

# Finance Development: A Five-Year Review of Progress

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## Table of Contents

<b>1. REVIEW OF THE FINANCE DEVELOPMENT PROGRAMME</b>	<b>5</b>
1.1 SUMMARY	5
1.2 INTRODUCTION	5
1.3 WHAT IS FINANCE DEVELOPMENT?	6
1.4 REVIEW METHODOLOGY	6
1.4.1 METHODOLOGICAL WEAKNESSES	7
1.5 PROGRAMME CONTEXT	7
<b>2. MAIN FINDINGS AND RECOMMENDATIONS</b>	<b>10</b>
2.1 INTRODUCTION	10
2.1.1 GENERAL PROGRAMME ISSUES	10
2.1.2 OUTCOME 1: INCREASED SELF-RELIANCE OF THE NATIONAL SOCIETY	12
2.1.3 OUTCOME 2: OPTIMISED USE OF AVAILABLE EXPERTISE AND EXPERIENCE	12
2.1.4 OUTCOME 3: INCREASED OR MAINTAINED STAKEHOLDER CONFIDENCE	14
2.1.5 OUTCOME 4: STRENGTHENED CAPACITY AND CREDIBILITY OF HUMAN RESOURCES	15
<b>3. NATIONAL SOCIETY CASE STUDIES</b>	<b>18</b>
3.1 ANGOLA RED CROSS	18
3.2 BOTSWANA RED CROSS SOCIETY	18
3.3 BURUNDI RED CROSS	19
3.4 LESOTHO RED CROSS SOCIETY	19
3.5 LIBERIA NATIONAL RED CROSS SOCIETY	20
3.6 MALAWI RED CROSS SOCIETY	21
3.7 MOZAMBIQUE RED CROSS SOCIETY (CRUZ VERMELHA DE MOÇAMBIQUE)	22
3.8 NAMIBIA RED CROSS SOCIETY	23
3.9 RWANDAN RED CROSS	24
3.10 SOUTH AFRICAN RED CROSS SOCIETY	24
3.11 BAPHALALI SWAZILAND RED CROSS SOCIETY	25
3.12 ZAMBIA RED CROSS SOCIETY	26
3.13 ZIMBABWE RED CROSS SOCIETY	27

### Annexes

Annex I:	Country Report Template
Annex II:	Document Review
Annex III:	Team Schedule of Interviews
Annex IV:	Consultant Terms of Reference

## Acronyms

BRCS	Botswana Red Cross Society
BSRCS	Baphalali Swaziland Red Cross Society
CRB	Croix Rouge du Burundi (Burundi Red Cross)
CVM	Mozambique Red Cross Society ( <i>Cruz Vermelha de Moçambique</i> )
FD	Finance Development
ICRC	International Committee of the Red Cross
IFRC	International Federation of Red Cross and Red Crescent Societies (commonly referred to as "the Federation")
LRCS	Lesotho Red Cross Society
LNRCS	Liberia National Red Cross Society
MRCS	Malawi Red Cross Society
NRCS	Namibia Red Cross Society
Norad	Norwegian Agency for Development Cooperation
NorCross	Norwegian Red Cross
NS	National Society (a Red Cross/Red Crescent
OD	Organisational Development
PNS	Partner National Society (refers to
RFD	Norwegian Red Cross Regional Finance Delegate (Samuel Asamoah)
RRC	Rwandan Red Cross
SARCS	South African Red Cross Society
ZRC	Zambia Red Cross Society
ZimCross	Zimbabwe Red Cross Society

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*Roberta Bensky, October 2011*

# 1. Review of the Finance Development Programme

## 1.1 Summary

The finance development programme was initiated by the Norwegian Red Cross (NorCross) and implemented in 13 African National Societies in cooperation with the Federation. It has made a significant and necessary contribution, not only to the financial development of the National Societies but also to their overall sustainability.

The finance development programme comprises a comprehensive set of activities designed to support the development of sustainable and credible organisations. It focuses on critical areas of increasing self-reliance, optimising available expertise, increasing stakeholder confidence and strengthening capacities of human resources, all critical elements of a well-functioning National Society.

This review comes after a five-year period of systematic implementation through the Federation in ten National Societies in the Southern Africa region—Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe. NorCross also provides bilateral support for the programme in Burundi, Liberia and Rwanda.

Overall, the finance development programme has made significant contributions to those National Societies who have partnered with NorCross or the Federation. In particular, the programme has resulted in:

- improved financial planning, budgeting and monitoring processes;
- increased awareness within National Societies of the critical importance of sound financial management and its overall impact on sustainability of the organisation; and
- enhanced cooperation within their organisations and with their partners.

Despite such important advancements, National Societies still struggle to implement many of the deep and lasting organisational changes needed for the finance development programme to achieve its aims. Such change takes time and constant review and adjustment; it is in this context that the recommendations contained herein are made.

## 1.2 Introduction

In 1996, NorCross, in partnership with Mozambique Red Cross (CVM) embarked on a programme designed to strengthen the financial management systems and procedures in the CVM. Over time, the programme focus evolved from one of financial management to a more comprehensive programme of finance development that would address the needs of National Societies for overall financial sustainability and growth.

In 2006, in partnership with the IFRC Southern Africa Zone, the programme was extended to all other National Societies in the region: Angola, Botswana, Lesotho, Malawi, Namibia, South Africa, Swaziland, Zambia and Zimbabwe. In addition to the ten Southern Africa regional National Societies, NorCross has also supported the programme bilaterally in Burundi, Liberia and Rwanda.

The programme of activities in support of what is now a more comprehensive finance *development* programme<sup>1</sup> has been running for five years in 13 National Societies within the Africa region. In light of plans to extend support to additional National Societies in

*The NS has done a lot through the FD programme. The programme contributed to strengthening its accountability and building levels of trust and understanding*

<sup>1</sup> For a comprehensive explanation of the background to the programme, see Finance Development Strategic Overview and a Practical Guide to Contribute Towards Becoming a Well-Functioning National Society by Samuel Asamoah, June 2011.

Africa and in other regions, NorCross commissioned this review to determine the programme relevance, efficiency, effectiveness and impact during the period 2006-2011.

To this end, a team comprising a total of eight reviewers working in pairs conducted two-day reviews of 12 of the 13 National Societies engaged in the finance development programme<sup>2</sup>. A brief synthesis of each review is presented in Section 3 of this report. In light of the short time allotted for each National Society, the reviews should be considered as "case studies" rather than in-depth analyses.

### 1.3 What is Finance Development?

It is critical to establish what we mean by "finance development", a term which is often confused with the more narrow view of financial management/accounting:

**Finance development** is a change process that advances the overall growth and sustainability of the organisation by promoting self-reliance, strengthening human resources, capitalising on available expertise and experience and increasing stakeholder confidence. It is a comprehensive change process that requires a significant culture shift within the organisation, from the top-level governance structures to staff in national offices and further along the chain to staff and volunteers in branches. Such change is a long-term process that may take between five and ten years to be implemented, refined and sustainable.

**Financial management** is a component of finance development that focuses on (1) monitoring financial resources to ensure they are used effectively; (2) ensuring internal controls are in place; and (3) improving planning and reporting mechanisms.

<sup>2</sup> The review of Angola was not carried out due to difficulties obtaining visas for team members.

When asked to describe the finance development programme in their National Society, staff at all levels of the organisation often described financial management activities such as the implementation of Navision<sup>3</sup>, strengthening the capacities of finance departments and improved reporting to partners.

Issues not often described were the links between sound financial management and improved programming, strengthened capacities of both finance and non-finance staff, and increased sustainability of the organisation through strategic resource mobilisation and enhanced credibility with partners.

