data collection process: they know more about their own needs than any outsider.
- Use different tools and methods together to generate different types of information and perspectives.

The CBC encourages **participatory methodologies** and tools because these are more likely to lead to sustainable, community-based initiatives. These approaches are built on community involvement, participation and listening to all community members, in less formal and structured ways. However, some situations demand more **quantitative information** or statistics.

The tools chosen will depend largely on the type of information that is being sought and the purpose of collecting it. It is helpful to consider the questions in the box below.

ISSUES TO CONSIDER WHEN SELECTING TOOLS

What information is needed and who is likely to have it?

- List key questions to ask.
- List key people to consult.

What resources are available?

- Look at the resources (human, financial, material) available to the organisation and the community or target group (refer back to the strategic plan).
- Refer to the annual team work plan and individual staff work plans and objectives.

What methods would be most suitable for gathering the information required with the resources available?

- Consider how much statistical data, if any, is needed.
- Assess different tools and methods in terms of their costs (money and time) and benefits.

To use any tool practically in the field, the organisation needs to choose those that best fit local circumstances and the research objectives (the information required). Tools can be tested and then modified as necessary. Sometimes training in the use of a particular tool is helpful, but in most cases using and refining them in practice works best. Once the most appropriate research tools have been selected, it is a good idea to test them and then adapt them as necessary to fit the specific conditions of the community.

Community research is about working with a community, and any interaction with the community must be positive and respectful.

Both the cost and the timeframe of the fieldwork will depend on the tools and techniques that are being used.

Bear in mind that no research is ever completely objective. The methods and tools selected will carry some bias. Bias can be introduced:

- **when research tools are designed:** who is asked, where they live, when a survey is conducted
- **during the fieldwork:** improperly calibrated measuring equipment, attitudes of the researcher, illogical translation of questions
- **in data analysis:** different tests carried out on the same data, variables classified in different ways.

It is particularly difficult to avoid bias when using **qualitative methods**. It is therefore important to recognise the perspectives of all key players, and the potential bias of both researchers and the community.

Based on the information in this section, make a plan for collecting data on the needs of a target group and then implement it.

PLANNING AND IMPLEMENTING COMMUNITY RESEARCH

- What tools will be used to find out what the community or target group needs?
- How will these tools be used? (Who will do what: introduce the tool, facilitate the discussion, take notes, etc. When will the activities take place and where?)
- Once the data collection is finished, invite people to summarise and prioritise needs to see if there is consensus about these.
- Answer the following questions together:
 - Which people from the NGO participated in the data collection?
 - Which people from the community or target group participated in the data collection?
 - What were the needs that the target group identified?
 - What was the main need that the community wants help with?
 - What are the community's own resources?
 - What solutions did the target group identify?

6.3.5 HOW TO ANALYSE RESEARCH FINDINGS

Once the fieldwork is complete, the findings of the research need to be analysed. Data analysis involves interpreting the information collected and transforming it into useful facts, figures and observations that can be used to design a project or strategy. If the data collected is not analysed there will be much information, but no strong conclusions on which to base actions.

How the data is analysed will depend on the type of information collected. The box below lists the seven most common methods of statistical analysis.

STATISTICAL DATA ANALYSIS

- Average (mean and median)
- Percentages (ratios)
- Frequency tables
- Percentiles
- Standard deviation
- Grouped data
- Difference of spread (range, interquartile range)

Data analysis for information collected using qualitative methods of research is less straightforward. Analysis of data collected from informal observations and discussion groups, for example, requires analysis of any notes taken, and a summary of the main points and their relationship to the issue that a community is trying to tackle. The analysis of qualitative information is often more illustrative of an issue, providing concrete examples, anecdotes, and insights into social and other relationships.

The box below describes a process that can be used to analyse the findings of community research and transform them into ideas for action.

TRANSFORMING QUALITATIVE DATA INTO ACTION

1. Prioritising or ranking

- Members of a community brainstorm to list and prioritise their needs.
- The discussion can take place in several groups representing different interests, such as elderly women, farmers and young men, who rank needs and compare results.
- This process will enable members of the community to rank their needs from most urgent to least necessary.

2. Filtering

- Not all priority needs and ideas collected from the community necessarily imply a role for the organisation. This tool can help programme staff examine different needs and ideas.
- The purpose is to look at needs and ideas from the community to see if they fit with the organisation's mission, goals and objectives.

3. Transforming

- The needs and ideas suggested by the community need to be transformed into concrete concepts.
- The concepts should be simple to communicate so that everyone in the community understands them.

4. Processing

- After selecting a project concept in agreement with the target community, the implementing organisation should translate it into a meaningful (practical) form.
- The purpose is to specify the components needed for the project and to define the process of project design.

5. Finalising

- This is used as a follow-up to check with the community if the detailed project concept can be improved before the project design is completed.
- It should include a risk/benefit analysis, to identify the risks and benefits that may arise from implementing the proposed project, in order to reduce risks and maximise benefits.
- The implementing organisation should also carry out a cost evaluation to eliminate any costs that will not contribute to realisation of the project objectives.

6.4 A CONCEPT PAPER

A concept paper is a summary of the proposed project that will convince potential funders that there is a real need for it to be implemented. If the funding agency does not express interest in the project after seeing the concept paper, it can save the time and energy of researching and writing a full proposal. If the funding agency does express interest, the concept paper is a good starting point for further research to develop a full proposal that will be submitted to the agency.

Writing a concept paper is a valuable exercise. It enables the organisation to collect project ideas and write them down for preliminary review by potential funding bodies.

A concept paper should be no longer than two pages and should attempt to address the questions in the box below.

QUESTIONS TO ADDRESS IN A CONCEPT PAPER

- **What** does the organisation want to do? Give a general summary of the project, but be specific about objectives and goals.
- **Why** is the project important? Why is there a need for the intervention? Based on the data collected, give qualitative (observations) and quantitative (statistics) information to demonstrate the need for the project.
- **Who** will the project benefit? Who are the beneficiaries, and why do they need the proposed help?
- **When** will the project take place? Is there a start and a finish? What is the timeframe?
- **How** will the project be implemented? What methods will be used, and more importantly, why?
- **How much** will the project cost? In the absence of a budget, state what funding agency inputs are being requested. Be realistic about the project costs. Do not inflate the costs because this will deter potential funders.

Once these questions have been answered, the ideas must be transferred on to paper clearly and concisely. Ask:

- Is the concept paper clear, simple and easy to understand?
- Are the problems and proposed solutions well stated?
- Is the necessity of the project clearly conveyed?

Proofread the concept paper carefully, and ask others in the organisation to revise it. Ask the beneficiaries of the project to read it and comment, as appropriate.

Before writing a full project proposal, it is advisable to share the concept paper with funding agency representatives so that the proposal is written for a specific agency. This is important because different funding bodies have different requirements that need to be satisfied in the full project proposal (see Chapter 8: Publicity and fundraising).

Once a number of funding agencies have been identified that might fund the project, visit them. Show them the concept paper and discuss plans with them. Consider inviting them to visit other projects that the organisation has implemented or is implementing and to meet the relevant staff.

An example of a concept paper is given in Appendix 1.

6.5 A FULL PROJECT PROPOSAL

Once a funding agency has expressed an interest in supporting the project, it is time to start working on the project proposal.

Many agencies have their own guidelines for writing proposals, and they will not accept one that does not include all the information they require. Hence it is advisable to ask at an early stage for any written guidelines or general guidance they can give. Consider the implications of this advice carefully.

Some funding agencies may not be able to fund certain items of a budget. For example, some are unable to provide funding for recurrent office costs such as staff salaries. There is little point in approaching them to fund such items. Find out the restrictions before starting to write the proposal, to avoid unnecessary work.

6.5.1 WHAT IS A FUNDING PROPOSAL?

A proposal is a document that presents a project or programme idea in a clear and concise way. Some organisations draw up a proposal to encapsulate the key components of their strategic plan with the aim of securing funds to contribute to their whole programme of work. Others use such proposals mainly as a means of securing funding for parts of the overall programme.

A proposal is written to show a funding agency that there is a challenge or need that the organisation can help to resolve in partnership with the community or with other organisations. It shows why the project or programme should be funded.

REASONS FOR FUNDING A PROJECT

A proposal should demonstrate:

- **credibility of the organisation** (continuity, adequate research to support activities, good relations with funding agencies)
- **credibility of the approach** (project design and implementation with community support and inputs)
- **coherence of the idea** (concrete and aligned with the organisation's capacity and vision)
- **realistic budget** (the budget is not inflated and accurately reflects the forecasted implementation costs).

Writing a funding proposal can be a collective activity, and **stakeholders** may be drawn in at various stages of the design process. A proposal is best written once the unmet need or challenge is clearly defined and the community is clear about how it wants to address it. Probably a concept paper will already have been shared with a funding body or bodies who have expressed interest in receiving a full proposal.

To develop a concept into a fully worked up plan, the following questions might prove useful. The answers will aid clear thinking about the contents of the funding proposal.

JUSTIFICATION

- What is the problem to be addressed?

OBJECTIVE

- What would an improvement in the beneficiaries' situation look like?

ACTIVITIES

- What can the organisation do to improve the situation?

EVALUATION

- How will you evaluate success?

BUDGET

- What are the costs?

A proposal has a number of sections. These depend on the type of programme or project funds being sought, the capacity of the organisation and the criteria of the funding agency.

6.5.2 HOW TO STRUCTURE A FUNDING PROPOSAL

There is no single model for the structure of a funding proposal. However, there are elements that are required by most organisations and funding agencies. This list of headings gives the most important components to include. The headings are explained in the following text.

STRUCTURE OF A FUNDING PROPOSAL

- Background
- Statement of the problem
- Justification of the project
- Goals and objectives
- Planned activities
- Division of responsibilities
- Phase-out and sustainability
- Implementation

Much of the information and analysis needed to write a full proposal will be contained in the strategic plan or the annual team work plan from where it can be drawn.

Step 1: The **background** provides an introduction and should include the following information, as relevant:

- a brief history of the organisation
- the current situation of the target group or groups
- the reason for this situation (political, socio-economic)
- sector analysis: information on the specific sector.

Step 2: The **statement of the problem** describes a condition affecting a group of people in a specific location. Stating the problem clearly is an important step in writing the proposal because funding agencies must see that the project will address a community problem. Here are a few tips for writing the problem statement:

- State the problem using facts and figures.
- Use statistics that are clear and support the argument.
- Make sure the data collected is well documented.
- If possible, give anecdotes (stories) of beneficiaries as realistic examples of the problem.
- Limit the explanation of the problem to the target group in the geographic focus area.

Step 3: After the problem is stated, the need for the project must be demonstrated. The **justification** should include information such as:

- the problems to be addressed
- the situation expected at the end of the funding period
- whether the impact anticipated justifies the budget costs
- local community participation and support
- type of beneficiaries
- sustainability of the improvements to be made.

