



Organizational Performance Review of Plan Norway

Norwegian Agency for Development Cooperation

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**Norwegian Agency for Development
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Organizational Performance Review of Plan Norway

Review Report

COWI AS

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Abbreviations

ADC	Area Development Committee (Zambia)
APPR	Annual Participatory Program Review (Zambia - community based)
CBGMP	Community Based Growth Monitoring and Promotion Program
CBO	Community Based Organization
CCCD	Child Centred Community Development
CO	Country Office
CPC	Child Protection Committee (Zambia - district based)
CRC	UN Convention of the Rights of Children
CSD	Community Services Directorate (Zambia)
CSDF	Child Survival and Development Framework
CSO	Civil Society Organization
CSP	Country Strategic Plan (for Plan Zambia)
D-Washe	District Water, Sanitation & Health (Zambia)
DACO	District Department of Agriculture and Cooperatives (Zambia)
DDCC	District Development Coordination Committee (Zambia)
DEBS	District Education Board Secretariat (Zambia)
DHMT	District Health Management Team (Zambia)
ECCD	Early Childhood Care and Development
EU	European Union
EUR	Euro
FY	Fiscal Year (1 July - 30 June)
GAD	Grant Agreement Document
GL	General Ledger
GSP	Global Strategic Plan
GTS	Grants Tracking System
GRZ	Government of the Republic of Zambia
IASC	Inter Agency Standing Committee
IED	International Executive Director
INGO	International Non Governmental Organization
IMT	International Management Team (Plan I)
M&E	Monitoring and Evaluation
MACO	Ministry of Agriculture and Cooperatives (Zambia)
MHA	Ministry of Home Affairs (Zambia)
MLGH	Ministry of Local Government and Housing (Zambia)
MoFNP	Ministry of Finance and National Planning (Zambia)
MOH	Ministry of Health (Zambia)
MOU	Memorandum of Understanding
NFNC	National Food and Nutrition Commission (Zambia)
NGO	Non Governmental Organization
NO	National Organization (of Plan)
NOK	Norwegian Kroner
Norad	Norwegian Agency for Development Cooperation
OSAW	Own Saving for Asset and Wealth Creation (micro finance concept)
PALS	Programme Accountability and Learning System
PD Hearth	Positive Deviance Hearth
PEF	Program Effectiveness Framework
PF	Program Framework
Plan I	Plan International Inc.

Plan IH	Plan International Head office (Woking)
Plan N	Plan Norway
Plan Z	Plan Zambia
PPM	Program and Project Module system
PU	Program Unit (normally district based)
QA	Quality Assurance
QE	Quality Effectiveness
RNE	Royal Norwegian Embassy
RO	Regional Office
SIVSA	Department of Civil Society (of Norad)
ToR	Terms of Reference
UN	United Nations
Unicef	United Nations Children's Fund
USAID	United States International Development Agency
USD	United States Dollar
WB	World Bank
WHO	World Health Organization
ZKW	Zambian Kwacha

Executive Summary

Plan Norway (Plan N) has received support from Norad since 1999 on a project basis, later under the Norad program for support to civil society in the south. The first cooperation agreement was for the years 2005-2007, and in 2008 a new three year's agreement was signed for the period 2008-2010. Plan N's cooperation with Norad covers 15 projects (one regional) in 9 countries, amounting to NOK 110 million over the 3 years. In connection with Norad's consideration of a new agreement from 2011 Norad has engaged COWI AS to conduct an organizational performance review of Plan N, with the purpose to assess to what extent Plan N is capable of achieving results in accordance with the agreed goals, in line with the guidelines for the grant scheme and in conformity with general Norwegian policy and guiding principles for development cooperation. Since Plan N is an integral part of the global Plan organization, most aspects of the review also relate to the Plan International head office (Plan IH), and the program country office (CO) level of the Plan organization.

In response to the Terms of Reference (ToR) and expressed priorities by Norad four key issues were formulated for the review: (i) Relationship between Plan N, Plan IH and the Plan COs, (ii) Financial management and transparency, (iii) Results management, and (iv) The Plan sponsorship concept. Following an inception meeting on 17 August 2010, interviews were conducted with Plan N management and senior staff in Oslo 18 to 20 August and with senior Head office (Plan IH) staff in UK on 26 August. A field visit was made to Zambia 30 August to 3 September where the Consultant met with staff of Plan Zambia (Plan Z), Royal Norwegian Embassy (RNE), Zambian central and local authorities, field staff and beneficiaries.

Following descriptions of findings and assessments, the review report summarizes conclusions drawn by the Consultant on the four key issues of the review in Chapter 3 and offers recommendations related to Plan N's strategic approach, organizational and management implications and operational aspects.

Plan N's strategy as one of 18 National Offices (NO) of the Plan organization is firmly rooted in the concern for children's rights on all levels of society, but its strategy development has also been influenced by the Norwegian policy on development cooperation and Norad strategies and guidelines. Plan N has been influential in the process of developing the Plan International (Plan I) strategy from a needs to a rights based approach and in developing methods for working with civil society, and as such it represents added value for Plan I.

In general Plan has a functional structure for relationships between Plan IH, the NOs, Regional offices (RO) and the COs related to planning, budgeting, financial management, monitoring and reporting. Various systems are well integrated to ensure proper management of funds and there is a high level of transparency, clarity and accountability of the financial systems, guidelines and procedures that are used for transfer and tracking of funds, exchange risk management and global risk management at program countries level.

The organizational changes of Plan N in 2008 that involved the top management and the heads of Departments of Program and Administration and Finance has optimized and strengthened the Plan N's organisational structure in line with its operational requirements. This has among other things led to adjustment of competence requirements throughout the organization, higher level of financial management competence and improved program planning and financial functions. The internal Plan N procedures for budgeting have been strengthened in recent years to comply with Plan IH guidelines.

The present partnerships framework is flexible allowing a Plan CO to diversify partnerships in order to perform several roles in the same country, serving both the respective RO, Plan IH and more than one NO. However, the Consultant observed that the CO is still much in the "driving seat" of the programs. Ownership to development interventions is thus not sufficiently clear, which may

compromise impact and sustainability of the interventions. The present consideration of developing standardized partnership models may improve this situation.