In general, reviewers found that the focus of activity for National Societies, NorCross and the Federation has been on financial management aspects of the programme. Such a focus is, perhaps, natural given that it comprises concrete and somewhat practical activities for which progress is more easily measured. And, it is clear that improving financial management lays critical ground for implementation of the broader programme. Reviewers have concluded, however, that it is timely and critical to focus on these aspects in the next phase of finance development in Africa.

### 1.4 Review Methodology

Since background documents provided to the Team Leader<sup>4</sup> defined several sets of objectives for the finance development programme, the first step was to create a cohesive framework that would put the finance development programme in a common context. For this, a logical framework approach<sup>5</sup> was used to

<sup>3</sup> A module-based enterprise resource planning (ERP) software produced by Microsoft Corporation, now called Microsoft Dynamics NAV.

<sup>4</sup> Norad applications 2010 and 2011, Consultant Terms of Reference, and "Finance Development Strategic Overview and Practical Guide to Contribute To Becoming a Well-Functioning NS".

<sup>5</sup> While several types of framework could have been created to organise the finance development review,

identify (1) an overall objective of the programme; (2) programme outcomes; (3) activities to support the outcomes; (4) and outputs to measure progress. The result of this exercise is seen in Figure 1 below.

In collaboration with NorCross, the review methodology as set out in the Terms and Reference was also adjusted to ensure that objectives were measurable and verifiable.

The logical framework was validated during a two-day plenary session held in Johannesburg on 19-20 October 2011. The plenary was held with the eight team members and representatives of NorCross and the Federation. In addition to validating the relevance and appropriateness of the logical framework, team members worked in groups to define indicators. These then were integrated into the Country Report Template (see Annex I), a tool designed to facilitate the review process during two-day visits to National Societies.

Visits to National Societies had been organised by the Federation with a focus on interviewing staff in each organisation. The Country Report Template was used as a guide to conduct these interviews and collect useful information and data. To the extent possible given the limited timeframe for each review, reviewers collected the information contained in the template and returned them to the Team Leader on completion of each National Society review.

The results of the reviews were discussed in a two-hour debriefing held in Johannesburg. Five of the eight review team members attended the debriefing, which also included representatives of NorCross and the Federation. Many of the main findings and recommendations were identified at the debriefing. The Team Leader further analysed the country information to

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the logical framework worked well here, since it helped to separate the various "objectives" provided into outcomes, activities and outputs and helped to define indicators for the review.

produce this report. She is responsible for its overall content and any errors or omissions contained herein.

#### 1.4.1 Methodological Weaknesses

Given that finance development is a process that touches every level of a National Society's functions, it would have been appropriate to include a wider range of stakeholders in the review, including donors, members of governance structures (e.g., the President, members of the Board), field office staff and also governing body members. Time constraints may have made this difficult but the conclusions of this review may have missed some crucial aspects due to lack of inclusion of some key stakeholders.

For future reference, it should be noted that organisation of the plenary sessions both prior and subsequent to the review left insufficient time to (1) fully develop the methodology with team members and (2) conduct a thorough debriefing after the reviews. The result was that the data collected were not always comparable between National Societies, it was difficult to clarify issues in the country reports submitted by team members and misunderstandings were not identifiable in time for verification and correction.

### 1.5 Programme Context

The finance development programme reinforces National Societies' own efforts towards self-reliance, financial independence and good governance. Such efforts directly support IFRC strategies as outlined in its Global Agenda (Seoul, 2005) and Strategy 2020: Saving Lives, Changing Minds (Nairobi, 2009). Strengthening the capacities of National Societies to better support their communities are among the objectives set out in both strategic documents.

From the IFRC Global Agenda Goal Number 3:

- Increase local community, civil society and Red Cross Red Crescent capacity to address the most urgent situations of vulnerability;

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and, from Strategy 2020, Enabling Action 1 in support of its aims:

- Each National Society is responsible, within its own context, for planning the scope and size of the services it can deliver on a reliable basis, including specific delivery targets: these are underpinned by necessary information collection and analysis, and monitoring and reporting systems that demonstrate accountability.

These IFRC institutional strategies were developed to support the UN Millennium Development Goals, thereby linking them to the global development context.

Currently, the activities of the finance development programme are placed within the context of organisational development (OD); an activity that is often overlooked when it comes to support from partners and prominence in strategic programme processes within a National Society. Given that finance development affects all levels of a National Society—including internal and external stakeholders—it may be more effective to consider “mainstreaming” it directly into project work (and into project budgets).

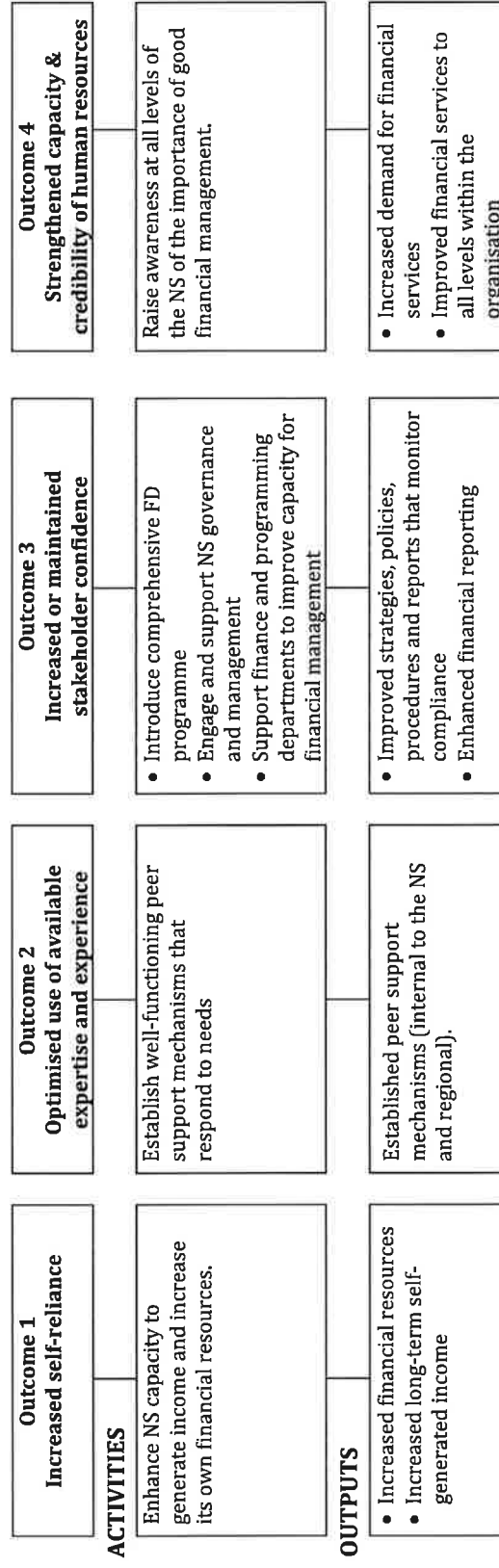
In any event, it is critical to the future of the finance development programme that it be placed in a broader development context to ensure that it receives the priority and attention it clearly deserves.



**Figure 1: Logical Framework for Finance Development Programme**

**OVERALL GOAL:** Promote effective National Society sustainability and accountability in support of the strategic goals as identified in the IFRC Global Agenda<sup>6</sup> and Strategy 2020<sup>7</sup>.

**PROGRAMME OUTCOMES**



<sup>6</sup> Global Agenda Goal 3: Increase local community, civil society and Red Cross Red Crescent capacity to address the most urgent situations of vulnerability.

<sup>7</sup> Enabling Action 1: Each National Society is responsible, within its own context, for planning the scope and size of the services it can deliver on a reliable basis, including specific delivery targets: these are underpinned by necessary information collection and analysis, and monitoring and reporting systems that demonstrate accountability.