Step 4: Once the project has been justified, the **goals and objectives** can be developed. These tell the funding agency how the problem identified will be addressed.

The **goals** are the anticipated end results. They will tell the funding agency how the project will help improve the target group's quality of life. Goals identify what the long term impact will be.

The **objectives** give the funding agency more detail about what the project or programme is trying to achieve. Objectives are much narrower than goals and must be **SMART** (specific, measurable, attainable, realistic and time-bound).

When developing objectives, remember the following:

- what the project or programme will change
- the target group
- the direction of change (increase/improve, decrease/reduce)
- the degree of change to be achieved
- the timeframe for reaching the desired degree of change.

Here are two examples of SMART objectives:

- There will be a 20 per cent decrease in the incidence of water borne disease by the end of the project life.
- There will be a 15 per cent increase in primary school enrollment in three years.

Step 5: The next step is to identify the **activities** that will achieve the goals and objectives. At this stage, the tasks and sub-tasks should be detailed.

- Relate the activities to the problem and the objectives.
- Make sure that the organisation has the resources to support each activity.
- Explain the reason for each activity.
- Build one activity on the other (all activities should work toward the same end).
- Develop a timeframe for each activity.

All activities require inputs, mainly time and money. Inputs may be:

- human resources – by number of staff, positions, qualifications
- material requirements – by quantity, type, quality, size
- financial resources – salaries, overheads, direct costs
- time – days, weeks, months.

Having a clear understanding of what inputs will be necessary for each activity will make it easier to implement the project.

Step 6: To prevent disputes, the **responsibilities** of each partner for the activities must be clearly identified.

DIVISION OF RESPONSIBILITIES

- **The funding agency** is responsible for funding as agreed, providing feedback on project reports and a contract of agreement outlining these responsibilities.
- **The organisation** is responsible for successful implementation and for cooperating with other agencies working in partnership.
- **The contractor** (eg construction engineer) is responsible for carrying out the organisation's instructions.
- **The target group** is responsible for working with the organisation during planning, implementation, monitoring and evaluation; for specified contributions (eg labour); and for sustaining the project or programme (unless it is a one-time activity, such as building a village school) once the funding and other support have come to an end.

Step 7: The proposal should also include information about how the organisation plans to **phase out** and ensure **sustainability**. Describe local communities or other partners who will take over the organisation's activities and responsibilities once the funding comes to an end.

Step 8: Implementation is the process of transforming inputs into outputs. In developing the implementation procedure, think about the timeframe: how long will the activities last for? And who will be involved in each activity?

6.5.3 WRITING A WORK PLAN

It is advisable to present some information in the form of a work plan rather than as narrative text. The work plan can subsequently be used to guide the various phases of the project's implementation. As the project progresses, the work plan will become a tool to help monitor the project.

PREPARING A PROJECT WORK PLAN

- Randomly list the activities.
- Arrange them in chronological order. The activity to be implemented first will be listed first.
- Show the scheduled start time, finishing time and expected duration of each activity.
- Indicate when specific inputs will be needed for each activity.

6.5.4 MONITORING AND EVALUATION

It is important that the funding proposal includes a description of the systems that will be used to **monitor and evaluate** the project, to identify weaknesses and learn from them so as to reduce the chances that they will arise again. Monitoring should be a continuous process that is built into the design of a project. Additional periodic evaluations may also be required by the funding agency. Be sure to state who is responsible for monitoring and evaluation, and how the results will be shared with the funding agency and others (on-site visits or written reports).

6.5.5 DEVELOPING A BUDGET

The best format for a budget is a chart that includes the description of the items needed, their unit cost, quantity and total cost. The budget must include everything that the organisation wants the funding agency to fund. It can usually be broken down into costs for the following sections:

BUDGET CATEGORIES

- 1 Materials and equipment
- 2 Labour
- 3 Administration
- 4 Transport
- 5 Monitoring and evaluation
- 6 Community workshops/consultations
- 7 Contingency (usually 5-10 per cent)
- 8 Total cost
- 9 The organisation's contribution
- 10 Total contribution requested from funding agency

A **budget summary** gives the total cost of each section listed above and is included in the **project summary** (included with the completed funding application – see below).

Administration costs are usually calculated as a percentage of the material and labour costs. They may vary, but should be no more than 15 per cent.

Usually the funding agency will ask the organisation to pay a percentage of the total cost. Again, this will vary depending on the funding agency.

Make sure that the budget is complete and not exaggerated. An experienced funding agency will not even look at a proposal with an incomplete or exaggerated budget.

6.5.6 HOW TO COMPLETE THE FUNDING APPLICATION

In addition to the proposal and budget, funding agencies also usually require that you submit a cover letter, cover page and project summary. These should be sent to the funding agency together with the proposal.

ADDITIONAL INFORMATION

Cover letter

A cover letter must accompany the proposal. It should include:

- the proposal title
- the reference number (if there is one)
- a brief introduction to the organisation
- a proposal request and justification (what the organisation wants and why)
- contact information for the organisation (name, address, telephone/fax number).

Cover page

The first page of the proposal should be the cover page, containing the following information:

- the project or programme title
- the reference number (if there is one)
- the organisation's name
- the total amount of funding required (in US\$ or the currency specified by the funding agency)
- contact information for the organisation (address, telephone/fax number).

Project summary

This is a brief explanation of the main proposal and should include:

- an introduction to the organisation
- the goal and main objectives
- a brief summary of what is being proposed
- explanation of how the work will be carried out (implementation)
- a budget summary
- a summary of arrangements for monitoring and evaluation.

Once all this is complete, the funding proposal and additional information can be submitted to the funding agency. **Be sure to keep a copy of the proposal, along with any other project documents, for the records.** Having a copy will make it easier to answer any questions and is also a useful reference when writing other proposals.

6.6 PROJECT MANAGEMENT

Managing a project or programme requires many of the same skills and experience that any management post needs. Most organisational management issues have been covered in other chapters of the manual. This section highlights those specific to project management.

It is likely that the Executive Director, with the approval of the governing body, will have appointed a Project Manager. This person may already be a member of staff who has been delegated specific responsibilities for

managing a particular project or part of the programme as defined by the strategic plan or annual team work plan. In rare cases, where the responsibilities are particularly large and nobody on the payroll can assume them, a new staff member may be appointed (again with the authorisation of the governing body).

Whoever the Project Manager is, he or she will have overall responsibility for seeing that the project meets the objectives set out in the funding proposal. The box below outlines some specific responsibilities.

RESPONSIBILITIES OF THE PROJECT MANAGER

- **Activities:** making sure that the planned activities take place on time, that they meet the beneficiaries' needs, and that the service the NGO provides is continually improving.
- **Resources:** overseeing the efficient and effective use of any resources, including materials donated specifically to the project as well as any of the organisation's own resources. The procedures laid out in Chapter 4 (Managing finances) should be fully applied.
- **Staff and human resources:** ensuring that any staff employed on the project perform to their best, according to the procedures contained in the human resources management policy document (see Chapter 5). This may include recruiting new staff, building the project team, delegating tasks, monitoring and evaluating individual progress, and solving problems.
- **Self-management** (where the Project Manager is situated far from the office). Although the Project Manager is accountable to the Executive Director or, perhaps, a Senior Programme Officer, self-management on a day to day basis will be the reality. It is important for the Project Manager to set a good example in all aspects of the job.

Other **qualities** that will be demanded of a Project Manager working at community level include:

- motivation to work hard
- patience
- sensitivity
- confidence
- communication skills
- sectoral expertise
- knowledge about the NGO.

The management of any one project is never quite the same as that of another. However, there are some basic points that a good manager should adhere to. In addition to the guidance contained in other chapters of this manual, the following checklist may be helpful.

CHECKLIST: PROJECT MANAGEMENT

- Review the organisation's **principles** to ensure they are being used internally as well as in work with beneficiaries.
- Decide on lines of responsibility and roles for staff employed on the project. An organisational structure chart may be useful (see Chapter 7).
- Make sure that the **job descriptions** of all staff employed by the project are clear.
- The **individual performance objectives** and/or work plan of the Project Manager will have been agreed with his or her line manager. Use the same system with any staff employed specifically for the project.
- Set up a **project file** for all project documents.
- Plan **regular meetings** with the project staff to review progress.
- Plan time to **meet the beneficiaries** for their feedback.
- Keep in touch with the **funding agency**. In addition to the formal project reports, the agency may like to receive informal reports on progress and photographs. If possible, invite the agency to visit the project, talk to the beneficiaries, and meet with the project staff.
- The budget is the cornerstone of the project and needs exceptionally careful monitoring. Funds must be spent in the ways that have been agreed. Always obtain **written approval** before spending funds in a different way.

As emphasised in Chapter 7 (Office administration) a good filing system is an essential prerequisite for successful administration. Make sure that all project documents are filed in a logical and orderly fashion. Documents to be kept on file include those listed in the box below.

IMPORTANT PROJECT DOCUMENTS

- Concept paper
- Project proposal, including project budget
- Correspondence to and from the funding agency or agencies
- Work plans
- Minutes of meetings with project staff and beneficiaries
- Narrative and financial reports
- Evaluations
- Job descriptions of all project staff
- Employment contracts of all project staff
- Timesheets
- Inventory records for expendable and non-expendable supplies
- Documents relating to any training events (eg names of trainees and their attendance records; training notes; workshop notes or handouts or other related information and resources)

Copies of some of these documents should also be kept at the head office.

6.7 CONCLUSION

If the guidance provided in this chapter is followed, the benefits will include those summarised below.

BENEFITS OF GOOD PROJECT MANAGEMENT

Strategic plan and project management	A clear relationship between the strategic plan and specific projects is obvious. Project staff understand what a project and a project cycle are. They understand the link between strategies and projects.
Approach and constraints	Project staff understand what the essential ingredients of successful projects are and how to overcome factors that may limit success.
Community needs assessment	Project staff are familiar with a number of key tools, how to select and use them, and how to analyse research findings and translate data into ideas for action.
Concept paper	Project staff know how to develop a concept paper and what it should include.
Full proposal	Project staff and others know how to structure a proposal, what information it needs to contain, and how to develop an accompanying work plan and budget.
Project management	Project staff who work at community level understand their specific responsibilities and how to perform their management duties to best advantage.

APPENDIX 1

SAMPLE CONCEPT PAPER: CONFLICT RESOLUTION FOR LOCAL NGOS IN SOMALILAND

Somaliland, because of its lack of bilateral relations with other governments, receives an overwhelming proportion of its assistance through non-governmental organisations. Therefore much of the development work is implemented not by the government, but by the NGO sector. As a result of this availability of funds, local NGOs have sprouted from every corner of Somaliland in enormous numbers. At present, over 400 local NGOs have been registered at the Ministry of National Planning, but many more are operating without such registration.