The Plan N auditor reports that Plan N has utilised the grant funds as agreed between Plan N and Norad. Internal control procedures within Plan N are satisfactory to ensure accurate financial reporting and administration of grants and the level of 8 % used for cost of administration is maintained for Plan N. The auditor has not found it necessary to make use of paragraph 7.4 of the grant agreement to extend the audit to any of the program countries where Norad grant funds are allocated, as the external audits made by a local certified auditors (here Zambia as a case), relevant extracts from the Plan accounts and budget balance statements prepared by Plan N are found to be satisfactory.

The Consultant found that the operational expenses level of Plan N is reasonable also considering the importance of continuous fundraising effort and proper management and administration of funds. On the other hand, the Consultant found it difficult to establish how indirect costs were determined and divided on the Norad funded projects by the CO (Zambia as a case) and thus making cost-efficiency analysis problematic on program/project level. There could be a case for the Plan N auditor to verify that this is done correctly.

Although systems are in place and are being improved, in the view of the Consultant risk assessments, sustainability and clear definition of exit strategies at the program level have not been adequately incorporated in the planning and implementation processes so far and result management is still a challenge at the CO level. There is a need to improve the system and its operation on results monitoring of clear and measurable indicators by tracking results according to stated objectives, expected outcomes and planned outputs, both on qualitative as well as quantitative indicators in the regular Plan systematic reports.

A complicating element in developing the Quality Effectiveness (QE) system is that various donors have specific requirements for planning, monitoring and reporting. This requires more complex monitoring systems than is actually necessary. Better coordination between donors on monitoring and reporting requirements, leading to a general acceptance by donors of the regular Plan report formats would be the better solution to this.

The Plan sponsorship concept closes the gap between the conventional child sponsorship concept and development aid, and as such Plan maintains that ethically its concept is the best. There is an apparent risk that COs gradually may allocate larger parts of the budget on program staff and other operational costs, thereby reducing the relative part of direct financial contributions to the supported communities. Mitigating this risk would require good management discipline and an easily monitored cost centre system.

The Consultant is offering four recommendations in the review report: (i) In connection with the expected request from Plan N for a new grant agreement with Norad from 2011, there should be a dialog between the parties on the scope and eventual conditions for gradually increasing the annual allocations of the Norad grant; (ii) In the processes of development interventions ownerships of the interventions should be clearly and explicitly put on the program countries' own institutions, and Plan N should ensure that this issue is given priority in the planning and review processes of programs/projects with Norad grant financing; (iii) In program countries where Norad grant financed programs are implemented, Plan N should be involved in development of updated QE systems; and (iv) If reporting for better cost centre analysis is required, sufficient facilities should be developed in the CO financial systems for provision of information on detailed cost centres.

1 Introduction

1.1 Background and main purpose

Plan Norway (Plan N) was established as a Norwegian foundation in 1996 under the umbrella of Plan International Inc. (Plan I). It has received support from Norad since 1999 on a project basis, later under the Norad program for support to civil society in the south. A review in 2003 recommended that Norad should enter into a program agreement with Plan N to cover this support. The first cooperation agreement was entered into for the years 2005-2007, and in 2008 a new three year's agreement was signed for the period 2008-2010. Plan N's cooperation with Norad covers 15 projects in 9¹ countries out of a total of 48 program countries where Plan I is engaged. The present 3 years agreement covers NOK 110 million - the allocation for 2010 is NOK 35 million, which represent some 10 % of the organisation's annual income. In the original request of 1 October 2007 Plan N asked for a 5 year agreement with annual allocations of NOK 60 million.

Norad is considering entering into a new agreement with Plan N from 2011, and has in this connection engaged the consulting firm COWI AS (the Consultant)² to conduct an organizational performance review of Plan N. The review is conducted as part of Norad's quality assurance of its cooperation with civil society organizations and will, in accordance with the Terms of Reference (ToR) for the review, form part of the basis for Norad's decision on future cooperation with Plan N. There are no indications whether a five year agreement will be considered this time. The ToR is attached as *Appendix 1*.

The purpose of the review is to assess to what extent Plan N is capable of achieving results in accordance with the agreed goals, in line with the guidelines for the grant scheme and in conformity with general Norwegian policy and guiding principles for development cooperation. The review shall assess Plan N's professional and technical, organisational, management, financial and administrative qualifications for achieving planned results in a cost effective way³, in collaboration with its partners. Cost effectiveness, transparency in distribution of funds and cost-efficiency will be assessed. The review shall draw conclusions regarding Plan N's suitability and ability to deliver desired results, and shall present recommendations for follow-up actions toward/by Plan N.

1.2 Scope and methodology

Issues raised in reference to the scope of work outlined in the ToR relate to Plan N's capability to formulate policies and plans, develop sound systems and effective procedures, and have the capacity to put intentions into practice in cooperation with partners in the field. The quality, reliability and transparency of systems and processes are essential in determining an organization's accountability to goals and priorities in Norwegian development cooperation. The ToR therefore also ask for an assessment of Plan N's influence on Plan I's policy and priorities. Further, the scope of the ToR covers Plan N's organisational structure; it's partnership relations; it's administrative/management, professional and technical capacities and knowledge management; distribution of

¹ Cambodia, Ethiopia, Zambia, Uganda, Malawi, Nepal, Kenya, Vietnam, Nicaragua, and a regional project.

² The review team consists of Mr. Arne Dahlen from COWI AS (Norway), Team Leader, and Mr. Peter Michael Mallow, Economist from COWI A/S (Denmark).

³ The Consultant has not found it possible within the resources allocated to this review to do any analysis of effectiveness, e.g. to what degree the Norad grants are resulting in the attainment of stated goals and objectives and whether the recorded cost patterns are appropriate in a development perspective.

financial resources in North and South; results management, hereunder Plan N's relationship to Plan I head office (IH) in this regard; and coordination with other stakeholders.