## 2. Main Findings and Recommendations

### 2.1 Introduction

The finance development programme has made a significant difference to those National Societies who have partnered with Norwegian Red Cross and the Federation

Findings from the 12 reviews carried out are organised around general programme issues and the goals and outcomes from the programme framework. Where appropriate, findings and recommendations are also included that should assist in future implementation of the programme in the Africa region in other regions of the world.

The findings and recommendations that follow are the result of input from both the National Societies and a from the team members after completion of the review visits.

#### 2.1.1 General Programme Issues

These findings and recommendations are made for the overall programme and are not specific to any one outcome.

#### **Findings**

- For the vast majority of National Societies under review, the need for and value of implementing some form of finance development was clearly understood and the initiative was welcomed.
- A substantial amount of effort has been made to assess, implement and monitor the programme, especially since 2006. This has resulted in substantial improvements to financial management for all of the participating National Societies. There is room for improvement in these areas but the groundwork has been substantial.
- The focus of effort for National Societies and, to a large extent, the Federation and NorCross has been on the financial management aspects of the programme: capacities of finance staff, accounting software and training, internal controls and manuals for sound financial policies and procedures. Outcomes related to resource mobilisation, peer support mechanisms, stakeholder confidence and staff development are more complex to develop and measure. They are, however, critical to the overall goal of the finance development programme and deserve a more intense focus than has been given so far.
- The characteristics of the National Societies engaged in the finance development programme in Africa varied substantially, from those with already high levels of capacity and economic sustainability to those coming out of economic and/or political crisis. It was not clear, however, the extent to which the finance development programme was tailored to each National Society. One example is the choice of Navision as the accounting software for the programme: for almost all National Societies reviewed, this was an expensive and labour-intensive choice that they struggle to maintain and support or, in a few cases, have simply dropped in favour of another "simpler" software. It was not clear to the reviewers that (1) the use of a common software was necessary and (2) Navision was the most efficient choice, given the assessment of many finance and non-finance staff alike that it was a complex system to use and expensive to maintain.
- Many of the National Societies visited during this review noted the value of such a review, especially in terms of taking the time to reflect on and assess programme implementation.
- For most of the National Societies reviewed, the issue of centralisation versus decentralisation of financial management and accountability was a significant challenge, given lack of both human and financial resources, especially at local levels.

Yet the finance development programme does not address this issue in any concrete way.

- Also, while an assessment was carried out for most of the National Societies engaging in the programme, it was not clear whether baselines were established against which to measure progress of each individual National Society in relation to its starting point and in comparison to others in the region. While the team members did receive some assessment reports, the format of the reports varied greatly, they did not cover all participating National Societies and they did not allow for comparison over time.
- The programme has evolved considerably over time and this may have led to a weakening of programme coherence and coordination. Several team members (including the Team Leader) were confused by the variety of documents provided with what seemed like conflicting objectives and a lack of overall context for the programme. Finally, when asked to provide the financial contributions for each National Society, neither NorCross nor the Federation were able to provide these basic figures.
- The finance development programme does not address gender issues. No consideration of gender issues was included in the Terms of Reference for this review.

*"This review was good to do. It gave us the time to reflect on how important it has been for us to invest in finance development."*

annually to ensure it is relevant, up-to-date and communicated to partners.

- Ensure that a common assessment is developed and used for all partners—multilateral and bilateral—and use this to establish clearly documented baselines that are comparable and can be used to regularly measure progress.
- Develop a practical Finance Development Handbook that clearly sets out (1) programme context and links to global strategies; (2) a single framework that defines programme objective, outcomes, activities and outputs; (3) a common methodology for assessment, implementation, monitoring and review; (4) known challenges in programme implementation (those that are common and those that may need a more tailored approach for each National Society, such as decentralisation of financial management processes and procedures); and (5) a schedule and agreed framework for monitoring and reporting by the National Societies to NorCross/the Federation to ensure that lessons learned and new challenges are captured, collected and fed into the programme, both at the National Society level and at the level of NorCross/Federation coordination.
- Develop centralised and decentralised financial management models that assist National Societies to determine which model is most appropriate for their organisations.
- Ensure that gender aspects are included in all Terms of Reference for programme reviews, even if the original objectives and outcomes of a programme did not originally include such components.

### **Recommendations**

To ensure a more systematic and thorough approach to programme assessment, implementation, monitoring and review, the following actions are recommended:

- Review the logical framework for the programme (Figure 1) to ensure that all aspects are clearly identified and captured, including gender aspects, and ensure that this forms the basis for programme assessment, implementation, monitoring and review. Review the logical framework

### 2.1.2 Outcome 1: Increased Self-Reliance of the National Society

This programme outcome focuses on the ability of the National Society to generate income and increase its own financial resources.

#### **Main Findings**

- It was difficult to establish direct cause-and-effect between implementation of the finance development programme and increased income based on *income data*, since such data were not always available or pertinent, given cycles of partner support and project implementation. It should also be noted that partners were not interviewed as part of this review<sup>8</sup>. Anecdotal evidence does, however, show a causal link between the finance development programme and increased confidence and ability of staff within the National Society to plan, budget and monitor finances. Whether this also leads to increased confidence on the part of supporting partners and increased income could not be determined within the scope of this review.
- Only one of the 12 National Societies reviewed covers 100% of its core costs through self-generated income. For the other National Societies, coverage of core costs ranges from less than 10% to up to 61%.
- The concept of resource mobilisation is not clearly understood, with little distinction made between long-term income generating activities and one-off fundraising activities.
- While most National Societies recognise the importance of strategic planning for sustainability, only a few actually had strategic business or resource mobilisation plans.

<sup>8</sup> The importance of interviewing a cross-section of all stakeholders in such a comprehensive review should be considered in future and time allotted for such enquiries.

- Resources and capacities in the area of strategic business planning are weak in most of the National Societies. Only one National Society had staff dedicated to resource mobilisation activities, although all were carrying out some form of income-generating activity.

#### **Recommendations**

- There is clearly a need for developing the knowledge and capacities of National Societies in the area of resource mobilisation and income generation. Investigation of a cost-effective method of continuous learning in this area should be carried out. This may include a workshop or training module or provision of a temporary expert to assess each National Society in terms of its needs and possibilities for mobilising resources. Once a sufficient base of knowledge has been built up in National Societies in the Africa region, this should then be developed into a key peer support mechanism such as an online network.

### 2.1.3 Outcome 2: Optimised Use of Available Expertise and Experience

This scope or intention of this activity was not clear from the background documentation provided to the team. Initially, we understood that it referred to creating a network of support for staff using Navision (and thereby reduce the need for costly professional support). However, when discussed in the briefing session with team members, it became clear that this was meant to be a goal for the finance development programme as a whole, with peer support mechanisms working both within National Societies and regionally, cross National Societies.

*National Societies value a learning culture and participate actively in the affairs of the IFRC to share their knowledge, expertise and resources with other National Societies.*

*From Enabling Action 1 Strategy 2020*

## **Findings**

### **Peer Support within National Societies**

- Most of the National Societies we reviewed experienced high staff turnover rates, especially in the finance departments. The single most effective method of minimising the negative effects of this loss of capacity was to ensure that peer support mechanisms functioned, especially within the finance department.
- Peer support seemed to work most naturally between departments that were professionally interdependent such as finance and programme departments and resource mobilisation and communications departments, etc.
- It was difficult to assess peer support mechanisms between the national office and branch/local structures, since there were no opportunities for visits to the field. What is clear, however, is that decentralisation of financial management will require increased capacity of existing staff and, in many instances, additional staff. When asked about the frequency of monitoring and support visits to the field, staff at the national office noted how crucial they were to programme implementation but also noted that financial resources for trips to the field were limited.