COSONGO is a consortium of 27 local non-governmental organisations from the northwest region of Somaliland. The umbrella was established mainly to strengthen local NGOs in Somaliland, but also to give credibility to those organisations with a proven track record and greater transparency than those 'briefcase NGOs' which exist only when they have money for a specific project. COSONGO screens its members using five criteria and has a constitutional mandate to provide them with support in terms of conflict resolution, advocacy, training, resources, and information.

Over the past year, COSONGO has worked to meet its mandate in all areas, but its work in conflict resolution has been particularly important. Four major conflicts broke out and COSONGO was formally requested to intervene and solve them. These conflicts were all different. The first was between two members of COSONGO, the second between two other umbrella organisations in Hargeisa, the third between an international NGO and a member organisation; the fourth was an internal conflict in a member organisation. In addition, many other smaller conflicts broke out within local NGOs that COSONGO did not resolve. If local NGOs are to continue to grow, then they must have some regular mechanism for solving their problems, be they internal, with another local NGO, or with a different body.

Most local NGO conflicts relate to one of three areas: disagreement over financial management, conflict about the structure and legal system of the organisation, and disputes about the constitution. Other conflicts arise over gender issues, tribal

loyalties and technical knowledge. With basic training and improvement of local NGOs' legal, constitutional and financial systems, many of these conflicts could be avoided. COSONGO is the most suitable body to facilitate such work because it is directly within its mandate and because it has experience in such work. COSONGO's Executive Director has been trained in conflict prevention, resolution and human rights. Therefore COSONGO proposes to implement a one-year project with two objectives: to better prepare the Board of Directors (the conflict resolution body) to resolve conflicts when they are requested to do so; and to prevent more conflicts within local NGOs.

These objectives will be achieved through a series of activities. The first activity will be to do an assessment of the types of conflicts that COSONGO member local NGOs are experiencing. Second, we will offer an 'understanding of conflict' workshop to our members reflecting the results of the assessment. Third, a local trainer in conflict resolution will be brought to COSONGO to train first the Board of Directors and then the executive directors and board members of our member organisations. Next, COSONGO will offer three workshops to its members, one each on developing a suitable financial policy, constitution, and legal system/structure for those who have weak existing systems. Lastly, COSONGO will work with the Somaliland government, particularly the Attorney General and the Ministry of National Planning, to develop conflict resolution guidelines that conform to local and legal practices. Lack of coordination among these bodies and local NGOs is exacerbating some of the current problems.

The expected outcomes of this project are two: stronger local NGOs as a result of reduced internal conflicts, and a stronger local NGO-government relationship when dealing with conflict resolution. At present, two of COSONGO's oldest and best members are facing serious internal problems and are not able to function to their full capacity. It is our hope that with training and awareness raising, our member NGOs can bring a better service to their own beneficiaries and the long term development of Somaliland.

Chapter 7: Office administration

7.1 OUTLINE OF CHAPTER

This chapter provides advice and guidance on how to ensure a solid **administrative base** for the organisation. Without this, chaos and disorder are almost guaranteed. In addition to communicating with the public outside the office (see Chapter 8: Publicity and fundraising), members of the public communicate directly with the office through visits, telephone calls and correspondence. The chapter provides guidance on how to make **visitors** feel welcome and how to establish an appointments system and a telephone message system. It gives some tips for sending and receiving letters, and advice on how staff can best communicate internally through memos and office meetings.

One of the most important administrative systems to establish and maintain is an efficient **filing system**. The chapter gives detailed advice about how to do this. It also provides guidelines on what to look for when undertaking an **administrative audit**.

All organisations collect paper resources in the shape of books and documents. Many NGOs will want to establish a **resource centre** where they can keep these resources in an orderly manner and make them accessible to staff and others. The chapter gives detailed advice on how to manage paper resources and a resource centre itself.

7.2 AN ORGANISATIONAL STRUCTURE CHART

An organisational structure chart is a diagram that represents an organisation, identifying its employees and departments and their relationships to each other. Chapter 2 (Organisational governance) provides an example of a structure chart for a governing body. Some organisations will want to develop a similar chart to show office arrangements and lines of authority and responsibility.

Reasons for developing an organisational structure chart include the six points in the box below.

RELEVANCE OF AN ORGANISATIONAL STRUCTURE CHART

- It clarifies the lines of authority and how work is shared within the organisation.
- Employees feel part of the NGO when they see themselves on the chart.
- It shows outsiders how the NGO is structured and its main areas of work.
- It shows the different departments and the number of staff.
- It makes the delegation of responsibilities easier.
- A good structure should help the NGO reach its objectives.

It helps to involve staff when developing the chart so that they understand the organisation's lines of authority and decision making. Once a chart has been developed the governing body should approve it. A good organisational structure chart is well defined so that work is delegated and shared and lines of authority, responsibility, and reporting relationships are clear. An organisational structure chart should be adapted to the context, particular goals, and habits of teamwork in the specific organisation. There is no best structure: the best structure for one NGO may be very different from the best one for another.

The questions in the box below may be useful when discussing the structure of the organisation. Subsequent boxes give advice on writing up a chart.

EXERCISE: SOME KEY QUESTIONS ABOUT STRUCTURE

- What rules are there for the discussion of issues and decision making?
- What kind of membership policy is needed?
- What role will different individuals (staff, partner organisations) play in decision making?
- Who is involved in what decisions, and how?
- How will decision making be structured in the organisation? What kind of hierarchy or system will there be?
- What type of organisational structure can best help achieve the organisation's goals and mission?
- How can the vision and mission statement be implemented through the organisational structure?

EXERCISE: WRITING UP A CHART

Consider what information an organisational structure chart could contain. It may include some or all of the following:

- the name of the organisation
- the date the chart was compiled
- the lines of authority within the organisation
- the names of departments
- the names of projects
- employees' names, job titles and possibly photos.

CHECKLIST: ORGANISATIONAL STRUCTURE CHARTS

Once the chart has been drawn up, check for the following:

- **consistency:** include all names and/or job titles.
- **clarity:** distinguish job titles from departments or sub-teams clearly.
- **completeness:** do not forget the organisation's members, volunteers, and part-time staff.
- **update:** as and when necessary, and decide who should be responsible for doing this.
- **place:** think about where to place the chart (eg as a poster in reception).

See Appendix 1 for an example of an organisational structure chart.

7.3 OFFICE COMMUNICATIONS

People outside the organisation communicate with the office in three main ways:

- They visit the office.
- They telephone the office.
- They write a letter (or send an email) to the office.

This section presents some tips for the efficient management of these three types of communication.

How to manage office visitors

The very nature of NGO work means that the office should be **accessible**, particularly to the beneficiaries and client groups. Members of the public will also want to visit the office to find out more about the organisation's work and to offer or seek assistance. Sometimes government officials or representatives of other NGOs or international funding agencies will also come to the office for meetings. It is important that their **first impressions** of the office are positive.

TIPS FOR MAKING VISITORS FEEL WELCOME

- Install a signboard outside the office with the organisation's name, office hours and contact details, so that visitors will know what the organisation is and how to make contact with it. Some offices with fewer staff distinguish between 'office hours' and 'visiting hours', to reduce the demands that too many visitors can place on staff.
- Make a sign giving directions to the main entrance and reception area.
- Label the offices of individuals with the person's name and job title so that visitors can find the office that reception staff direct them to.
- Set up a reception area with at least two chairs and a small table.
- Put the organisation's brochure and annual report on the table for visitors to read while they are waiting.
- Keep an appointments book that shows when visitors are expected. Wherever possible make appointments for visitors to discourage unexpected visits.
- Design any noticeboards (vehicle control board, meeting board, etc.) nicely so that they make the office look more attractive.
- You may want to hang a display board showing the organisation's current activities. This could include photos (with captions) of staff or partners at work, workshops they have attended, and visitors to the office.
- Display the organisational structure chart, mission statement and strategic plan if you have them.
- Make sure that the reception area, however small it may be, is always clean and tidy.
- Take any steps necessary to make the office accessible to disabled people.

To ensure that the daily work of staff at the office is not endlessly interrupted by unanticipated visitors, it is advisable to establish an appointments system. Of course visitors will come to the office unexpectedly from time to time, but an appointments system will ensure that most visits are planned in advance for the benefit of both staff and the visitors themselves. The box below contains some tips for setting up an appointments system.

AN APPOINTMENTS SYSTEM

- Ask visitors to make an appointment in advance so that the necessary people are available to meet with them.
- Have some background information about the organisation and its work available to either give or show to the visitor, such as an organisational profile, the structure chart, annual report, and a list of completed projects.
- Ask the visitor to sign the visitors book and state his or her name, job title, address, telephone or fax number, email address, and organisation.
- Collect any information that the visitor gives the organisation and file it for future reference.
- Prepare for an informal office tour and visit to project sites if requested.
- Follow up the visit with a letter or phone call. This is extremely important.

The use of some basic administrative books and forms can also help in managing visitors (see appendices to this chapter for samples of these). They are summarised below.

BOOKS AND FORMS

Telephone messages

Whenever a person calls for someone who is not in the office, the Administrator (or Secretary, if the office has one) should write down the name of the person who called, his or her telephone number, the time and date of the call, and any message. The person who took the message should also sign her name.

Appointments book

The appointments book can be a diary or any other calendar that is used only to record appointments. The Administrator or the Secretary should record all the appointments and remind people about them closer to the time.

Visitors book

The visitors book can be a blank book. In it, visitors should sign their name, their organisation's name, address, telephone number, fax number, email address, and the date of their visit. Some visitors will just give a business card: the Administrator can attach that to the book instead. The Administrator can also write down later with whom that person met, and what was discussed. If the organisation uses a computer, the Administrator can put the visitor's information in a database or spreadsheet so that the organisation can keep a contact address list.

How to manage telephone calls

In addition to visitors, a large number of people are likely to be making telephone calls to the office. It is therefore important to think carefully about how best to manage these calls. The box below has some tips.

MANAGING TELEPHONE CALLS

- Some organisations employ a receptionist, but if you do not have the resources for this make sure that there is a rota of staff responsible for answering the phone.
- Answer the telephone by identifying the organisation. For example: *'Good morning, this is the X office. How may I help you?'* or *'Hello, this is the X office. How may I help you?'*
- If the person the caller wants to speak to is in the office, ask the caller his or her name, and then look for that person. If the person is busy, ask if she wants to speak to the caller. If not, take a message. If the caller will not give his name, then tell him that the person he wants to speak to is not available. Often callers who do not want to give their names are not making work-related telephone calls.
- If the person the caller wants to speak to is not available, tell the caller that. Then tell him or her your name and job title, and ask if you can help with anything. If not, ask the caller to leave a message. Fill out a telephone message form and include the caller's name, who the message is for, the time and date of the call, the message itself, the caller's telephone number, and the name of the person who took the message. When someone leaves a telephone message:
 - After taking the message, consider if it requires action or if it should just be passed on.
 - If the message should be passed on, write it down, put it on the desk or pigeonhole of the person it is for, and then follow up to make sure that this person receives it.