In its Inception Report delivered for Norad approval on 24 August 2010 the Consultant presented a plan with key issues for the field visit to Zambia and a visit to Plan IH in UK. In reference to priorities set by Norad, the Inception Report singled out four specific areas for in-depth analysis. These key issues are addressed in separate sections in Chapter 2, where the Consultant has attempted to take a systematic and comprehensive approach to the strategic, organizational and operational aspects of each key issue, following the line of management from Plan N through the Plan IH and further to the Plan I country office (CO) and its cooperation partners in the field.

More specifically the four key issues have been formulated as follows:

- 1) Relationship between Plan N, Plan IH and the Plan COs, including value added by and justification for the organizational set up, and Plan N's influence on the international organisation strategically, organizational and operational;
- 2) Financial management and transparency, including overview of Plan N's total financial operation, its financial relationship with Plan International, and system for monitoring, control and reporting;
- 3) Results management, planning, implementation and monitoring system, assessment and reporting on results; and
- 4) The sponsorship concept of Plan and its comparative advantages compared to other concepts, including also Plan N's comparative advantages in relation to other organizations.

With regard to item 1) it is important to note that Plan N, although being an independent foundation established, registered and operated under Norwegian Law, it functions as an integral part of the Plan I network strategically, organizational and operational. A practical consequence of that for this review was that to meet the ToR's requirements for the organizational performance review, the Consultant had to include the whole of Plan's strategic, organizational and operational aspects in its assessments of Plan N.

With regard to 2) there is a clear financial relationship between the Plan organisations, and the present review of Plan N needed to include also Plan IH and the relevant Plan CO in Zambia. The organisations to a large extent share (although adapted to own organisations) procedures and guidelines for financial systems. The review's overview of Plan N's financial operation, its fund raising systems and the financial relationship with other levels of the Plan organisation should be seen in this light and this is therefore presented in some detail in this report. In addition, the relevant findings are provided on the functioning of the financial systems that is used by the Plan organisations when administrating the sponsorship, grants and other funds. Focus is on the adequacy of transparency of the financial operations, systems for monitoring of cash flows, internal control procedures, cost efficiency, systems for disclosing and reporting corruption and other financial irregularities, risk assessment and reporting.

In relation to item 3), reporting on results is particularly important in assessing Plan N's accountability with its donors. Norad expects gradually to maintain a dialogue with civil society organizations on a more general level and in this regard it is important to establish whether Plan N has a management system where formulation of goals, managing, monitoring and reporting are prepared for annual and end of period reporting that may transcend results of the individual projects identified in the program agreement. An assessment of the quality of result management cross-cuts the strategic, organizational and operative features of an organization.

Relating to item 4) it should be noted that the Consultant did not have the opportunity to study other organizations' sponsorship concepts than Plan's in any detail, and the assessment is therefore concentrated on the Plan sponsorship concept and its comparative advantages (and disadvantages)

in relation to what its rights based development strategy and to what is generally perceived as the sponsorship concept whereby a major part of a sponsor's contribution is supporting directly an identified child in various ways.

The review Consultant's work program is attached as *Appendix 3*. An inception meeting was held with Norad and Plan N representatives on 17 August 2010. Interviews with Plan N management and senior staff at the Plan N's office in Oslo was done in the period of 18 to 20 August and interviews with senior Plan IH staff was done in Woking, UK on 26 August. At the field visit in Zambia 30 August to 3 September the Consultant met with management and senior staff of Plan Zambia (Plan Z) CO, Royal Norwegian Embassy (RNE), Ministry of Home Affairs (MHA)/ Zambia Police, National Food and Nutrition Commission (NFNC) and Save the Children in Lusaka and one of the four Program Units (PU) in Kabwe, as well as with local authorities (e.g. district level departments of central ministries), field staff and beneficiaries in Chibombo district. A list of institutions consulted and persons met is attached in *Appendix 4*, and the Zambia country case report is attached as *Appendix 2*. Key document being studied and referred to in this review are listed under Reference documents in *Appendix 5*.

1.3 Plan - a general overview

Plan is one of the oldest and largest children's rights organisations in the world, founded over 70 years ago. Plan is presently working in more than 48 developing countries across Africa, Asia and the Americas to promote children's rights. On an average year Plan works with more than 3.5 million families and their communities. Plan is an independent and non-profit international development organisation, with no religious, political or governmental affiliations. Plan's vision is of a world in which all children realise their full potential in societies that respect people's rights and dignity. Its work concentrates on children's protection and participation, financial security, education, humanitarian assistance, water and sanitation, health, HIV/Aids and adolescent reproductive health.

The basic Plan strategy⁴ is formulated in a Program Framework (PF) as the Child Centred Community Development (CCCD) approach that Plan strives to achieve a common understanding and consistent application of throughout the organization, and at the same time allow space for innovation and growth. The CCCD is right based and the approach is to work with right-holders and duty-bearers, hereunder civil society organizations (CSO), identifying stakeholders' roles and responsibilities and assessing the children's rights at various levels in society. Implementation of programs based on the CCCD approach shall incorporate principles of non-discrimination, participation, inclusion and accountability (also towards the beneficiaries). As a part of the Programme Accountability and Learning System (PALS) CCCD has been incorporated in the operations of Plan in the 48 program countries.

Plan International Inc. (Plan I) is a USA limited company registered in New York, and having its international head office (IH) in Woking outside London. Plan IH has for many years worked as a professional organisation having the overall responsibility for management and administration of sponsorship funds and other grants from the National Organisations (NO) with the direct link and correspondence with program countries and project holders.

Plan N was developed from a gründer organization to becoming an important actor in Norway in development assistance. It is one of 18 donor countries (e.g. NOs) in Plan. Plan N has as part of Plan I a firm strategic basis on pursuing children's rights in all levels of society. Plan N has some 118.000 sponsors in Norway for children in the countries of Plan I operations through a network of regional (RO) and COs. Maintaining independence and integrity is also an important element of the Plan N

⁴ Global Strategic Plan July 2009 - June 2013 (FY 10-FY14), Plan International.