*We share information but sometimes you find that it does not reach people, especially in the divisions and then to branches.*

### **Regional Peer Support Mechanisms**

- Although several regional workshops have been conducted (primarily with Heads of Finance) the creation of self-sustaining peer support networks has not been effective, despite the clear need for such mechanisms.
- Only one National Society noted "cross-border" cooperation as a benefit of the finance development programme. Most National Societies were not aware of existing

mechanisms (if any) for peer support across National Societies.

- The reviewers saw no evidence of working peer support mechanisms across National Societies. In fact, the need for peer support for Navision training and implementation was one of the most frequently cited challenges of the finance development programme, as was the significant problem of lack of in-country support for the software.
- There were no peer support mechanisms for critical activities such as resource mobilisation, business planning or support for governance structures.
- Several National Societies criticised a perceived lack of support from the Federation, citing uneven levels of support dependent on individuals. In the context of providing support for Navision, several National Societies experienced a sense of having been abandoned in 2009 when the Southern Africa Zone Office was being established. While a Programme Commitment Agreement was provided to the team as a template, we were not provided with any completed agreements between NorCross or the Federation and National Societies. There is, however, a need to clarify expectations and deliverables.

## **Recommendations**

- Given that (1) sharing of knowledge and expertise is a key enabling action in support of the Federation's Strategy 2020 and (2) peer support is a critical component of *sustainability* for advances made possible by the finance development programme, increased focus on establishing and maintaining internal and regional mechanisms should be a priority for National Societies. Helping to coordinate and support such mechanisms within the region should, in turn, be a priority for the Federation/NorCross. And, while it is clear that some effort has been made to establish these mechanisms, there is, nevertheless, a need to identify more *creative* and workable

approaches to networking and other peer support mechanisms to ensure that this key outcome of the programme is realised.

- Develop a *detailed* agreement that clarifies roles and responsibilities for the Federation, NorCross and each National Society. Issues to be clarified include those elements of the programme that will be supported by the Federation or NorCross, how support will be provided (financial, technical assistance, etc.), how long such support will be available and areas where the National Society is expected to cover its own needs. Finance development focal points should be designated in the Federation, at NorCross and at each National Society. They should, as a group, be responsible for settling problems that arise from lack of clarity in roles and responsibilities.

*"The missing link from the process is when we plan, we try to involve people but I think sometimes we work in silos"*

#### 2.1.4 Outcome 3: Increased or Maintained Stakeholder Confidence

The focus of this outcome is on ensuring that stakeholders are aware of and remain committed to the National Society's objectives through improved ability of the National Society to plan, monitor, evaluate and report on their programmes.

##### **Main Findings**

- There was a positive correlation between the degree to which staff are aware of and communicate with each other about the finance development programme objectives and rationale and staff confidence to report on their work in a meaningful way. It was not possible to test the degree to which *donors* experienced increased confidence in the National Society, since donors were not interviewed.
- Almost all of the National Societies reviewed noted that they have improved and updated their financial policies and procedures and that internal controls have been strengthened as a result of the focus on

finance development. This is clearly a significant success of the programme.

- A Norad progress report for 2009<sup>9</sup> noted that six of ten southern Africa National Societies had received unqualified external audit reports and that five of them had used Navision. Our reviews found that only three of the 12 National Societies reviewed had received unqualified reports in the 2008-2009 period (Botswana, Malawi and Swaziland). The Federation was not able to clarify this discrepancy (see also Recommendations for more thorough and systematic monitoring under 2.1.1 above).
- Engaging commitment from National Society governance structures (e.g., Boards) and, in some cases, senior management is a challenge. And, while efforts have been made to engage members in the finance development programme (e.g., workshops), more work is required. Since Board members at national and local level are volunteers, it is often difficult for National Societies to recruit highly qualified members who are able to engage in finance development work. Within the National Society, engagement and commitment in implementation of the programme is key to the programme success.
- It was clear that the National Societies reviewed understood the importance of finance development to their overall sustainability. In this respect, several mentioned specifically the enthusiasm, honesty and commitment of the programme facilitators as key factors in the overall success of the programme.
- The quality, timeliness and accuracy of reporting on programmes and projects remain a considerable challenge for National Societies. The most frequently cited issues in this regard were the need for different

<sup>9</sup> Progress Report for Southern Africa Regional Programmes, NorCross ref. RAF09140

reporting formats for partners and the complexities of using and costs of maintaining Navision (including the lack of in-country support for most National Societies). As reporting is a key component of partner confidence, it will clearly require further review and clarification.

- One challenge most frequently cited by National Societies is that partner terms and conditions are not always conducive to the National Society's commitment to sound financial management. Examples given for this were (1) when partners give funding near the end of a financial year with pressure to spend before year-end and (2) delayed disbursement that results in unhealthy financial practices to cover project expenditure.

*"Donors give funding at the last minute so planning is rushed." We have learned that short-term projects are not worth it."*

Societies and the perceived difficulty of use for finance and non-finance staff. Consider defining useful parameters and common requirements for accounting and reporting that allow National Societies to select their own standard software (e.g., an off-the-shelf software).

- Explore the efficacy of a Federation role in advocating for harmonisation of reporting formats with partners. This is an area that clearly requires a coordinated effort on behalf of many National Societies.
- Address directly (e.g., in a Finance Development Handbook) some of the known challenges National Societies face with regard to donor terms and conditions (e.g., end-of-year funding and delayed disbursement) and collect useful suggestions of how to most effectively face such challenges. Ensure that monitoring of the finance development programme (see recommendations under 2.1.1) highlights these issues and maintains their prominence until workable solutions are found.

### **Recommendations**

- Develop a short Handbook for Finance Development for Governing Bodies that encourages the selection of a national Board "finance development mentor" whose responsibility it is to ensure regular reporting and monitoring to the Board on progress of implementation. Given that the programme is about much more than financial management, it would be preferable to identify a non-finance person for this mentor position to ensure that the broad focus is maintained.
- Conduct a survey of partners to assess their perspective of finance development and to determine, *inter alia*, whether they have increased confidence in the National Societies participating in the programme and determine reasons in order to test cause-and-effect.
- Re-assess National Society needs in terms of reporting and accounting software. The use of Navision should be questioned, given the lack of in-country support for most National

- Develop a one-page description of the finance development programme for PNS that includes the key challenges to its effective implementation in National Societies. Where appropriate, advocate for PNS to address some of these challenges in their strategic plans.

### **2.1.5 Outcome 4: Strengthened Capacity and Credibility of Human Resources**

This outcome represents a considerable challenge to successful implementation of the finance development programme. Lack of human resources in general, high staff turnover, especially in finance departments and lack of capacity, especially at local levels pose considerable risk to sustainability.

Many National Societies noted that the global financial crisis has had a negative impact on partner funding and that this has made recruitment and retention of qualified central resources even more difficult than usual. What is important to note here is that the strain on

financial resources and the inability to attract and retain qualified human resources is likely to be the *norm* rather than a temporary condition. The finance development programme must, therefore, focus on ways to mitigate the negative impacts of reduced and/or unpredictable financial resources

### **Main Findings**

- For most of the National Societies reviewed, staff turnover was high, especially in the finance departments. Reasons for loss of staff include low salaries relative to INGOs; loss of financial incentives as a result of the global financial crises and reduced donor support; and short-term nature of employment contracts for staff linked directly to programmes. They noted that this is one of the most significant risks to successful implementation of the finance development programme.
- In those National Societies that had a key person (a “driver”) promoting and monitoring finance development efforts within the organisation, the level of awareness, understanding and commitment of staff at all levels was high.
- Few National Societies reviewed had systematic succession or backup planning for key functions. Given high staff turnover and a finance development programme that is often dependent on the efforts of a “driver”, this represents a considerable risk to the National Society and sustainability of the finance development programme.
- Only a minority of National Societies reviewed had an internal audit function. Of those that did not have this function, the majority insisted on its importance but lacked resources to recruit.
- With a few exceptions, there is an overall weakness in the capacity of members of National Society governance structures, especially at local level, to understand the importance of and commit to finance development efforts. This lack of commitment and capacity at the highest

levels can severely hinder progress within the National Society.