Although there will always be some personal telephone calls to or by staff in the office, it is a good idea to have some rules about this to prevent misuse of the office telephone.

How to streamline correspondence

In addition to visitors and telephone calls the office is likely to receive letters to which it will need to reply. The NGO may also decide to do regular mailings of information such as an annual report. The following tips will help ensure that office correspondence is dealt with efficiently.

SENDING AND RECEIVING LETTERS

Letter formats

- Set a standard way to write letters so that they are faster to write.
- Make sure that letters are proofread, that they include a reference number and that they look neat.

There are three main types of letters:

- **memo** – an internal message, informal (used within the office)
- **semi-formal** (also called semi-block) – a personal letter to someone the writer knows
- **formal** (block style) – a cover letter for official correspondence (job application, report, documents, etc), people the writer does not know, international correspondence for the organisation.

Addressing envelopes

- Put the sender's address either at the top left-hand corner or on the top of the back of the envelope (on the flap for closing it).
- Write the addressee's name and address in the centre of the envelope. Use clear handwriting and a dark pen because many countries use machines to sort the mail and if the address is not clear, the letter will take longer to arrive.
- Leave a blank space at the top right of the envelope for the stamp.
- It is unnecessary to put a telephone number on an envelope if it is being delivered through the postal service. A postal service will never call that number to deliver it. Also, some people may object for privacy reasons to their telephone number appearing on the envelope.

7.4 INTERNAL OFFICE COMMUNICATIONS

Within the office, staff members communicate with one another through meetings or conversations, by sending memos, by giving and receiving telephone messages and through office cooperation (people working together as a team).

How to hold effective office meetings?

Some internal office meetings will be held on a regular basis. For example, the Executive Director may decide to hold a staff meeting for the whole team once a month or more often. In addition, if the organisation has a number of programme staff, they may hold regular meetings to discuss programme issues. Similarly, if the NGO employs a number of administrative staff, they may want to hold regular meetings to discuss administration issues, including finance and staffing. It is advisable, however, to keep the number of meetings to a minimum, as they consume considerable time and may not be the most effective vehicle for getting things done.

Here are two tips for successful meetings:

- Hang a meeting board in the administration office that shows who is attending which meeting (inside or outside of the office). This also helps people who want to visit someone in the office. If they see that the person is in a scheduled meeting, they will know when to come back.
- Develop a procedure for what to do if a meeting is interrupted (by telephone calls, visitors, etc).

How to use office memos

Depending on the number of staff, the organisation may communicate some kinds of information through internal office memos. For example, the organisation may have a system for circulating project reports to various members of staff through this mechanism.

USING INTERNAL OFFICE MEMOS

- Hang short internal memos on the administration office noticeboard for everyone to see.
- Develop a circulation system for longer memos or letters. One method is to put everyone's name on a slip of paper attached to the memo. After a person reads it, she crosses off her name and passes it to the next person.
- Build mailboxes or pigeonholes for everyone for easier circulation of messages. Mailboxes can be simple boxes, stacked filing trays or wooden shelves.

How to create a good working environment

All these tips will help to make the office environment a welcoming and well organised place to work. However, it is also important to establish some **ground rules** to promote good working relations between staff. The human resources chapter looked at some of the advantages of developing a policy on harassment and bullying at work to deal with situations where a staff member feels that he or she is being unfairly treated. It is also sensible to set out some principles of good office discipline to guide staff on a daily basis.

OFFICE DISCIPLINE

- Speak honestly, in a friendly way and politely to each other.
- Respect each other's schedules and appointments.
- Respect each other.
- Help cover job responsibilities when others are away.
- Respect the privacy of others and of the organisation.
- Solve internal problems professionally.
- Be patient, trusting, and tolerant of each other.
- Share resources.
- Respect others when making jokes.
- Be tidy.

Although these points do not apply to every single office, the organisation should adopt those that will help improve relationships within the office. Remember, the more friendly and open people are towards one another, the happier they will be and the better they will work.

7.5 FILING AND RECORD KEEPING

The first step in setting up a solid administrative system is to introduce an efficient filing system. If organisational documents are easy to find and are all systematically kept in one place, it will be much easier for staff to find the documents and information they need. In addition, when the time comes to report to the governing body, funders or members, the information needed to compile the report will be much more readily accessible.

The following suggestion is a standard system that suits most offices. It is best to keep the records on projects separate from administrative documents.

Also, it is a good idea to **number files** so that people can find and replace them quickly. Big offices may even want to develop an **index system** for their files. For more information about indexing, see the section on setting up a resource centre.

A filing system can be set up in filing cabinets, using different drawers for different categories of document, or in box files kept on shelves. The important point is that they are all kept in one or two designated areas and that the files are updated regularly. Wherever possible each member of staff should be encouraged to do their own routine filing. Hence everyone needs to understand the system that is being used.

How to create an efficient filing system

From the previous chapters in this manual it is clear that the organisation will have a number of different types of information for different purposes which different members of staff and others need ready access to. They include those described in the box below.

DIFFERENT TYPES OF INFORMATION

- Reports and papers presented to the **governing body** as well as the agenda and minutes of its meetings. Documents filed under this heading might also be the completed annual financial returns or audit report for the governing body and an annual report.
- Documents relating to the **strategic plan**, the annual team work plan and individual work plans.
- Documents relating to **human resources and staffing**, which will include job descriptions, contracts of employment, documents relating to selection and recruitment, staff objectives and performance appraisals or reviews, health and safety information, staff sickness absence returns, staff leave records, information relating to any disciplinary or grievance procedures, etc.
- Documentation and information relating to the **financial system** including the annual budget, income and expenditure reports, inventories, asset registers, procurement information, information about vehicle use and servicing, monthly statements of account, financial reports to funders, etc.
- **Project information** and project accounts, including information about funding agencies.

Spend some time looking at who in the office needs access to what types of information. This will help the administrative staff to determine where and how the information might best be organised.

EXERCISE: ACCESS TO INFORMATION

TYPE OF INFORMATION

Make a list based on the categories above of all the different types of information the NGO has or is likely to have under main headings and subheadings.

WHERE IS IT KEPT/ WHO HAS ACCESS TO IT?

Once the main headings and subheadings are agreed, look at each one and list those who need access to the information (eg governing body, governing body subcommittees, Executive Director, Finance Officer, project staff, individual staff, the public, etc). Put an asterisk against the subheadings containing confidential information.

It will become obvious during the course of this exercise who needs ready access to what information. This will help staff decide how to group different kinds of information.

Much information and documentation relating to human resources management is of a **confidential** nature. It is good practice, for example, to have a confidential file for each member of staff which that person can have access to with the authorisation of his or her manager (Executive Director for most staff, the Chair of the governing body for the Executive Director). These files should be kept separately in a locked filing cabinet and rules concerning access to them must be clear and transparent.

What type of filing system works best?

There are four main ways to set up a filing system, as outlined in the box below.

FOUR SYSTEMS OF FILING

Filing by date

Documents are filed in date order. For example, October 1, 1998 would go before December 12, 1998. Documents from 1990 precede those from 1995. Some people prefer to put the oldest documents at the back and the newest in the front. This is called reverse chronological order.

Filing by number

Documents or files are given a number and then filed in numerical order. Low numbers usually come before the high numbers. Numbers can be reference numbers on documents, or numbers of files.

Filing by topic (or subject)

Documents are grouped by their content, category or heading and subheading. For example, all correspondence is grouped together in one file and the financial receipts are placed in another file.

Filing in alphabetical order

Items are filed in order by the first letter of their title. The documents starting with A go first, followed by those starting with B, and so on until Z. If two documents start with the same letter, then put them in order by the second letter.

Remember, it is possible to use more than one method of filing.

For example, the files could be divided by topic (correspondence, projects, administration, etc) and by date (new financial documents behind the old ones in reverse chronological order). Look at the information needs of the organisation before deciding how best to arrange files.

Filing takes time, but establishing and maintaining a good system saves time. The example below uses a system of filing by category and heading under which each separate subheading is numbered.

A NUMERICAL FILING SYSTEM BY HEADING

100- PERSONNEL

- 110- Confidential individual staff files
- 120- Staff records (leave etc)
- 130- Payroll
- 140- Health and safety

200- FINANCE

- 210- Budget
- 220- Procurement
- 230- Asset register
- 240- Travel expenses
- 250- Petty cash records
- 260- Financial returns
- 270- Bank accounts
- 280- Financial audits

300- CORRESPONDENCE

- 310- Correspondence with government agencies
- 320- Correspondence with funding agencies
- 330- Correspondence with project partners
- 340- Correspondence with other NGOs

400- ORGANISATIONAL DOCUMENTS

- 410- Governing body
- 420- Subcommittees
- 430- Strategic planning
- 440- Other documents

500- PROJECT DOCUMENTS

- 510- Project proposals
- 520- Completed projects
- 530- Current projects
- 540- Future projects

600- OFFICE ADMINISTRATION

- 610- Office meeting minutes
- 620- Internal correspondence
- 630- Staff tour reports

Once a filing system has been designed and set up, it may be helpful to look at the checklist below to make sure that nothing has been forgotten.

CHECKLIST: FILING SYSTEMS

- Make sure that files are located in the most logical place. For example, keep all files in the same shelf or cabinet, or keep all administrative records in the Administrator's office and project files with the project managers. Be sure to separate what records are not actually files, but rather resources. For example, newspapers and training materials are resources, not files.
- If the files are overcrowded, look at their contents and throw away irrelevant, duplicate, or unimportant papers. Or keep the old files separate from the current ones. Every January, new files can be moved into the old files, starting with empty files for the year.
- If the names of the files do not really show what is inside them, then check their contents and either rename the file, move the papers that are not similar and start another file for them, or re-file the papers inside to the correct files.
- If the files are numbered, it is useful to prepare an index to hang on the wall or filing cabinet to make finding files faster.
- When redesigning a filing system, it may be a good time to look at the record keeping system and decide if the organisation should be keeping more records.

An improved filing system will need maintenance. Be sure to show the others in the office how the improved system is set up and how they can help maintain it. Invite the others to give feedback on the filing system so that they can continue to improve it.

7.6 ADMINISTRATIVE AUDIT

What is an administrative audit?

An internal organisational audit is a complete check of all administrative systems, except reception. It is similar to a financial audit, which checks the financial systems of the organisation (see Chapter 4: Managing finances). It is the most important tool for **monitoring** and **evaluating** administrative systems, as it checks to see that all systems are in place and working.