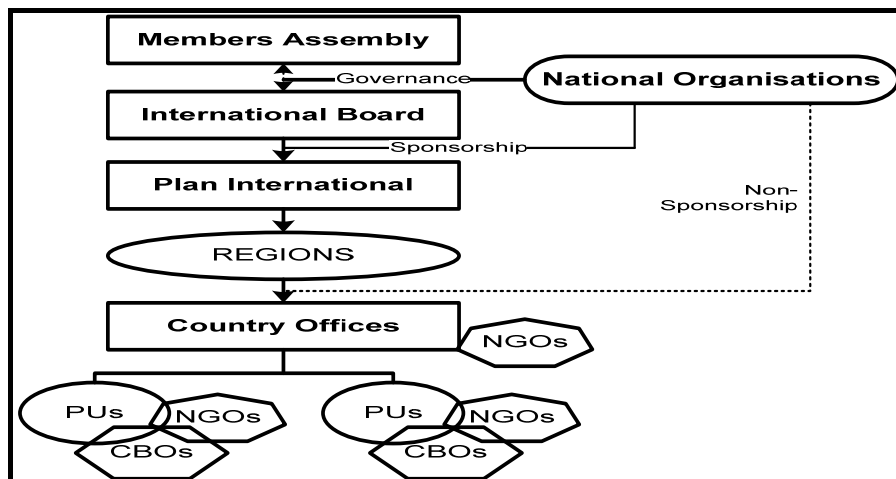
strategy and it shall therefore not become dependent on public funding for its international operations. The present level of about 10 % of total annual income from the Norad grant may, however, be raised without compromising this integrity.

In 2008 Plan N underwent changes of the top management that involved the General Secretary (managing director) and the Heads of Departments of Program and Administration and Finance. Other organisational changes regarded as necessary have also taken place in recent years, with the purpose of optimising Plan N's organisational structure with its operational requirements. This included a review and adjustment of competence requirements, higher level of financial management competence and has, according to the present Plan N management, resulted in better working environment, improved financial functions, improved cost efficiency, better utilisation of internal resources etc.

Plan Zambia (Plan Z) is one of Plan's 48 COs. It is organised in a CO in Lusaka with four district based PUs in 3 provinces of the country. The CO is presently engaged in three of the five global components of the Plan Child Survival and Development Framework (CSDF): (i) Early Childhood Care and Development (ECCD) and Adolescent Reproductive Health, (ii) Enterprise Development and Water & Sanitation, and (iii) Advocacy and Child Protection, that are supported by Norad. The CO is concentrating development support on limited geographical areas in order to make an impact in the operational communities.

Plan's organization and partner set-up is presented below. Non Governmental Organizations (NGO) and Community Based Organizations (CBO) are, by and large, subject to contract-based forms of partnership both nationally and locally as (co-)implementers of Plan funded activities. The terms NGO/CBO in the figure also cover program country government authorities, both at the central, provincial and district levels; in the case of Zambia local partners are mainly district level departments of central Government of the Republic of Zambia (GRZ) ministries.

Figure 1-1 Plan's organisation and partner set-up



Source: *Discussion Paper - Plan and Partnerships: Framing the Challenges - Cairo Feb. 2010*

The present organisational configuration constrains both authentic partnership and Plan's ability to flexibly adapt to opportunities presented by non-sponsorship sources of finance that can demonstrate local empowerment through southern influence and control. Considerations are being made by Plan IH on reforming the existing organisational relationships to concentrate more on partnership models where an authentic partnership steering group is established in order for the CO to be able to play a critical facilitating role for the NO that is providing program funding. The partnership framework is discussed further in section 2.1.

2 Findings and Assessments

In the present section the Consultant have divided the findings and assessment into the four key areas of the review; Relationship between Plan N, Plan IH and COs, Financial Management, Results Management, and The Plan concept of sponsorship.

2.1 Relationship between Plan N, Plan IH and COs

The Plan organization

On its global structural set up Plan is organised on four levels, Plan IH in Woking that is functioning as an umbrella organization for 18 NOs and IH for its ROs and 48 COs. Additionally, the CO establishes PUs in operational areas with engagement of own program staff. Although the functions of the CO in many ways are autonomous, the CO Country Director reports to the Plan IH through the respective RO. On the other hand it is clear that a particular CO may represent a number of NOs with direct communication lines when it comes to implementation of bilateral grant programs/projects in the program country. Other INGOs have already reorganised its program country representations in the same way (World Vision) and others, like Save the Children are in the process of reorganization in some countries.

Plan N has in reference to its organisational and administrative systems developed an overview describing roles and responsibilities of staff and functions of the different departments. Plan N is in the process of completing the establishment of working routines between departments. It has developed a staff capability plan through individual meeting with staff outlining responsibilities and provided an overview of relevant documents supporting Plan N's operation. The organization charts of Plan N and Plan Z are attached in *Appendix 6*.

Strategy development

In addition to influences from some COs and Plan IH, Norwegian development policy and Norad's various guidelines on development cooperation have also been influential in Plan N's development strategy thinking. Obviously this is in particular related to development of the programs for Norad funding. On the other hand, Plan N has also influenced others in the Plan organization, particularly on the children's rights issues⁵ but mostly regarding development of programs and in strengthening the autonomy of the COs, as the COs are also in practice Plan N's local offices.

Plan N has been influential in the process of developing the strategy from a needs to a rights based approach and in developing methods for working with civil society. In this respect Plan N represents added value for Plan as Plan I now is very advanced and highly regarded internationally on this issue. The audit function for the right based development strategy is being developed for results monitoring and reporting that includes birth registration, violence in schools and other settings, and changes in laws concerning children's rights. The Plan Geneva office with the Plan N expert is lobbying the committee monitoring the UN convention on the rights of the child (CRC) in particularly on new complaints procedures on direct claims in an optional protocol for the countries that have ratified the CRC. In Geneva Plan is also involved in the INGO group, is directly linked with Unicef and is also in dialogue with other donors on policy issues related to children's rights.