- Most National Societies reviewed noted a need for additional support and training for finance staff in the areas of international accounting standards, the use of Navision, budget planning and budget monitoring. A few National Societies noted additional training requirements for non-finance staff.
- All National Societies had procedures in place for staff performance monitoring and development. However, they also noted that procuring financial resources to train and develop non-programme staff was difficult and, in some cases, impossible. Given that development of finance staff is a key factor in the finance development programme, this is a clear risk.
- As noted earlier, the finance development programme does not contain any targets for gender balance. In some of the National Societies we visited, there were serious gender imbalances in the finance departments and at senior management levels.

### **Recommendations**

- Ensure that succession and backup planning are integrated as key elements in the finance development programme to reduce the risks associated with high staff turnover.
- Encourage National Societies to develop non-financial incentives to retain qualified staff, especially in the finance departments. These may include job-swapping, flexible working hours, time off for study, etc.
- Encourage the designation of a key “driver” for the finance development programme within each National Society to ensure sustained commitment and enthusiasm for the programme.
- Encourage National Societies to explore the possibility of supporting membership in national accounting institutes to encourage staff development in international accounting standards.



- Strengthen the finance development programme focus on educating members of governance structures (see also recommendations contained in 2.1.4 above).

## Annex I: Country Report Template

### Review Details

National Society Name		
Dates of Review		
<b>Reviewers</b>	<b>Name</b>	<b>Title</b>
Reviewer 1		
Reviewer 2		

### National Society Profile

Date of NS Creation	
Name of Secretary General	
Total Number of Employees	
Total Number of Volunteers	
Main Programming Areas (e.g., HIV/AIDS, OVC, Microfinance)	
Collect latest organisation chart (if not available, construct one)	

**Finance Details**

Finance Contact Person		
Name and Title		
Email Address		
Name of Finance Department		
Total Number of Employees		
Job Titles (e.g., Director of Finance, Controller, Assistant Controller, IT Support, etc.)		

**Budget Data (if possible)**

Year FD Programme Introduced					
Budget ('000 USD)	2010	2008	2006	2004	2002
Total Operating Budget					
Income (%)					
Donor Support (%)					
Other (%) (specify)					

**Programme Details**

Year FD Programme Introduced				
Type of Funding	Bilateral (NRC)		Multilateral (IFRC)	
FD Funding History				
Other Donor Funding History				

**Questions for Secretary General and Head of Finance**

1. Describe how your organisation got involved in the FD programme:
2. What do you consider to be the biggest advantage(s) of implementing the FD programme for your NS?
3. If you were responsible for implementing the FD programme for other PNS, what do you consider to be the key factors for success?
4. What do you consider to be some of the most challenging aspects of introducing such a programme in the NS?
5. What advice would you give IFRC/Norwegian Red Cross if the FD programme were to be extended to additional PNS?
6. Do you have any messages you would like to communicate to IFRC/Norwegian Red Cross about the FD programme?
7. Are there any questions you think we should have asked that we did not?

**Summary**

1. Main Findings:
2. Recommendations:
3. Issues for Clarification (issues you were not able to clarify in the time given or because you could not meet with the appropriate persons):
4. Lessons Learned: (lessons learned in relation to the National Society/IFRC/Norwegian Red Cross and also lessons learned by the review team)

Narrative Summary	Objectively Verifiable Indicator(s)	Means of Verification
<p><b>Outcome:</b> Increase self-reliance for the NS</p>	<p>An adopted long-term strategy for financing core costs of the NS</p>	<p>Does the NS have a strategic business plan that has an income-generating strategy/policy that is shared and known throughout the NS?</p>
<p><b>Activities:</b> Enhance NS capacity to generate income and increase its own financial resources.</p>	<p>The NS has an investment portfolio/list of investments with a Return-on-Investment (RoI) to support core costs. (RoI=return on the investment divided by the cost of the investment).</p> <p>The NS has a designated person/ team responsible for business management/resource mobilisation.</p>	<p>Number of activities implemented (e.g, fund-raising, marketing) (2) the amount raised by the activities.</p> <p>Who is responsible for business management/ resource mobilisation? Are they responsible for only business management or is this an “add-on” to existing responsibilities?</p>
<p><b>Output 1:</b> Increased financial resources</p>	<p>There is a positive evolution of percentage of core costs supported by income generated by the NS</p>	<p>Financial statements, contracts with investors/donors, financial reports that show the percentage of income supporting core costs.</p>
<p><b>Output 2:</b> Increased long-term self-generated income</p>	<p>There is a positive evolution of total amount of donor funds (restricted or unrestricted) before and since implementation of the FD programme</p>	<p>Does the NS have long-term and short-term income-generating activities?</p> <p>How are income-generating activities split between “private” income (e.g. Ltd.) and NS income-generating activities? Is there a preference for one type over the other?</p>
<p><b>Outcome:</b> Optimised use of available expertise and experience</p>		<p>Can you identify three areas where there are needs for improved sharing within the NS? Across NS?</p>
<p><b>Activities:</b> Establish well functioning peer support mechanisms that respond to needs</p>	<p><b>Internal</b> Branch to/from HQ: There is regular communication between finance management stakeholders w/in the NS that allows issues to</p>	<p>Name three main challenges of FM at the branch level (HQ)</p> <p>How are finance issues raised between HQ and branches?</p> <ul style="list-style-type: none"> <li>How often do HQ finance staff visit the branches?</li> </ul>

Narrative Summary	Objectively Verifiable Indicator(s)	Means of Verification
	<p>be raised and problems to be solved</p> <p><b>External</b></p> <ul style="list-style-type: none"> <li>• The right people are in the network(s)</li> <li>• The network members communicate easily</li> <li>• There is network manager/coordinator</li> <li>• Common issues are shared with appropriate people</li> </ul>	<ul style="list-style-type: none"> <li>• How often do branch finance staff interact with each other?</li> <li>• What would you say are the biggest challenges for branch staff with respect to financial management? Finance to/from Budget-holder</li> <li>• Name three main challenges of finance dept (asked of budget holders)</li> <li>• Vice-versa</li> <li>• Describe the budget process Finance to/from SG</li> <li>• Name three main challenges of the finance department/SG</li> <li>• For SG: Could you tell us how you came to know about the principles of financial management SG to/from Board</li> <li>• Name three main challenges of the SG/Board For SG: What do you think the President of the Board would tell us are the main challenges for financial management in the NS?</li> </ul>
<p><b>Outcome:</b> Increased/maintained stakeholder confidence</p>	<ul style="list-style-type: none"> <li>• There is an increase in the number of external stakeholders funding to the NS since the FD programme was introduced.</li> <li>• There is an increase in the amount of funding received by external stakeholders since the FD programme was introduced.</li> <li>• Internal stakeholders are working in line with the strategic plan, action plan, policies, norms and procedures of the NS.</li> </ul>	<ul style="list-style-type: none"> <li>• Percentage of the budget funded by external stakeholders</li> <li>• Trend in funding before and after FD introduction</li> <li>• Involvement of internal stakeholders strategic planning and policy development (Describe the planning process in the NS—What was missing?)</li> <li>• Are there any gaps in how action plans are aligned to the NS strategic plan?</li> </ul>