There are two types of audits, **internal** and **external**. Someone from within the organisation completes an internal audit. This person should be known to the organisation, but independent of its administration and finances. Somebody from the governing body or a member with some financial and administrative experience is a good choice. The internal audit is important for checking systems before an external auditor comes in.

When and how long will the audit take?

The audit should be done at least once a year.

The first time that an administrative audit is carried out, it may be time consuming because each document must be checked. However, after the first audit, if the staff responsible have corrected any weaknesses in the system, the auditor should be able to check everything in just a few days.

What should the audit look for?

In carrying out an audit, the auditor might want to follow the checklist below. If the auditor discovers weaknesses in the system, he or she should clearly explain what these are and how they might best be corrected. See Chapter 4 (Managing Finances) for more detail about financial audits.

CHECKLIST: INTERNAL AUDIT**A. INTERNAL SYSTEMS**

- The NGO has a governing body (Board of Trustees or Board of Directors).
- There is a written organisational structure chart.
- There is a system for reviewing and following up reports that have been made for the organisation, and it is being implemented.

B. FIXED ASSETS

- The NGO has a clear fixed assets policy.
- The fixed assets policy is implemented.
- All fixed assets are recorded correctly in the fixed assets register.
- The fixed assets are counted regularly and the count is recorded.

C. VEHICLE MANAGEMENT

- The NGO has a comprehensive vehicle usage policy.
- The vehicle policy has been implemented.
- The NGO maintains a vehicle logbook, which is filled in completely and correctly.
- Procedures for vehicle servicing, insuring, tax and MOT (checking roadworthiness) are in place and up to date.

D. INVENTORY

- A written inventory management policy exists.
- The inventory policy is implemented.

When inventory is used, it is:

- authorised by the correct person
- properly supported with a supply request form
- properly recorded in the inventory (non-expendable supplies) register or supply control card
- the inventory is counted regularly and the count is recorded.

E. PERSONNEL AND PAYROLL

- A clear personnel policy exists and is implemented.
- All staff members have detailed job descriptions.
- There are defined systems of evaluating and measuring staff performance and they are in use.
- All staff members have current, written, signed employment contracts.
- Documentation and authorisation of payroll exists (such as timesheets and contracts).

How to do an administrative audit

Carrying out an administrative audit is not a complicated matter. The main thing is to be sure that it is thorough and systematic. Below are some examples of how to do this.

EXAMPLE: WHAT AN AUDIT LOOKS FOR

To do the audit, the auditor simply looks at standards of practice and checks to see if they are being met. If not, the auditor must write down exactly what the problem is.

For example, if the auditor is checking to see if ***all fixed assets are recorded correctly in the fixed assets register***, then she or he will have to go and see all the fixed assets and check their condition, location, serial numbers, etc.

If, for example, the auditor sees that the new chairs do not have serial numbers on them, then he or she should write down that the Administrator needs to give the new chairs serial numbers.

When the auditor is finished, she should prepare a report with the findings and share it with the staff and governing body.

Then the auditor should make a list of **recommendations** for how the mistakes can be set right.

The Executive Director is responsible for seeing that the recommendations are followed.

7.7 SETTING UP A RESOURCE CENTRE

This guidance has been developed for organisations that want to set up a resource centre. Many local NGOs have various donated resource materials and would probably like to have more in the future to upgrade the knowledge of their staff and improve their performance. Usually, however, few people have the chance to look at the resources and make use of them because they are inaccessible.

What is a resource centre?

A resource centre is a place where reference materials are stored in an orderly way so that they are easy to find and use.

Resource centres contain books, magazines, training materials, and newspapers as well as other information that an organisation wants to make available. Most organisations have many reference materials, but most do not keep them in one place. If they are put together, grouped according to their topic, and labelled, they are much more accessible than when they are simply filed on a shelf inside a cupboard.

Resources include books, but also reports, videos, cassettes, newsletters, booklets and brochures. **Any information that may help people is a resource.** Items that are not really resources are letters, internal memos, and organisational records. The place where resources are kept should be

big enough to hold them all and should also be secure – a room that can be locked out of office hours, or a corner of a room for example.

One of the best things to do before setting up a resource centre is to visit others to get an idea of what is possible. The following questions can be asked of organisations that already have a resource centre.

EXERCISE: QUESTIONS TO ASK

Location

- Where in the office is the resource centre located?
- Is there a place for people to read the books so that they do not have to borrow them?

Resources

- Is there a written inventory of the resources?
- What non-book resources (videos, tapes, etc) does the resource centre have?

Users

- Who is permitted to use the resource centre?
- Who are the main users of the resource centre?
- How many people use the resource centre on average each week?

Borrowing

- What are the most frequently borrowed (or used) books or resources?
- For how long may books be borrowed? How many books may be borrowed at one time?
- What is the procedure for borrowing books from the resource centre?
- How many of the borrowed books are successfully returned?
- How many books have been lost or damaged by borrowers?
- How is security maintained at the resource centre?

Cataloguing

- How are the resources arranged?
- How are the books arranged?
- Is an international cataloguing system in use?

Management

- Who is responsible for maintaining the resource centre on a daily basis?
- Who makes decisions regarding the resource centre's management?

Acquisition (receiving new materials)

- How are new materials or resources found?
- How are new materials received and processed?

In the box below are the key steps to take when creating a resource centre.

STEPS TO TAKE: CREATING A RESOURCE CENTRE

1. Make an inventory (list) of all of the resources by grouping the items together (for example, newspapers, reports etc).

The most common items to record are the title (name of the book or resource), author (the person who wrote it), publisher (the company, university or organisation that produced it), classification of the book (its subject matter: history, administration, health, etc), and the number of copies.

Some inventories also include the date of publication, place of publication, type of resource (book, newsletter, brochure, etc) and the number of pages.

2. Once the inventory of resources is complete, they need to be classified so that they are easy to find. There are many ways to classify resources, including:
 - By topic. Group all the resources on the same topic in the same place.
 - By type of resource. Put all newspapers together, all brochures together, etc.
 - By alphabetical order. Arrange resources by either their titles or the last name of their authors.

A standard way is to put the books in one place and arrange them by topic. Then, arrange all books in each topic in alphabetical order by the author's last name. Next, group the other resources (those that are not books) together and divide them by topic. Put them in magazine boxes and label the box with the subject, such as health, education, water, etc.

If there are many resources, a more advanced system of cataloguing might be needed, but this arrangement is good for most small resource centres.

3. Now, add to the inventory the classification that you have given each resource.

How to develop an inventory

The box below provides additional guidance for developing an inventory by following three easy steps.

Step 1

Title. What is the name of the resource?

- Normally, if a book title begins with *The*, it is added at the very end. For example, *The History of Somaliland* would be recorded in the inventory as *History of Somaliland, The*.
- Some books have a main title and below it, a subtitle. Both should be included on the inventory. A colon separates them. An example is *Building Partnerships for Participatory Development: A Report of a Workshop Held in Hargeisa, Somaliland*.
- If a book is one of a series, then it is important to include that on the inventory. For example, write *Algebra: Book 1* instead of just *Algebra*. The title and number are separated like a title and subtitle.
- Sometimes books are updated and revised. Textbooks, dictionaries and history books are frequently revised. Therefore, the *Oxford Dictionary* is not exactly the same as the *Oxford Dictionary: Revised Edition*. Look for phrases such as new edition, revised edition, second edition, etc. They must also be included in the inventory.

Step 2

Author. Who wrote the book?

- The author is not always listed on a resource. For example, a newspaper, magazine, brochure, or newsletter rarely has one. Most books do name the author.
- Look for the word *by* on the title page for the author's name. *Illustrated by* tells the name of the person that drew the pictures in the book but the illustrator is not recorded in the inventory. *Edited by* means the person who brought all the parts of the book together (usually in a textbook). If there is no author, then the editor's name should be used, but after it, write (ed) to show that the person is not the author.
- If a book has two authors, then include both of them. However, if a book has more than two, write only the first one and then write *et al.* This is Latin and means 'and others'.
- When you write the author's name, put the last name first, then the first and second names. Internationally, resource centres list authors of books by their last name. If the person is Mohamed Ibrahim Egal, then it is written *Egal, Mohamed Ibrahim* (listed under E). But, if there are two authors, then only the first one is reversed, for example: *Clinton, Bill and Mohamed Ibrahim Egal* recorded under the letter C.
- Sometimes a book's title is somebody's name. In that case, the title page will have two names. When unsure which is the author and which is the title, look at some other pages of the book and the cover to work out which is which.
- If the author is not a person, but an organisation or ministry, then its name is not reversed in the inventory.

Step 3

Publisher. Who published the book?

- A resource is usually published by a company, university, or organisation. Usually the publisher's name is at the bottom of the title page, or at the bottom of the spine (side) of the book, or on the back cover. Look for words like *Ltd, Company, Publishers, Press*, etc to help find out who published the resource. Often the place of publication and the year of publication are also listed under the company's name, so be sure not to confuse them.

Once the inventory is complete, it can be presented in many ways. One way is to type it up and keep it in a file for people to use. If the inventory is computerised, then it is very easy to arrange and rearrange. Many resource centres have three inventories: one arranged by subject, one by author's last name, and one by title. When information is incomplete it is still possible to find items using one or other search tool on the inventory. Other words for the printed inventory are index or catalogue.

TYPES OF INDEX

Subject index

The subjects are listed in alphabetical order, and the contents inside each subject (health, water, education, etc) are arranged by the last name of their author, then title. This is useful if looking for books on a certain topic because it will show all the resources on that topic.

Author index

The resources are listed in alphabetical order by the last name of the author, then in alphabetical order by title. If there are three books by the same author, they will first be put in order of the author's last name, then sorted by the first name of their title. The author index is useful if the author is known, but the title or subject of his or her books is not known.

Title index

The resources are listed in alphabetical order by the first name of their titles. If the name of a book is known, then the title index will help.

Once an inventory of all resources is complete it will need to be updated regularly.

For example, books get lost, new books arrive, and mistakes are found in the inventory (the book is really about water, not sanitation, for example, or the author's name is misspelled).

Users must also learn how to use the inventory. Having three inventories (or indexes or catalogues) can be very confusing for people who have never used them before. Be sure that all visitors see the inventories and understand how to use them when they first look for something.

Classifying resources

It is important to consider the best way to classify the resources: where should each item be shelved? Some tips are outlined in the box below.

CLASSIFICATION

- Before developing a classification system, look at the books the organisation has. Group similar books together and then make a list of the types of books you have.
- All books can first be divided up into fiction and non-fiction. Non-fiction books give information on a topic, such as history, science, or how to build something. A fiction book is one with an untrue story, and fiction books can be divided up into books such as historical fiction, science fiction, and mysteries.
- If it is not obvious how to classify a resource, look first at the title. If it is non-fiction, then the title provides a good clue about the type of book. Alternatively look inside the book and see what topics it talks about.
- Some books have a classification made by the publisher on the other side of the title page. Check there for more help.