Plan N is one of the big donors in Plan I with some 118,000 sponsors, and Plan N owns 15 % of Plan I and has 3 members on the Plan I Assembly. As a matter of Plan strategy all the 18 NOs are autonomous and are locally registered in their countries according to national laws. This make

⁵ A representative from Plan N, who is claimed to be one of the world leading expert on children's rights is presently seconded to the Plan Geneva office working on rights advocacy for children.

sense in relation to local fund raising from sponsors; people will naturally be more confident in contributing their money to a national NGO, more than if this was a branch of a NGO registered in USA.

Relations Plan N - COs

In relation to the Plan concept of having one CO only in each program country representing also the NOs with bilateral grant funding of programs has in some cases weakened communication lines with national embassies and other donor representations as the Plan CO may be regarded as an INGO not directly representing a particular NO. Possibly for this reason the issue of establishing strategic partnership between the RNE and the Plan CO was never brought up in Zambia. On the other hand, the RNE is regularly requested by SIVSA to appraise program proposals for Plan N to be implemented through Plan Z. There is also arranged an annual conference with participation of Norwegian NGOs operating in Zambia, hereunder Plan Z.

The cooperation between Plan N and Plan Z is regarded as open and professional by both parties. Representatives of Plan N regularly visit program countries once a year. In the case of Zambia, the CO informed that they may be coming up to 3 times a year, not only the program managers but also finance people and the Plan N internal auditor. CO staffs also visit Oslo occasionally and they learn to know and respect each other also on the personal level. In 2009 with support from Plan N, the Plan COs in Africa receiving Norad grant funds met for the first time regionally in Kenya. Plan Z regards Plan N to have good professional and technical capacity in relation to the programs implemented in Zambia. Although, as indicated in section 2.3 there is not many visible links between the Plan N and Plan Z strategy documents, Plan N obviously has some direct influence on the design of programs being done by the COs where Norad funds are being allocated, an influence that is inspired by Norwegian development cooperation policy and Norad guidelines.

Some COs in the Plan structure are developing into national independent NGOs, like in Brazil, Colombia and India. There is also development along these lines in China and Hong Kong. India is a special case as the national law demands that INGOs must work through national NGOs in the country. Egypt may be the first African CO to develop into an independent NGO. The Plan NGOs in Colombia and India raise funds locally, and this concept is fast becoming part of the Plan organizational strategy. Plan I has registered strong interests in many COs for this development. In this regard it should be noted that Plan is conscious in attempting to employ local staff and so far across all the 48 COs 60 % of the staff are local and 40 % international, also with cross exchange of staff between countries. Of other INGOs it is known that World Vision also is in this line of development.

Framework for Partnerships

A Framework for Partnerships has been in place since 2003 for the Plan IH, NOs and COs. It is part of the cooperation principles of the Plan organisations to achieve its mission to work through communities and with local organisations, government bodies, NGOs and others. The partnership framework provides a detailed guideline for how to assess cooperation partners to ensure that they are in compliance with the Plan mission.

Apparently the partnerships framework is flexible as the Consultant could not detect any systematic processes being applied in selection and assessment of partners in Zambia. The Plan CO may diversify how its relationship is organized from one local partner to the other that may represent both specialised and general partners. This is done in order to perform several roles in the same country, serving both the respective RO, Plan IH and more than one NO. Although the Plan Z CO with its PUs works directly with local and national government authorities and NGOs, and when regarded as relevant provides capacity building for its partners in program planning, implementation and monitoring, the CO/PU is still much in the "driving seat" of the programs.

This observation by the Consultant is not openly shared by the CO in Zambia but the ownership to development interventions is in the opinion of the Consultant not sufficiently clear, which may

compromise impact and sustainability of the interventions. It is of course an objective of advocacy for good governance to build sustainable participatory structures in strong relationships; but it is equally important in these processes that the ownerships of development interventions are clearly and explicitly put on the program countries' own institutions, being government authorities or civil society institutions. The consideration mentioned in section 1.3 on reforming the existing organisational relationships is an interesting development. Plan may concentrate more on partnership models where an authentic partnership steering group is established in order for the CO to be able to play a critical facilitating role for the NO providing program funding.

2.2 Financial management

Fund raising systems of Plan N

Donations from the public, mainly through sponsorships, constitute a major part of Plan N's total budget and have the last 3 years corresponded to around 85 % of total sources of income that amounted to NOK 347 million in Fiscal Year (FY)2008-09 (e.g. FY09). The sponsorship system is based on monthly payments of NOK 240 by sponsors to Plan N. Grants from Norad have the last 3 years accounted for between 8 and 10 % of total Plan N income whereas contributions from others (e.g. private companies, funds, testimonials, emergency projects) have been between 4 and 6 %.

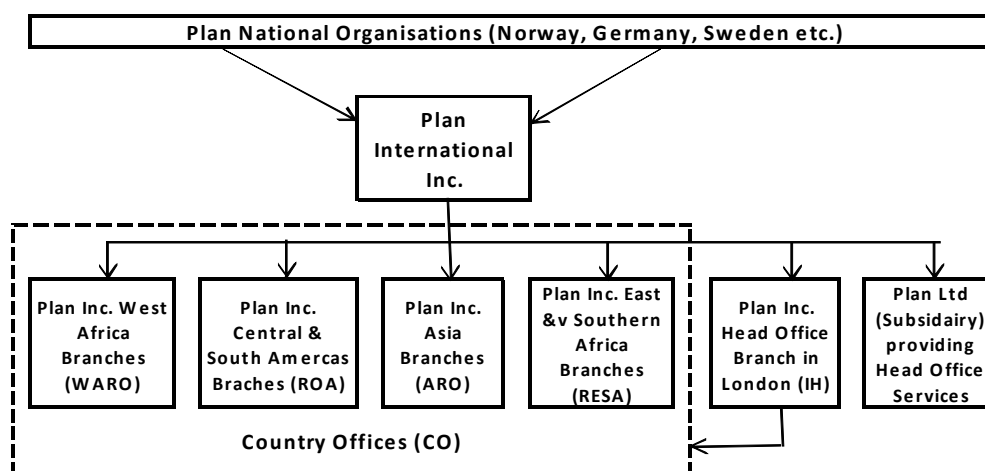
There has been an increase in the value of sponsor income of some 7 % from FY08 to FY09, and an increase of some 4 % from FY09 to FY10⁶. The total income has increased annually by 5 % from FY08 to FY10. Plan N has over the years received funds from Norad for development projects in the South based on 3-yearly cooperation agreements corresponding to NOK 28 to 35 million annually in the years 2005-07 and annually NOK 35 million until 2010. Plan N's annual accounts for the last three years are presented in more details in *Appendix 7*.