Narrative Summary	Objectively Verifiable Indicator(s)	Means of Verification
<p><b>Activities:</b>                      Introduce comprehensive FD programme                      Engage and support NS governance and management                      Support finance and programming departments to improve capacity for financial management</p>	<ul style="list-style-type: none"> <li>• NS have OD plans that include finance development as a component.</li> <li>• Finance and programme staff have the capacity (competencies, skills, tools, responsibility and authority) to implement financial management procedures.</li> <li>• NS are in the “drivers’ seat” when it comes to seeking funding for their strategic priorities</li> </ul>	<ul style="list-style-type: none"> <li>• Explain a situation where you had to/wanted to turn down donor funding and describe what happened.</li> <li>• How are financial management staff made accountable for the financial health of the NS?</li> <li>• <i>Are there any areas where staff have responsibility but no authority (this is not a direct question...rather something we should find opportunities to identify)</i></li> <li>• Is there anything you would do differently today if the same situation were to arise?</li> </ul>
<p><b>Output 1:</b> Improved strategies, policies, procedures and reports that monitor compliance</p>		<ul style="list-style-type: none"> <li>• Are there strategic plans and manuals (policies and procedures) available? (procurement, asset disposal, financial policies, HR policies, employment equity, skills development)—are there country-specific national employment policies your NS must comply with?</li> </ul>
<p><b>Output 2:</b> Enhanced financial reporting</p>		<ul style="list-style-type: none"> <li>• Are systems and equipment available for effective financial management?</li> <li>• What are the actions taking on internal and external audit recommendations?</li> </ul>
<p><b>Outcome:</b> Strengthened capacity &amp; credibility of all human resources in the NS</p>	<ul style="list-style-type: none"> <li>• Lender credit terms are flexible/generous (a sign of trust and credibility for the NS)</li> <li>• Financial management staff “enjoy” a high level of credibility within the NS.</li> </ul>	<ul style="list-style-type: none"> <li>• What is your average overdraft facility?</li> <li>• Do you get useful reports when you need them? Describe some of the challenges linked with reporting for more than one donor.</li> <li>• Can you name three areas where finance staff could use more training in the tools that are available?</li> </ul>
<p><b>Activities:</b> Raise awareness at all levels of</p>	<ul style="list-style-type: none"> <li>• All staff are aware of and understand the financial management processes within</li> </ul>	<ul style="list-style-type: none"> <li>• Give three examples of ways that you ensure that staff in the organization are aware of financial management processes (meetings, briefings, etc.)</li> </ul>

Narrative Summary	Objectively Verifiable Indicator(s)	Means of Verification
<p>the NS of the importance of good financial management.</p>	<p>the NS.</p> <ul style="list-style-type: none"> <li>• Programme and finance people meet regularly and share information.</li> <li>• NS identifies and resolves issues related to mismanagement of funding.</li> <li>• NS receives continuous government grants over a period of 5 years.</li> </ul>	<ul style="list-style-type: none"> <li>• Describe the processes you use to budget and to monitor and report on expenditure.</li> <li>• How often do you meet with finance staff? What types of issues are discussed? Are there any recurring issues that keep coming up?</li> <li>• Explain a situation where there was an identification of mismanagement of funds and describe the steps you took to resolve the issue.</li> <li>• Do you have a policy or practice of <i>not</i> accepting government grants? If you do not, what is the evolution of government grant funding received since the introduction of the FD programme?</li> </ul>
<p><b>Output 1:</b> Increased demand for financial services</p>	<ul style="list-style-type: none"> <li>• Qualified staff are attracted and retained</li> <li>• Improved rate of project implementation</li> <li>• Financial management staff meet standards set for performance</li> </ul>	<ul style="list-style-type: none"> <li>• What was the level of turnover before FD implementation compared to the level after FD implementation? Do you see any cause and effect?</li> <li>• What are the recruitment and selection processes for hiring competent staff?</li> </ul>
<p><b>Output 2:</b> Improved financial services to all levels within the organisation</p>	<ul style="list-style-type: none"> <li>• Financial reports are accurate</li> <li>• There is a positive evolution in the number of unqualified external audit reports</li> </ul>	<ul style="list-style-type: none"> <li>• Describe the tools/incentives that you use to keep staff employed.</li> <li>• Describe the tools you use to dismiss under-performing staff.</li> <li>• What is the rate of project implementation for 60% of projects over a 1-year period</li> <li>• What is the ratio of expenditure to approved/available funding?</li> <li>• Give a few examples of areas where there are needs for further strengthening the capacities and the support of financial management staff</li> <li>• Name three areas in which your organization could improve on the accuracy and timeliness of financial reports.</li> <li>• Have you had any unqualified external audit reports?                         <ul style="list-style-type: none"> <li>○ If so, can you describe the reason for the “qualified” audit report? Tell me about the steps you took to ensure that it would not be a recurring problem.</li> <li>○ If not, to what do you attribute the positive performance?</li> </ul> </li> </ul>



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## Annex II: Document Review

1. *An analysis of challenges facing the National Societies Hon. Treasurers in the Southern Africa regions (Part 1): Mozambique, Malawi, Namibia and Zimbabwe*, Samuel Asamoah, July 2006.
2. *An analysis of Southern African Red Cross Societies finance departments' relationship with different stakeholders, funding of core cost, networking, training and development needs*, Samuel Asamoah, (undated).
3. *Challenges Facing NS 2008/2009*, (undated).
4. *Finance and Fundraising regional task force declaration*, 24 May 2007.
5. *Finance Development Strategic Overview and a Practical Guide to Contribute Towards Becoming a Well-Functioning National Society*, Samuel Asamoah, June 2011.
6. *Finance Development 2008 Overview*, (undated).
7. *Finance Development Update for the 10 Countries Under the Southern Africa Zone*, Samuel Asamoah, December 2007.
8. *Heads of finance think thank [sic] Meeting for Norwegian Red Cross Bilateral Partners*, Samuel Asamoah, July 2009.
9. *Implementation of Finance Development Concept for Southern Africa Region (2005-2007)*, (undated).
10. *Norad Application 2010*, (undated).
11. *Norad Application 2009-2012*, (undated)
12. *Norwegian Red Cross Annual Plan 2011*. (undated).
13. *Periodic Result Report 2010*, IFRC, (undated).
14. *Progress Report for Southern Africa Regional Programmes*, Norad progress report, Norwegian Red Cross, 2009.
15. *Regional Internal Financial Control Supervision Guide*, Samuel Asamoah, 2005.
16. *Savings Lives, Changing Minds: Strategy 2020*, IFRC, 2010.

### Annex III: Team Schedule of Interviews

Roberta Bensky, Team Leader, Norway

IFRC	Alasan Senghore	Director, Africa Zone	23 Sep. 2011
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#### Country Teams

##### Team Members

Philip Sulaiman Koroma, Director of Finance, Sierra Leone Red Cross Society

Moisés Salvador Iguane, Director of Organisational Development, Mozambique Red Cross

National Society	Name	Title or Department	Date
Malawi	Losson Kasamale	Secretary General	28-30 Sep. 2011
	Andro Kagwiae	President	
	Joel John Mkumbwa	Director of Finance and Administration	
	No Name Provided	Senior Accountant	
	No Name Provided	Human Resource Manager	
	No Name Provided	Board Member	
	No Name Provided	Treasurer	
Namibia	No Name Provided	Programme Director and Development	26-28 Sep.720 11
	Dorkas Kapembe-Haiduwa	Secretary General	
	Peter Katiavivi	President	
	Maria Ugulu	Director of Finance and Administration	
	No Name Provided	Deputy Secretary-General	
	No Name Provided	Board Member (Treasurer)	
	No Name Provided	Human Resource and Organisational Development	
	No Name Provided	HIV/AIDS Manager	
Rwanda	No Name Provided	Accountant	22-23 Sep. 2011
	No Name Provided	Logistics Manager	
	Apollinaire Karamaga	Secretary General	
	Dr. Naigiye Bernard	President	
	Marthe Uwumeremyi	Head of Administration and Finance	
No Name Provided	Internal Auditor		

**Team Members**

Peter Sitamulaho, , IFRC Financial Analyst  
Fazlyn Vries, Cooperation Programme Officer, ICRC