How to manage a resource centre

Management of the resource centre includes record keeping, day to day management of the resources, and development of the centre.

IMPORTANT FACTORS TO CONSIDER

- Set up a resource centre **management system**. Decide who will manage it, who will be able to borrow which resources and for how long, and so on. If unsure about where to start, a visit to another more established resource centre might be useful.
- **Training** the users in how to use the resource centre is very important. Once everything is labelled, an index and/or the inventory will help show what the resource centre contains. Show users the index and explain how to find resources. Staff will also need training in the cataloguing system. If they do not know how to use it, they will be unable to replace books in the right place.
- Once the resource centre is functioning, it is important to see how **improvements** can be made. For example, if the centre is not being used, why not? If people are not returning the books, how can that situation be improved?
- When the resource centre is being used often, the manager can **monitor** how many books have been used and on what topic. If he or she knows what people want and need, then more books on that topic can be purchased when funds are available.

EXAMPLE: SAVE SOMALILAND TREES RESOURCE CENTRE

The purpose of **Save Somaliland Trees Resource Centre** is to provide information about development and the environment to both the SST staff and the NGO community.

Users: The staff, members, and governing body of Save Somaliland Trees as well as partners and friends of Save Somaliland Trees may use the resource centre. However, only staff, members and the governing body may borrow books from it. The resource centre will be open 8am-2pm every day (except Fridays and national holidays).

The **borrowing policy** of the resource centre will be as follows:

- The staff may borrow any resource from the centre to use in the office only on short loan. These resources must be returned by 2pm the same day.
- Staff and members may borrow general books, foreign language books, and textbooks for five days. They may be taken away from the office.
- Resources may only be borrowed and returned between 8am and 2pm and only the resource centre manager may authorise borrowing and returning.
- No one may take more than two books at one time on regular loan.

The **daily responsibilities** of the resource centre **manager** are to open at 8am, supervise the cleaning of the resource centre, help users of the resource centre, explain the rules to its users, check out and check in books, arrange books and close the resource centre at 2pm.

The responsibilities of the **administration team** are to help with book collection, help manage the resource centre, receive new books, assist with the inventory, and attend management meetings to discuss the effectiveness of the policies.

The administration team will meet regularly after the resource centre is open to discuss the effectiveness of these policies, to see what problems have arisen and how the centre's management can be improved.

7.8 CONCLUSION

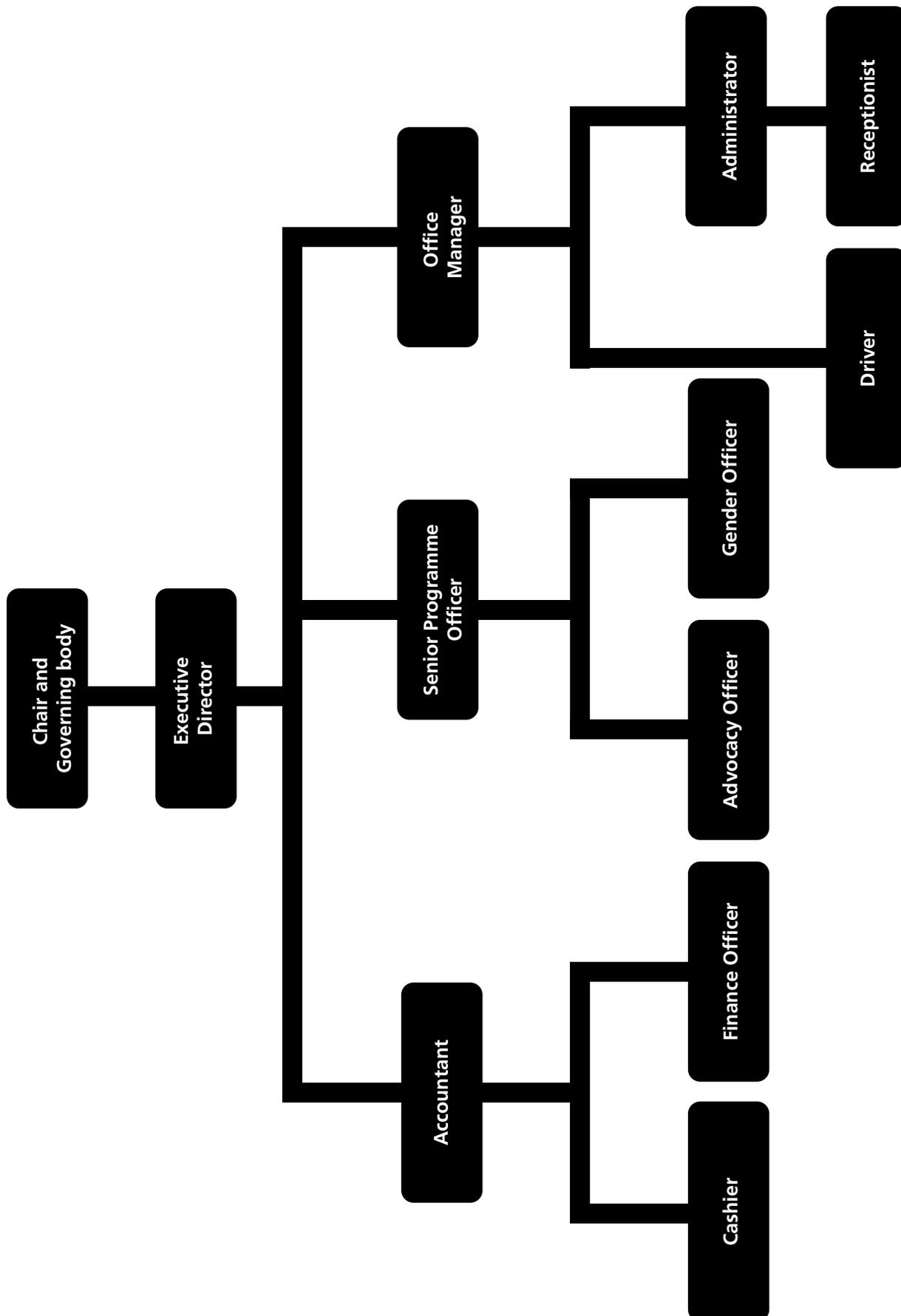
If the systems recommended in this chapter are implemented the staff team can expect to enjoy some of the benefits outlined in the box below.

GOOD OFFICE ADMINISTRATION MEANS ...

Organisational structure chart	The staff team and visitors to the office can visualise how the organisation is structured and what its reporting lines are.
Office visitors	Visitors will feel welcome and informed, and leave with a good impression of the office.
Appointments system	Visitors will have more guaranteed access to the staff member visited, staff will be less disrupted by visits and a record of visitors will be kept.
Reception system	Incoming telephone messages will be recorded and callers will experience good customer service.
Correspondence	Different letter formats will be used as appropriate and the quality of written correspondence will improve.
Office communications	Internal memos and meetings will be used to facilitate communications within the team.
Filing and record keeping	Different types of information will be stored appropriately and all documents will be securely filed and easy to access.
Administrative audit	Office systems will be regularly monitored so that they can be continually improved.
Resource centre	Books and other important documents will be well organised, classified, indexed and appropriately shelved so that staff and others can find what they need quickly.

APPENDIX 1

EXAMPLE OF AN ORGANISATIONAL STRUCTURE CHART



APPENDIX 2

TELEPHONE MESSAGE FORM

For: _____

Mr/Mrs/Miss _____ called you

at _____ am/pm on _____ [date]

- Please call back. Telephone number: _____
- Will call you later.
- Will visit you.
- Left a message for you:

Prepared by:

Name: _____

Signature: _____

Job title: _____

APPENDIX 3

APPOINTMENTS BOOK

Date: _____

Time:	Appointment with:	Place
8:00-8:30		
8:30-9:00		
9:00-9:30		
9:30-10:00		
10:00-10:30		
10:30-11:00		
11:00-11:30		
11:30-12:00		
12:00-12:30		

APPENDIX 4

VISITORS BOOK

Name	Organisation	Address	Tel/fax/email	Date visited

APPENDIX 5

SAMPLE MEMO AND LETTER STYLES

Memo

TO: Project Managers

FROM:

DATE: 14/8/99

RE: PM Training next week

This message is just to remind you that we have rescheduled our training for next Monday morning at 8am until noon. I hope that you will all be able to make it.

(No signature – sometimes a handwritten name)

Semi-formal letter

14 August 1999

Dear Aideed,

Greetings. I am writing to you about the different styles of letter writing that I have learned in PM training.

The second paragraph starts like this, indented again on its first line. There is no empty space between paragraphs, either. I hope that you understand the difference between this semi-formal style and the formal letter.

Sincerely,

Notes for a semi-formal letter:

- Each new paragraph is indented.
- It is opened with Dear (followed by the person's first name) and a **comma**.
- The closing is informal: Sincerely, Regards, Yours truly, or Sincerely yours.
- It is signed by hand only (no typed name or job title underneath).

Formal letter

P.O. Box 683
Hargeisa, Somaliland
14 August 1999
Tel: 253-220006

Mr Abdulkarim Ahmed Moge
Project Manager, Circus Hargeisa
Hargeisa Voluntary Youth Committee
Hargeisa, Somaliland
252-213-4501

Ref: LCT/2.1/120/98

Dear Mr Moge,

I am writing to you to show you the format for a formal style letter. Every paragraph begins on the left side; it is not indented as with the informal style.

When you write a second paragraph, it must start another line below where it would in a semi-formal letter, like this. It is also not indented.

Yours sincerely,

Jane Smith

Jane Smith
Development Adviser

Notes for a formal letter:

- Instead of typing your address at the top, you can use letterhead paper.
- The letter is signed below (not beside) the closing and the full name of the sender, and the job title is typed below the signature.
- In the UK, the closing *Yours sincerely* is used for closing letters to people who you do not know, and *Yours faithfully* is used for closing letters to people you do know. In the US, *Sincerely* is the most common closing.

APPENDIX 7

CHECKLIST: MANAGEMENT AND DEVELOPMENT OF A RESOURCE CENTRE

Record keeping

The following records should be kept in the resource centre:

- subject, author and title indices
- regular loan register
- short loan register
- cashbook (for fines, etc)
- list of authorised borrowers.

Daily management

- Unlock the resource centre in the morning and be sure that it is clean.
- Do a quick check to see that all books are in their correct places and facing in the right direction.
- Open the regular loan register and look to see what books are overdue, due back in the resource centre that day or the next day. See who borrowed the book and its title. Remind borrowers that they have a book due.
- Help users with the inventories, using the resource centre, and finding books.
- Maintain security of the resource centre at all times.
- Check the short loan register at 1.30pm to see what resources are due back in the resource centre by 2pm and remind the borrowers they have books due.
- Check in and check out books as needed.
- Update the three inventories (author, subject and title) as needed.
- Catalogue, stamp, label and shelve new books.
- Plan, organise and facilitate monthly resource centre meetings.
- Maintain and update the resource centre noticeboard regularly.
- Follow up overdue or damaged books; collect fines and update cash book.
- Repair books as needed (attach comb binding, be sure titles appear on spine, etc).
- Lock the resource centre at 2pm.
- Make photocopies as needed and maintain the photocopier cash book.