2.2.1 Financial relationships, budgets, grants and tracking system

Financial relationship between Plan levels NO, IH and CO

Plan I is fully controlled by the NOs⁷ in which the Plan I head office (IH) as the central finance facility in turn supervises the allocation, distribution and use of funds raised by the NOs. Figure 2-1 below illustrates Plan's structure and relationship between the levels of the Plan organisation. The systems for transfer of funds, budgeting and control are described further below.

Figure 2-1 Plan's structure & relationships between Plan NOs, Plan I/IH, ROs and COs.



⁶ Provisional for FY10.

⁷ Australia, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, India, Ireland, Japan, Korea, Netherlands, Norway, Spain, Sweden, UK and USA.

Budget preparation

Plan N has as all NOs a financial accounting year (FY) running from July to June that includes all budgeting and reporting internally, nationally and to Plan IH in Woking. Budgets are prepared in accordance with *Plan Worldwide Budget Instructions FY11; Jan. 2010* that outlines the guidelines and understanding of the general assumptions for the budget. The principles of the process is to gather provisional income, expenditure and donations from NOs in early January, review the data at Plan IH and subsequently at the end of January, provide sponsorship budget allocations to the CO. As the budgets are provisional at this stage, the sponsorship budget allocations will be set so that any reasonable level of adverse movement in these incomes or expenses can be accommodated without needing to change program country sponsorship allocations before the budget submission.

At Plan N, each department prepares a draft budget for the FY of their own activities which is presented at management level for discussion before presentation at the Plan N board meeting. The approved budget is eventually registered in Plan N's financial budget and reporting system VISMA Business and reported to Plan IH using the BPC Reporting System.

Grant Agreement Documents and Grants Tracking System

Plan IH uses Grant Agreement Document (GAD) as a standard format for grants through the NOs, and Plan N has guidelines for its internal procedures and GAD approval process. The core approval process for all GADs is briefly outlined in the following: *Stage 1*: NO and CO agree to pursue a grant opportunity and collaborate on project ideas for a grant proposal; *Stage 2*: CO commit itself to achieve a set of objectives at a certain cost (budget for expenses), to a certain standard within a determined timeframe, and also comply with the donor's administrative requirements; and *Stage 3*: Approval of GAD confirms to the NO that the CO undertakes to carry out the program-related obligations and responsibilities of the grant proposal. The program manager at CO shall at this stage review the grant agreement (terms and conditions with the donor) to ensure that all implications and risks for Plan are considered and found acceptable.

The Grant Tracking System (GTS) is a web based financial system specifically for grants which are managed from Plan IH and it brings together information from Plan IH's finance system - the General Ledger (GL) with information from the NOs on grant income to form a complete picture. Grants are added to the GTS as they are agreed with the NO and given a GAD number. NOs (here Plan N) enter information relating to donors, total budget and committed grant income, which will be reflected in the GTS on transfer of funds to IH. A GAD record is set up in the GL at the CO (see above) and it is used at project level to follow up progress based on expenditures charged to the project's cost items. The GL handles GAD data items relating to project activities covered by the GAD (the country program, locations and outputs and some of the basic GAD definitions). Expenditures per output and cost items are automatically uploaded into the GTS on a monthly basis. Once a GAD is on GTS it is approved to spend against this GAD. On a global level, allocation of funds consists of about 70% sponsorships and 30 % grants. Plan IH provides on-going web training courses in GAD and GTS for Plan staff.

The COs of program countries submit cash forecast every month to IH Treasury which is reviewed and checked against the latest rolling budget. This process is important to ensure that the COs will not run out of cash or have too much in their bank accounts creating an unnecessary risk. The budgeted cash is transferred to the CO twice a month from IH.

Foreign exchange risk management

Plan IH faces exchange rate exposure as expenditures is not incurred in the same currencies as transfer of cash donations to IH. EUR and USD are the most common currencies received from NOs. The purpose of the IH's hedging policy is to protect against risk of significant change in the funds available for program expenditures due to exchange rate fluctuations. The management of the currency risk is performed by IH through its Central Treasury Multi-currency cash pool with the

purpose of minimising the risk through hedging to get the maximum amount local currency to the program country. The majority of the funds are converted to the required amount of the local currency of the program country as experience has shown that this is the cheapest solution alternative to changing the foreign currency locally. The Central Treasury is using different banks in order to spread and minimise the credit risk.

Global Risk Management

Plan has a unified commitment to risk management for the whole organisation, and Plan IH has for several years systematically carried out quality assurance (QA) at country level based on a well established risk management system, the Global Risk Register where 15 top risks are outlined. The risk management is thus a key element of Plans accountability and corporate governance framework, and its Global Risk Management Strategy 2007 - 2010 provides descriptions of risk assessment and procedures for handling risks. An update of the existing risk strategy is presently under development and will be operational from year 2011.

Projects in program countries are reviewed by the International Management Team (IMT) of 24 members. Project reviews are on average performed on 100 projects in a year in various program countries. These reviews include several risk areas of which financial control of accounts and procedures are essential but also implementation of the actual projects is reviewed in detail. Experiences from the IMT review missions show that fraud is rarely happening and that awareness campaigns about fraud and its implications tends to have had a very positive effect at project level. A rough estimate based on a recent financial statement of Plan IH indicates that expenses associated with the annual project reviews correspond to about 0.2 % of the total income from sponsorship and grant funds, and this is found to be low compared to the risks of project failures.