National Society	Name	Title or Department	Date
Lesotho	Prof. Tebeho Kitleli	Secretary General	26-28 Sep. 2011
	Latela Remaketse	Finance Director	
	No Name Provided	Programmes Director	
	Maine	Programme Manager	
	Makatoko	Programme Manager	
	Mr. Moeketsie	HR Manager	
Swaziland	Mr. Tolokoho	Communications Manager	28-30 Sep. 2011
	Agnes Cole	Acting Secretary General	
	No Name Provided	President	
	Futhi Mazibuko	Acting Finance Manager	
	Lindiwe Dlamini	Finance Officer	
	Lutho Ntibane	Finance Officer	
No Name Provided	Communications Officer		
	Sydney Pereira	Field Coordinator	

**Team Members**

Geraldine Moodley, International Volunteer Programme Coordinator, Australian Red Cross  
Fanja Ratsimbazafy, Secretary General, Malagasy Red Cross

National Society	Name	Title or Department	Date
Mozambique	Americo Ubisse	Secretary General	26-27 Sep. 2011
	Jacinto Moiane	Finance Director	
	Other Interviewee Names Not Provided		
Zambia	Charles Mpunda	Secretary General	27-28 Sep. 2011
	Sydney Chituta	Head of Finance and Administration	
	Other Interviewees Names Not Provided		

**Team Members**

Geraldine Moodley, International Volunteer Programme Coordinator, Australian Red Cross  
Peter Sitamulaho, , IFRC Financial Analyst  
Fazlyn Vries, Cooperation Programme Officer, ICRC

National Society	Name	Title or Department	Date
Botswana	Mabel Rammekwa	Secretary General	21-23 Sep. 2011
	Miriam Kimani	Finance Manager	
	Fifi	Marketing and Communications	
	Boitemelo	Programme Officer	
	Tshego	Programme Officer	
	Tsolo	Human Relations	

**Team Members**

Roberta Bensky, Team Leader, Norway  
Reima Larki, Senior Finance Specialist, Finland

National Society	Name	Title or Department	Date
Burundi Red Cross Society	Anselme Katiyunguruza	Secretary General	29-30 Sep. 2011
	Sébastien Cimpaye	Head of Organisational Development	
	Joseph Miburo	Coordinator Planning, Monitoring, Evaluation & Review	
	Cécile Ndabirinde	Head of Programmes	
	Colette Bitoyi	Head of Finance	
	Balthazar Bacinoni	Head of Dissemination	
	Octavie	Head of Human Resources	
	Jean Nyuhuye	Regional Health Coordinator, West Province	
Belgian Red Cross Society	Gédéon Ndikuryayo	Health Focal Point, Kayanza Province	
Liberia National Red Cross Society	Loriane Lucmalle	Burundi Country Representative	
	Daniel S. Clarke, Jr.	Secretary General	26-27 Sep. 2011
	Isaac Brown	Accountant	
	K. Gobah Zunuwala	Chief Accountant (acting Head of Finance)	
	Maxwell George	Head of Resource Mobilisations	
	Joseph Loboer Jr.	Administrator	
	Fayriah Tamba	Field Officer, Bong Chapter	
	Daniel J. Tamekloe, Sr.	Internal Auditor	
H. Boweh Barduae, Jr.	Assistant Secretary General and Head of OD		
Zimbabwe Red Cross Society	Emma Kundishora	Secretary General	3-4 Oct. 2011
	Netsai Chizema	Human Resource/Organisational Development Manager	
	Morris Machawira	Resource Mobilisation Officer	
	Calvine Matsinde	National Programmes Coordinator	
	Absalom Lusuwi	Finance Manager	
	Loise Waiyaki	Finance Development Delegate (IFRC)	

**Team Members**

Roberta Bensky, Team Leader, Norway  
Reima Larki, Senior Finance Specialist, Finland  
Fanja Ratsimbazafy, Secretary General, Malagasy Red Cross

National Society	Name	Title or Department	Date
South African Red Cross Society	Winnie Ndebele	Acting Secretary General (former Head of Programmes)	21-22 Sep. 2011
	Caroline Mangezi	National Finance and Administration Manager	
	Isaac Hartnick	National Accountant	
	Kenny Molohe	National Project Accountant	
	Janine Mosetihi	Communications and Marketing Manager	
	Max Popo	Stakeholder Management Coordinator	
	Mbuso Mthembu	Disaster Management Coordinator	
	Renee Botha	Programme Coordinator, Tracing and RFL	
	Jenny Bakker	Skills Resource Manager	
	Mmamoko Tioubatla	Human Resource Assistant	

## **Annex IV: Consultant Terms of Reference**

### **TERMS OF REFERENCE**

#### **EVALUATION OF FINANCIAL DEVELOPMENT PROGRAM<sup>13</sup>**

##### **1) Background**

Working in partnership with a number of National Societies since the late 1990s, the Norwegian Red Cross has over the past 15 years financed and implemented a number of activities that were aimed at developing the technical and human capacity of National Societies in the area of financial management. This finance development programme was born out of a bilateral partnership established between the Norwegian Red Cross and Mozambique Red Cross in 1994 which culminated in the establishment of a sustainable financial management system and procedures in 1996 and later became an integral part of our support within the Organisational Development Programme. From 2004 discussions were held with the International Federation of Red Cross and Red Crescent Societies in the (at the time) Southern Africa Zone to engage in a partnership which would help extend the programme to cover all the 10 National Societies in said region.

The NorCross supported Finance Development program has evolved and developed to attract an increasing number of National Societies both within and outside Southern Africa region. Good finance management has been cited as one of the ways of addressing accountability as well as integrity and transparency issues within the Movement.

To date the "pilot" programme has covered 13 African NS and has as such been implemented in various phases in the 10 NS of the Southern Africa region as well as Liberia, Burundi and Rwanda. The program started in 2006, using NorCross own funds from the "Scale up Africa" fund. With the intention to offer the program to all the National Societies, it is imperative to evaluate the programme thus far with regards to its relevance, its efficiency, its effectiveness, its impact and its sustainability. The evaluation period is from 2006-2011.

##### **2) Objective of program under review**

The main objective of the Finance development program has been to provide a platform for promoting accountability in all National societies programming and performance by strengthening and harmonizing the financial management system to contribute to the sustainability of the NS.

##### **Specific objectives are:**

- Introducing a comprehensive finance development program and engage and support National Society governance and management to establish, or improve strategies, policies and procedures with the aim to monitor compliance.
- To create financial management awareness throughout the NS. This will create demand for improved financial management services at all levels which will in turn lead to pressure being applied to the finance department of the NS to satisfy this demand.
- To support the finance department in improving its capacity for financial management which will enhance the NSs' financial reporting to gain and/or maintain donor confidence.

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<sup>13</sup> Finance development as defined in the following document: Financial development strategic overview and practical guide to contribute towards well functioning National Societies (author Samuel Asamoah, Norwegian Red Cross).

- To enhance the NSs' capacity to generate income and increase its own financial resources.
- To strengthen the NSs' human resources capacity and credibility on finance management development.
- To establish peer support mechanisms so as to optimize the use of available expertise and experience.

### **3) Evaluation Objective**

The primary aim of the evaluation is to establish to what extent the set objectives have been achieved and to determine the relevance and fulfilment of program objectives in terms of its effectiveness, efficiency, impact, management and partnership and sustainability. The evaluation will also look into how the work done through the program has been institutionalized into the National Societies' own plans, strategies, routines and regulations. This evaluation is limited to the programming part and the cost-efficiency part of the exercise will be done at a later stage.