Resource centre development

- Identify and find new books that users want and need.
- Develop a reception system in the resource centre for new visitors (tour, brochure, points of introduction, etc).
- Order book catalogues and subscribe to free magazines and newsletters.
- Prepare an orientation tour for users of the resource centre.
- Make displays (desk, wall and shelf) to encourage more people to borrow books.
- Review resource centre policies and think about how to improve them.
- Advertise the resource centre so that more people use it.
- Increase accessibility of the newspapers and new resources.
- Improve communication with resource centre users by informing them when new resources come in.
- Improve the classification system.
- Monitor what books are being borrowed and replace unused books with new ones.
- Bind workshop materials and classify them by topic so they are easier to find.
- Obtain more shelves and magazine boxes.

APPENDIX 8

RESOURCE CENTRE RECORDS

The **subject, author and title indices** should be kept either together in a file or in separate files, but all clearly labelled so that they can be used easily. Because these are big documents, they cannot be updated whenever a new resource arrives. The resource centre manager must see that new resources are handwritten on the inventory and reprinted either four times a year or whenever there have been many changes on the inventory.

The **weekly loan register** is a ledger that records information about books that have been taken out of the resource centre for five working days. For each resource taken out, the date borrowed, borrower's name, full title of the resource, the date that the book is due back in the resource centre, and the signature of the person who borrowed the book must be recorded. There must also be a space for the Resource Centre Manager's signature so that when the book is returned, she will sign to say that the borrower no longer has the resource. After the Resource Centre Manager signs the register, the resource is her responsibility, not that of the borrower.

The **daily loan register** is also a ledger, but it records information about what books have been taken out of the resource centre only for the day. It contains the same information as the weekly loan register and the same procedure is used to maintain it.

The **cash book** is just like a petty cash ledger. It is used to monitor the income and expenditure of the resource centre. For each transaction, it should include the date, description (payment of overdue book fine, expenses of book repair, etc), amount paid out or in, and the current balance. The resource center cash should be kept separate from the petty cash or photocopier income.

A list of **authorised borrowers** should be kept up to date. According to the policy, the members and staff may borrow books, but at some points, other consultants or partners may be authorised to do so. The Resource Centre Manager should keep a list of the people who may take books from the resource centre so that there is no discrepancy between policy and practice.

Chapter 8: Publicity and fundraising

8.1 OUTLINE OF CHAPTER

All NGOs will want to publicise themselves to different **audiences** and in different ways as reputable organisations with high impact programmes. One of the reasons, but by no means the only one, that publicity is important is to raise funds for the organisation. The links between publicity and fundraising are clear. But organisations also want to publicise themselves for other reasons, such as increasing their **membership base**, informing potential **beneficiaries** about the work that they do, and **networking** more effectively with other organisations.

This chapter provides guidance on how to achieve publicity for the organisation through written documents, branding, public events, use of the media, joining networks, and participating in conferences. More detailed advice is given on how to produce a **brochure** and a **newsletter**. Both publicity tools can be very helpful when trying to promote the organisation externally.

Guidance is also provided on how to develop a **fundraising plan** to ensure that the organisation has sufficient income to cover its programme as defined by its strategic plan, annual team work plan and annual budget.

8.2 EXTERNAL RELATIONS AND PUBLICITY

Good external relations through the exchange of information and networking are important for any organisation. All organisations need publicity so that they are known by the public. When starting to develop a **publicity strategy**, consider:

- *Who* does the organisation want to reach?
- *What* does the organisation want the public to know about it and its work?

Normally an organisation wants to be known first and foremost by its beneficiaries, service users or clients, and then by the government, other NGOs, funding agencies, local businesspeople and people living in the locality. These audiences will need different types of information about the organisation.

For example, the members need to know what services the organisation provides, such as workshops and training. The government will want to know what an organisation's mission is, who its beneficiaries are, and where the organisation is working. Funding agencies will want to know that the organisation is credible, has a good track record and is worthy of their financial support.

Again, each group will need to receive the information it needs in a **different format**. The members will need to hear from other members. Funding agencies usually prefer written information. If they visit the organisation's office briefly, they will want documentation to take away with them to read or for reference.

Many different tools can be used in a publicity strategy. Some of them are detailed below.

Written documents

These are good for visitors to the office and funding agencies who are accustomed to reading reports and documents. Different documents can be developed for different purposes. All of them should carry the organisation's full name, the name of a contact person, and contact telephone or fax numbers. Be sure to distribute the documents widely, not only from the office. Give some to international agencies, umbrella groups, and other organisations that may distribute them on behalf of the organisation.

Some useful documents for distribution include those listed in the box below.

PUBLICITY DOCUMENTS

The **governing document** provides useful information about how the organisation is governed, its aims, the powers of trustees and the way administrative arrangements (such as membership and meetings) are handled.

The **strategic plan** shows what the organisation is trying to achieve over the next three years and how it is doing this.

The **annual report** covers the organisation's accomplishments over the previous year. It might include photographs and case studies of work done; a summary of governing body members and their background and experience; a copy of the annual accounts (audited or not); and information about agencies that have donated funds.

An **organisational profile** shows the structure of the organisation, roles and responsibilities, and lines of authority from the governing body to any project staff employed at community level.

A **brochure** provides basic information about the organisation to encourage interest. It can be distributed by staff attending workshops, at publicity events, etc.

A **fact sheet** summarises the organisation and may include the mission statement, a list of completed activities, the structure of the organisation, its target group, etc.

Project brochures are more specialised. They describe an organisation's work in one area or sector, such as women's rights, and can be handed out at meetings to people with particular interests in the area of work.

Logos and branding

Anything that carries the organisation's logo or emblem will help others remember and identify it. Some examples include calendars, stickers, pins, hats, T-shirts, folders, or diaries. Signs or banners can also be used whenever appropriate to let people know that the organisation is working on a specific cause or issue. The emblem increases publicity among those who cannot read, as they associate the picture with the organisation.

Publicity events

Any event that an organisation sponsors can be used for publicity. Some examples are:

- **Open house**

Open the office to the public and invite them to meet the staff, see the office, and ask questions about the organisation and its work. Display banners and brochures, and show videos of programme activities while people network with each other.

- **Project launch or closing ceremony**

At the start of a project or major programme activity, invite people from that field to attend a small ceremony. For bigger projects, government officials or funding agency representatives can be invited to make speeches to attract more participants. Be sure to display banners, photographs and brochures, and to show videos of programme activities if these are available.

- **Local events**

When invited to attend local events related to the organisation's work, ask if banners or displays can be taken. Wear the organisation's T-shirt, if it has one, and let people know the name of the organisation and what it stands for.

Media

Media can cover special events that the organisation holds, or they can run general stories related to its work.

- **Television** has a wide audience, which may include beneficiaries and funding agencies alike. However, the message should be well prepared in advance, as coverage is often brief.
- **Newspapers** can give more attention than television to local events, although their target group will be different. They can also carry photographs of the events. Articles can be posted in the office and seen by many people.
- **Radio** also covers both beneficiaries and donors, and can be useful to spread information about recent activities.
- A **newsletter**. Produce a small newsletter that describes what the organisation is doing, or that reports on issues that its target group is concerned about.

Joining networks

Belonging to an umbrella or network organisation or sectoral working group of NGOs will allow the organisation more opportunities to publicise its work. Such bodies can also provide information about potential funding sources and upcoming visitors, and they can advertise the work of other organisations. In this way organisations benefit from the publicity an umbrella or network organisation is engaged in. Being a member of an umbrella group has another advantage: it can provide information about development issues that may influence programme work. Establishing formal partnerships with other organisations or signing memorandums of understanding may have the same result.

Conferences and workshops

Participation in conferences and workshops tells others that the organisation is active and interested in a particular topic. It can also help to inform people about the organisation's areas of work, and facilitate information sharing. Workshops are a good place to meet other people, including funding agency representatives, who share common interests.

Publicity through the office

An office can be used to publicise an organisation. Make display boards with information about the organisation, including its mission and organisational structure. In the project offices, display photographs of projects and keep them up to date as they develop. Assign a small space to display publicity documents and have some copies for visitors to take. Keep extra copies of the governing document, strategic plan, and other organisational documents available so that these can be given to people as and when requested.

8.3 PRODUCING A BROCHURE

A brochure is usually a single sheet of paper folded into three. It provides an overview of the organisation and is used to give people more information about it. It is the easiest publicity document to develop, and is also very inexpensive. For those reasons, most NGOs have a brochure.

The box below gives some tips on producing a brochure.

PRODUCING A BROCHURE

- Appearance and layout are extremely important. If the words do not fit on the page or if the paper is not folded neatly, then your organisation will not look very professional.
- Try different font (typeface) styles and sizes if the organisation does not have a colour printer. A brochure that is all the same style can be boring. But do not use too many different styles, because that can be confusing. Try to make all of the headings the same style, and all the captions the same style.
- Pictures attract interest, but be sure that they are clear. A fuzzy picture or one that is not related to the text will make the reader confused. Always use captions.
- Use numbered or bulleted lists to give information for ease of reading. These lists are especially good if you want to list the organisation's objectives, projects or funders.
- Do not try to fit too many words on to the brochure. If the reader thinks it is going to take a long time to read, he or she may just put it away.
- Try to arrange the brochure creatively. For example, if possible, include a photo, a table or chart, some text, a numbered or bulleted list, and different colours.
- Always use a spellcheck and proofread the brochure; have someone check the English.

8.4 PRODUCING A NEWSLETTER

A newsletter is excellent for an NGO with a lot of information it wants to share. Resource NGOs, networking groups, and umbrella organisations could all have successful newsletters. Producing a newsletter may seem like a big task, but it does not have to be produced every month. Once every three months may be sufficient, at least to start with. Also, a newsletter does not have to be long: start with one side of paper. If a member of staff is familiar with Microsoft Word, a good quality newsletter can be designed using tables and columns. More advanced computer users can produce a newsletter in Microsoft Publisher.

NEWSLETTER DESIGN TIPS

- When designing a newsletter, use only two fonts (typefaces).
- Always use the same font for all headings or headlines. Keep the same size as much as possible, and always match the format (italics, bold, etc) in the headlines.
- Always use the same font for all articles. Make sure that the font used for the main text (stories and articles) is clear and easy to read.
- Make sure that the margins (space round the edges of the page) are equal.
- Don't try to cram too much text onto the page.
- To make text cover a bigger space without increasing the font size, use line spacing.