In summary, the financial relationship between the Plan organisations shows that various systems are well integrated to ensure proper management of funds. There is a high level of transparency and accountability in the financial systems, guidelines and procedures that are used for transfer and tracking of funds, exchange risk management as well as for the global risk management at program countries level.

Plan N's financial operations

As indicated previously, the financial management of Plan N follows globally established systems and procedures in the Plan organization. It is performed by the Administrative and Financial Department headed by the Head of Administration assisted by three accounting staff. There is close co-operation between the finance departments of the four Plan organisation levels through systems required for maintaining transparent financial relationships e.g. the GADs and GTs as well as financial monitoring and reporting.

The annual financial statements for FY08 and FY09 of Plan N are in accordance with the Norwegian law and requirements of accounting and reporting for enterprises. Plan N is a non-profit organisation and its annual budget is based on the principle of a balanced operation. The consequence is that if the actual income is lower than budget a balanced operation can only be achieved by reducing local NO cost, reducing transfers to the projects or by drawing on reserves. This was the situation in FY09; actual income was substantially lower than budget (prepared in 2007 by previous management) and this was covered by drawing NOK 21 million out of Plan Ns reserves. The procedures for budgeting have been strengthened in recent years within Plan N to avoid deviations from an initially indicated budget ceiling. In particular for private contributors there is now a clear requirement on getting a written agreement or contract for their contributions to Plan N before the final determination of the budget ceiling for the coming financial year is made.

External financial audit of Plan N

Statements from the external auditor of Plan N have been provided for the grant agreement between Plan N and Norad for the calendar years 2008 and 2009 and the accounts of FY08 and FY09. The

auditor reports indicate that financial accounts have been audited according to appropriate standards for financial audits. The auditor statements indicate that Plan N has utilised the grant funds as agreed between Plan N and Norad. The external auditor mentions that internal control procedures within Plan N are satisfactory to ensure accurate financial reporting and administration of grants. In addition, it is mentioned that the level agreed with Norad of 8 % used for cost of administration is maintained for Plan N.

The audit is made of the Plan N operational activities including transfer of funds to Plan IH. The grant agreement for 2008 - 10 includes a paragraph 7.4 which states that the audit of activities at program countries can be carried out if it is found necessary. The Plan N auditor has not found it necessary to make use of the referred opportunity of the grant agreement as the external audits made by a certified auditor (in Zambia as a case) has reviewed and approved the activities and financial matters associated with the implementation of the three Norad funded projects in Zambia. The Plan N audit of the 9 COs (and one RO) accounts where the Norad funds have actually been spent are based on the CO audit reports that are made available for the Plan N auditor together with relevant extracts from the GTS (and GL), budget balance statements prepared by Plan N and the relevant grant approval letter from Norad. This system should in principle be adequate for auditing purposes. On the other hand, in the case of Zambia the Consultant found it difficult to establish how indirect costs were accounted for on the Norad funded projects and although these costs according to Plan are accounted for on the GL and registered on the GAD, the Consultant feels that there could be a case for the Plan N auditor to verify that this is done correctly.

Expense structure of Plan N

According to the Plan N financial statement, the utilisation of expenses is divided into salaries, depreciation and other expenses of which other expenses account for more than 90 % and refers to funds that are transferred to Plan IH for further transfer to COs for implementation of projects in the program countries. The details of origin and the activities are provided separately and relate to:

Expenses to raise resources include expenses on various activities that will help raise Plan N's income (advertisement, television campaigns, fees and share of salaries, rent) and accounted for 8% in FY10 as compared to 5.7% in FY09 corresponding to a 30% annual increase. The main reason for this increase was due to extraordinary expenses on a television fundraising show in TV2 Norway in December 2009 which gave additional 6,000 new sponsors to Plan N.

Expenses supporting the organisational objective cover two sub-expense items of which the first is; *financial allocations/expenses to support the objective* accounting for 92% of total expenses. The second is; *Expenses for activities to support the project outputs* accounting for 7.5% of total expenses supporting the organisational objectives. Details are provided in *Appendix 7*.

Cost-efficiency of Plan N's operations

The ability to measure the cost-efficiency of Plan N activities in relation to the different programs and initiatives is found somehow difficult as the expenses associated to the Plan N operation are used for various purposes eventually supporting the same mission; namely to raise funds, ensure proper management and administration of funds and information to sponsors, and support and follow-up on implementation of projects in the program countries. The overview below shows the various cost items share of total expenses of the operation of Plan N:

Cost item	2009/2010 *)	2008/2009	2007/2008
(1) Share of cost of administration	7.6%	7.5%	8.3%
(2) Share of cost of administration and raising funds	15.7%	12.9%	15.5%
(3) Share of cost of adm, fundraising & output support	22.0%	18.4%	21.3%
Share of allocations to Plan I (IH)	78.0%	81.6%	78.7%

*) provisional

Administration expenses (1) have been around 8% of total expenses over the last three years covering the administration of all Plan N activities (sponsorships, grants and other sources) being reasonable and found within the range agreed with Norad for grants. Although the audit reports from years 2008 and 2009 indicate sufficient financial reporting and procedures, the accounting details does not provide the level of details for review of how the 8 % cost of administration of Norad funds has been utilised associated to specific Plan N activities. If (2) administration expenses and cost of raising funds are combined then the share increases to between 12.9% and 15.7 % in the same period. The efforts of raising funds consist of a number of measures which from years of experience have shown to be necessary for maintaining an increasing number and income from sponsorships. The same experience is gained by other NOs where a number of co-ordinating activities are taking place to strengthen fundraising activities. The expenses associated to activities that support project outputs being part of point (3) should be seen as a separate expense as it is directly supporting the implementation, monitoring and follow-up on project implementation in the program countries, but this is not easily determined from the accounts.

Although taking into account the complexity of measuring the cost-efficiency of Plan N activities, the Consultant finds the expense level reasonable also considering the importance of continuous fundraising effort and proper management and administration of funds.