### **4) Purpose and Approach/methodology**

The pointers below are aimed at providing a guiding framework on the technical nature of financial development intervention and are not exhaustive. The evaluation should endeavour to:

- Assess how NS were engaged to participate in the Finance Development program.
- Assess how the finance development was/is institutionally organised (both bilaterally and through Federation)
- Assess both software (staff competency) and hardware (IT) support for the implemented automated accounting system.
- Understand the relationship between finance and programmes departments on financial management issues.
- Evaluate changing culture and attitude on financial management awareness during the project period.
- Establish the presence of annual budget and budgeting process.
- Gauge the awareness and compliance to financial policy and procedures.
- Assess NS internal controls effectiveness in detecting and correcting non compliance.
- Assess the frequency, preparedness and outcome of external audits and how management addresses inputs on the management letter from auditors.
- Assess awareness of the NS sustainability with special focus on identification of core structure budgeting.
- Assess the effectiveness of monitoring visits to branches on procedural compliance and reporting deadlines.
- Evaluate the impact of financial accountability on national and international resource mobilisation.
- Describe the partnership relations between ANS and the Federation and Norwegian Red Cross.
- Describe challenges related to having multiple partners; is there a harmonisation of approach in the financial systems and procedures?

### **5) Confidentiality**

All interviews will be conducted in confidentiality in order to promote free expression of thoughts. Information will be quoted by issue not by person or National Society.

### **6) Team Composition**

The evaluation team will be composed of 7 - 8 individuals divided into three teams and headed by one team leader. Due diligence will be taken to ensure the team is gender sensitive and that key African National Societies', IFRC, ICRC, Norwegian RC and other PNSs are invited to participate. The team clusters

have been proposed taking into consideration budget concerns, language needs as well as allowing the three bilateral partnerships to be viewed by the same team.

#### Proposed team clusters

<p>Team One</p> <p>Angola RC Mozambique RC Zambia RC</p>	<p>Team Two</p> <p>Botswana RC Lesotho RC South Africa RC Baphalali Swaziland RC</p>
<p>Team Three</p> <p>Malawi RC Namibia RC Zimbabwe RC</p>	<p>Team Four lead by Team Leader</p> <p>Burundi RC Liberia RC Rwanda RC</p>

#### **7) Team qualification**

The Consultants should possess a combination of the following:

- Strong team building and inter-personal relations, facilitating and communication skills;
- Awareness of relevant international standards and best practice approaches.
- Sound understanding of participatory approach to development issues
- Proven experience on the design and organizational development assessment
- At least one experienced and qualified accountant in each team
- Excellent command of written and spoken English language for the English speaking NS and same level competency in French / Portuguese will be required.
- Good understanding of organizational culture.

#### **8) Scope**

The evaluation will be carried out in 13 NSs in Africa; all the 10 NS in Southern Africa as well as Rwanda, Burundi and Liberia Red Cross Societies. The evaluation will take place at the respective NSs headquarters only.

#### **9) Review Output**

The consolidated final report shall contain recommendations based on the purpose elaborated above. In addition to stating findings and making recommendations for each of the specific objectives, the following might be considered: Country specific reports; Proposal of action points.

This report shall serve as a learning opportunity for all the National Societies engaged in the finance development program as well as future National Societies that engage in the program as well as the Federation and the Norwegian Red Cross.

#### **10) Timetable and deadlines (tbc)**

- ToRs are disseminated to participating NS's for awareness and their input – mid July
- Selection of team members – 15 July
- Planning meeting at Africa Zone office 3 days – 2<sup>nd</sup> week of August
- Evaluations in 13 NS 2 days per NS – 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> week of August
- Report writing 5 days – final report
- Debrief and presentation of report to all key stakeholders including NS management. – bd





### **Comments from the organisation:**

The Finance Development programme was originally initiated in 1996 as a cooperation between the Norwegian Red Cross (NorCross) and the Mozambique Red Cross (CVM), with the objective of strengthening the financial management systems and procedures of the CVM. Over time, the programme focus evolved from one of financial management towards a more comprehensive programme that would address the needs of National RC/RC Societies for overall financial sustainability and growth. In 2006, in partnership with the Federation, the programme was extended to involve the 10 National Societies (National Societies) of the Southern Africa Region. NorCross also supported some of its bilateral partners outside Southern Africa on Finance Development. In light of plans to extend the support to additional National Societies in Africa and in other regions, NorCross commissioned a comprehensive review to determine the programme relevance, efficiency, effectiveness and impact during the period of 2006 – 2011.

Overall, NorCross is of the opinion that the report generally provides a true reflection of the situation for most of the NSs and the status of the programme. However, NorCross would like to comment on a few of the issues raised in the report:

- The issues surrounding the use of the accounting software Navision were not fully explored. Many National Societies in Europe and Africa are using Navision for their accounting systems. Navision was introduced in 2002 through a Federation project called LISN. Comprehensive and regular assessments were done throughout the National Societies by KPMG. The system was, therefore, accepted by most National Societies in the region. In 2005, when the Federation requested that Norcross run the Finance development programme through the Federation, training workshops were conducted to improve understanding of the system and its operation. The outcome of the workshop was shared by the Federation Southern Africa regional office to National Societies, Partner National Societies, the Federation Regional Reporting Unit and Regional Finance Unit in Nairobi. The review team was made aware that documentation to support this is available upon request. The document looked comprehensively at the challenges and drafted the way forward. A pilot was conducted in Zimbabwe RC before the Navision system was rolled out to other National Societies in Southern Africa.
- NorCross is of the opinion that the Country Reports/Case Studies should be exempt from public distribution. The language in some of these case studies is of a sensitive nature and they do therefore not lend themselves for public consumption. We have therefore not uploaded the case studies to the evaluation database; however they are available for Norad upon request.
- On the issue raised in the evaluation concerning the lack of documentary evidence regarding number of unqualified audit reports, NorCross regrets that the issue of project audits on the one hand and consolidated audits on the other hand was not fully understood by the review team. NorCross has also been advised by several National

Societies that they offered to provide the relevant reports while being visited by the review team; however the offers were not followed up on by the team.

- Financial overviews: the report refers to NorCross and Federation inability to document how much funding has been spent per country. Because the review was carried out over a short period of time some information may not have been immediately available to the team. However documentation on the funding per country is available, and can be forwarded upon request.
- NorCross also notes the fact that the Review team did not choose to interview widely. In our opinion the review would have benefited from interviewing additional people, some of who played key roles in the implementation of the programme.
- With regards to data collection, the review team was in our opinion not thorough enough in gathering and reading the data. As an example the report indicates that the amounts transferred through Federation from NorCross was not available, however this is not the case. During the first 3 years the programme was managed regionally and for that reason funds were transferred from NorCross to the Federation Regional Office. In the last two years the funds were transferred from NorCross to the Federation and then onwards to the National Societies based on their priorities and identified needs. NorCross regrets that this information was not captured from the Federation/NorCross for the purposes of the review.
- Page 11, paragraph 3 reads “(...) it was not clear whether baselines were established against which to measure (...)” – Almost all of the National Societies had a baseline/assessment done, both quantitative and qualitative. During the first presentation prior to the commencement of the review, samples of these were shared with the team and were available had further request been made. These assessments brought about the “Regional Internal Financial Control Supervision Guide” for Southern Africa – a comprehensive guide for the National Societies in the region to ensure adherence and compliance within the required Red Cross finance parameters. A Finance Development Update was also produced for the 10 National Societies in the region. These documents were listed under the documentary review part of the report, page 35.
- Finally, the report indicates that the National Societies in Southern Africa did not get proper support and felt abandoned by the Federation especially after the Federation Africa Zone was created and located to Johannesburg. Based on NorCross perception of how the programme has been run through the Federation in 2010 and 2011, NorCross has in 2012 taken steps to improve this situation by running the programme bilaterally in direct partnership with the interested National Societies.

With these comments, NorCross overall considers the report as useful for the future implementation of the Finance Development programme. Many of the recommendations within the report are already in the process of being implemented and will be taken into account in the further development of the programme.