The most important thing to remember when designing a newsletter is that the aim is to encourage people to read what is written. The tips below are helpful to keep in mind when writing articles to reach the broadest possible audience.

CONTENT AND STYLE

- Try to write using as few commas as possible. They make sentences longer. Keep sentences as short as possible.
- Likewise, keep the paragraphs short.
- Begin with the story itself. The first line can be an expansion of the headline. Give facts about what happened in chronological order.
- Link the story to any other stories in the newsletter, past or present.
- Try to use figures, such as the number of people who attended, the dates of the conference, the amount of money donated, etc.
- If there is space, give more background information about something in the story. For example, the organisation that was involved in the story (contact person, date the organisation was founded, what other activities it has carried out, what happened for this event last year, etc) can be described.
- Include how to get more information on the story or about that event, if applicable. If the organisation has a phone number, list that.
- Be sure to number each issue of the newsletter consecutively.

8.5 DEVELOPING A FUNDRAISING PLAN

Most organisations will need to develop a fundraising plan if they are to achieve their priorities.

What is the purpose of fundraising?

It is important to clarify the purpose of a fundraising strategy which might, for example, be to:

- Diversify and increase the number of different income sources the organisation has.
- Develop and expand, or consolidate and maintain, the existing workforce and programme or service.
- Reduce financial dependency on funds received from any one source or any international funding agency.
- Enhance long term organisational sustainability.

It is advisable to reach a **shared definition** of the aims of any fundraising before developing a strategy paper or plan.

Analysis of present funding

To determine what the organisation's financial resource needs are it is necessary to analyse present income in terms of amount, source (agency providing the funds), period of time (eg a three-year grant from 1 April 2003 to 31 March 2006) and budget components covered by the funds if these are specified. It is also important to note the details of any anticipated future funding if they are known.

	AMOUNT	SOURCE/AGENCY	TIME FRAME	BUDGET LINES COVERED
1. GUARANTEED				
2. ANTICIPATED				

Once the picture of guaranteed and anticipated funds is clear, the **gaps** in terms of what budget items are covered and those not covered can be identified and analysed and a plan can be developed to meet the gaps.

How to start developing a fundraising plan

A good place to start is by building on what experience has shown works best. Take some time to reflect on and discuss what has worked best for the organisation to date in its fundraising.

For example, this process may suggest that the following methods are advisable:

- Explore further the range of existing personal contacts that the organisation has with funding agencies.
- Compile (and regularly update) a list of potential funders and mail the agencies on the list regularly with information about the organisation and what it is trying to do.

The following questions are helpful when attempting to identify potential funders.

QUESTIONS ABOUT FUNDING AGENCIES

- Does the organisation work in the same sector?
- Has it funded the organisation before?
- Has it funded other local NGOs before?
- Is the budget in line with the resources that the funder has available, and does it fall within the limits set on funding applications?
- Under what conditions does the funding body accept applications from local NGOs?
- Is the agency known to your NGO? How?
- Does your NGO already have an established relationship with the funding agency?
- Does the agency work in the same geographical area?
- Does it work with target groups similar to yours?
- Are the agency's aims and values consistent with those of the organisation?

What does successful fundraising take?

Designing a fundraising strategy is not as straightforward as is sometimes thought. Some factors that need to be considered are given in the box below.

INVESTMENT

Fundraising demands considerable investment of time, money and commitment. This means dedicating a certain amount of staff time to fundraising, to building external contacts that may yield new funds and servicing new external relations. The greater the number of funding agencies that support an organisation, the more time it will need to administer, manage and report on funds.

STRATEGIC AIMS

All fundraising should be oriented towards achieving the strategic aims even though some funding agencies will have their own specifications about what they can and cannot fund. Given this, it is important to research what types of programme different funding agencies support, and then to approach those that look the most likely.

DOUBLE FUNDING

Care is needed to ensure that funds are raised from different agencies for either distinct components of the budget or the whole programme and budget. It will be necessary to demonstrate in financial reports to funding agencies that nothing is being 'double funded'.

CORE RECURRENT COSTS

Many funding agencies are reluctant or unable to fund core organisational costs, especially running costs such as staff salaries, office rent, etc. Most prefer to fund direct programme activities. However, they are usually able to consider contributing a portion of the core costs outlined in the organisational budget. For example, a funding agency might contribute 15 per cent towards the costs of a Programme Officer and five to 10 per cent towards the organisation's overall management costs and office expenses.

ONE PROGRAMME/ONE BUDGET APPROACH

It is best to give funding agencies a copy of the annual budget (linked to the strategic plan and annual team work plan) rather than to prepare separate budgets either for each agency that is approached or for each project. This way potential funders will be able to see exactly what parts of the budget they are being asked to fund. In addition, financial reporting will be streamlined because the organisation will have only one set of accounts. However, in some cases it may be necessary to approach a funding agency for specific (earmarked) funds for a special project or activity (eg a conference). For guidance on developing a project budget, see Chapter 6 (Managing projects).

Some fundraising strategies

Funds can be raised from many sources, including those outlined below.

- **Grants/project funds** provided by international funding agencies and international NGOs. Before approaching such agencies it is a good idea to consider:
 - Which elements of the programme might best be marketed to potential international funders?
 - Reporting requirements might increase, although it is often possible to incorporate additional requirements into existing reporting systems.
 - Fund administration and management will increase.

- **Income generation**

Attempting to generate funds through specific events or initiatives such as training workshops or fundraising events usually requires a great deal of staff time and effort for small returns, especially for smaller organisations. However, the added value lies in publicity for the organisation which may help boost other fundraising initiatives.

- **User charges**

The introduction of charges for **direct services** especially if these are currently provided free of charge raises questions about the rights and wrongs of charging for services that should be available to the public free of charge. It is difficult to combine corporate, business principles which are rooted in profit and commercial enterprise with NGO values designed to promote inclusion, participation, access and social benefit.

Charging for **indirect services** might be an option for some organisations, but opportunities for this are often limited. For example, some organisations hire out rooms in their office for out-of-hours meetings. Others charge consultancy fees for advice given to, for example, other agencies.

- **Private, individual donations**

Some organisations canvass **small individual donors** by including a donations slip at the bottom of all their brochures or leaflets. However, there may be legal and other constraints on this practice. In addition, it is usually necessary to explain in brief what the donated money will be used for. Again, the organisation would need to be confident that it has the administrative capacity to deal with such donations.

Identifying and building sustainable relationships with **large individual donors** can yield significant returns, sometimes on a regular and enduring basis. However, this is not easy for a small organisation with a small (albeit possibly growing) reputation. It is difficult to inspire the confidence of such donors. And it is not always easy to identify individuals, for example, in the business sector, with a particular interest in supporting the work of the organisation.

Before embarking on a strategy to canvass the support of individual donors it is wise to experiment by, for example, compiling a targeted mailing list and sending out an information pack to the individuals or organisations on the list. The secret of success, however, appears to lie in personal contact, both initial and continuous, with sponsors. This is very demanding on organisations with limited people resources.

- **Corporate giving**

A significant and growing number of corporations and businesses (large and small) have established 'social investment funds' or 'community funds' which carry both tax and social benefits for them. Most of these funds are devoted to specific areas of activity, but some are more flexible and open ended.

A good starting point with this option is to develop a detailed list of 'possible target companies'. Once this has been compiled the organisation might consider:

- sending out an information pack
- following up the mailing with a personal visit to ask: 'How did you find the information that was sent to you? Are you interested in exploring the work of the organisation further?'
- inviting the relevant person to an informal information session at the office with service users or beneficiaries, or to visit project staff and beneficiaries at a nearby project site
- personal follow up with those who attended the informal session.

The most important thing to remember about fundraising is that it takes time, energy and perseverance. The options detailed should always be considered carefully in terms of the inputs they will require if they are to yield the desired results.

8.6 CONCLUSION

This chapter has provided some guidance on how best to develop a strategy to publicise the organisation and its programmes, and how to start developing a strategy for raising funds. The two are linked in the sense that organisations with a high profile and a good reputation tend to attract funding much more easily than those that are less well known. However, one of the best advertisements for an organisation is the quality of its programme, which in turn is intimately linked to how well it is managed.

Further reading and resources

USEFUL WEBSITE ADDRESSES

Accountability: www.accountability.org.uk

Action Aid: www.actionaid.org/resources

Charities Commission for England and Wales:

www.charity-commission.gov.uk/supportingcharities

CIIR: www.ciir.org

CIVICUS (World Alliance for Citizen Participation): www.civicus.org

International IDEA: www.idea.int

INTRAC (International NGO Training and Research Centre):

www.intrac.org/Intrac

NOVIB (OXFAM Netherlands): www.novib.nl/

OXFAM (GB): www.oxfam.org.uk

OXFAM International: www.oxfam.org

World Bank – Civil Society:

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/CSO>

TOOLKITS AND TRAINING MANUALS

Accountability

- Accountability Primer: Social and Ethical Accounting
- Accountability Primer: Governance and Accountability
- Accountability Primer: Sustainability

CIVICUS

The following toolkits are available in MS Word and PDF formats on the CIVICUS website.

- Action Planning
- Budgeting: Part 1 and Part 2
- Developing a Financing Strategy
- Financial Controls and Accountability
- Handling the Media
- Monitoring and Evaluation
- Planning Overview
- Producing Your Own Media
- Promoting Your Organisation
- Strategic Planning
- Writing a Funding Proposal
- Writing Effectively and Powerfully

International IDEA

Democracy at the Local Level: The International IDEA Handbook on Participation, Representation, Conflict Management and Governance

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CC3 – *Responsibilities of Charity Trustees* March 2002

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CC8 – *Internal Financial Controls for Charities* May 2001

CC20a – *Charities and Fundraising – A summary* March 2002

CC22 – *Choosing and Preparing a Governing Document* August 2002

CC24 – *Users on Board: Beneficiaries who become trustees* March 2000

CC48 – *Charities and Meetings* May 2003

CC 60 – *The Hallmarks of a Well-Run Charity* January 2002

CC 61 – *Charity Accounts: The framework* October 2002

CC64 – *Receipts And Payments Accounts Pack 2001* November 2001

CC65 – *Accruals Accounts Pack* August 2001

RS1 – *Trustee Recruitment, Selection and Induction* March 2002

VA 5/01– *Internal Financial Controls: Self Checklist for Charities*

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Ideas for a Change: Part 2: Organisation diagnosis? December 1997

Planning for Implementation, 2001

Planning for Monitoring and Evaluation, 2002

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- Bakewell, Oliver, with Adams, Jerry and Pratt, Brian *Sharpening the Development Process: A Practical Guide to Monitoring and Evaluation*, Praxis Series No.1.
- Smillie, Ian and Hailey, John (2000) *Managing for Change: Leadership, Strategy and Management in Asian NGOs*.
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