Norad funded GAD 60-62 in Zambia and cost-efficiency

The Consultant reviewed some aspects of the three Norad funded projects in Zambia, which all will end in December 2010⁸, namely;

- Early Childhood Care and Development and Adolescent Reproductive Health (GAD 60),
- Enterprise Development and Water and Sanitation (GAD 61), and
- Advocacy for Child Protection (GAD 62)

Plan Z is a direct locally registered financial unit of Plan I and consequently not publishing financial statements in Zambia. The financial accounts of FY09 and FY10 provide rather detailed expenditures levels. The major expenditure items include Field program expenses (20.8%), Travel & Meetings (20.6%), Local salaries & related costs (35%), vehicles (7.6%) and Consultancy (5.2%) which combined accounts for 89% of total expenses. The details of the expenditures were discussed with the finance department in order to be able to assess the magnitude of expenses directly associated to the implementation of the three GADs 60-62, and further to assess the possibilities of making cost-efficiency calculations of the spending of Norad funds on the CO, PU and project levels in the field.

Plan N and Plan Z maintain that the Program and Project Module (PPM) accounts can be complemented with GL reports to present an accurate project cost structure. However, since the PPM does not provide accounts on indirect costs for each grant/source of funding and since it does not capture detailed transaction information, the Consultant may assume that these indirect costs are determined on projects/GADs either using a certain formula or by some calculated guesses. For instance, as indicated below keeping of timesheets for program staff is not done in the Plan system.

The Consultant found that transparency of expenditures on the three Norad funded projects becomes problematic due the issue of indirect costs (cost items not directly linked to only one particular CAD). According to Plan Z, indirect costs are recorded on the GL by user codes, but how the indirect costs are defined and determined and how they are divided between individual projects, hereunder the three Norad financed GADs was not disclosed to the Consultant during the field visit to Zambia. For this reason the Consultant also found it problematic to compare the PPM accounts on the three GADs with the annual report to Norad on project expenditure. Total expenditure for the three projects for calendar year 2009 as reported to Norad amounted to USD

⁸ Unless extended under a new grant agreement with Norad from 2011.

1,062,830, including indirect costs. Plan Z does not consider the relation between FY and calendar year accounts to be a problem or a transparency issue as reports are produced on quarterly basis regardless of FY/ calendar periods. According to Plan N the Norad allocations, less 8 % for administration, are transferred to the respective CO without further deductions of costs at the IH and RO levels⁹.

The direct involvement of individual staff in the implementation of the three GADs were difficult to measure and assess as staff timesheets (record of time consumed for project activities) are not used by Plan COs. If reporting for better cost centre analysis is required, the Consultant recommends that sufficient facilities are developed in the Plan financial systems that can provide proper information on detailed cost centres, including introduction of activity time sheets for program staff, associated with implementation of project activities.

2.2.2 Internal control procedures

To a large extent it is observed that procedures are similar for internal control between the four Plan organisational levels and in particular between Plan IH and COs on financial and program reporting.

Plan N's internal control procedures applied in the organisation in relation to financial performance of projects include:

- *Routines and guidelines for project follow-up and documentation* that ensures that requirements of new projects (budget, grant agreements - GAD) are in place, and for running projects that changes are recorded and reflected in budget and agreement;
- *Guidelines for program coordinators in Plan N, June 2010*, which provides detailed information on guidelines and requirements for project design, budgeting, GAD, communication with COs, reporting, M&E and project follow-up activities;
- *Guidelines for budget preparation and budget follow-up*;
- *Guidelines for Procurement for Plan N, March 2010*;
- *Rules and guidelines for data security*;
- *Anti-Fraud and Anti-Corruption policy, January 2008*.

According to the GSP 2009 - 2013, Plan will focus on finance system integration e.g. financial reporting and planning systems to reduce the risk of error in data capture, external reporting and management systems, and deliver accurate and auditable financial information throughout Plan, and further to ensure that Plan is compliant with internationally adopted principles and standards to ensure accountability to donors and the public. This is also in compliance with the Global Risk Management Strategy 2007-2010.

The Risk Management Policy as from June 2003 applies to Plan and set out ways in which daily risks (managerial, operational, organisational and financial) of activities should be assessed, monitored, reported and details the responsibilities within the Plan organisational levels. The management of critical risks are monitored on a regular basis by the International Executive Director (IED) and the members of the IMT assigned responsibilities of particular risks. The IED is annually reporting on management of critical risks to the Financial Audit Committee of Plan IH.

The Internal Audit is responsible for reporting annually on the effectiveness of the system of internal control in managing risk and on the effectiveness of the risk management process.

The Anti-Fraud and Anti-Corruption policy is applied by all Plan organisations and its staff and is linked to the organisations Code of Conduct. The policy sets out the responsibilities of managers,

⁹ With a possible exception of the regional project implemented by one of the ROs.

employees and volunteers in the event of fraud and corruption. Throughout the Plan organisation training and awareness are measured that are applied as a mean to ensure that the organisation continues to have high standard of accountability.

The scope of internal control procedures, guidelines and systems within the Plan organization are directly linked to the Programme Accountability and Learning Systems (PALS) in all aspects of project implementation and generally also involves critical functions such as sponsorship communication, finance, monitoring of grants and human resource capacity. This statement is based on meetings with staff involved in internal control procedures. It is the general impression of the Consultant that all four Plan organisational levels have a set of procedures and guidelines and systems for internal control procedures supporting that necessary initiatives are taken to assure sufficient quality of the managerial, financial and operational performance.

On request, the Consultant was provided with examples of recent internal control reports on some Plan Z partners and one of the PUs. Irregularities are reported on in detail and remedial actions are recommended for follow up. The Consultant did not review how Plan IH's guidelines and procedures on corruption and mismanagement are implemented in practice but the local control procedures as they are applied by Plan Z seem to be relevant and transparent.

2.3 Results management

Plan systems for planning, monitoring and evaluation

Managing for results involves the formulation of goals, systems to monitor projects and collect information on results from development interventions. Result management, incorporating risk management, is important in tracking performance, documenting the achievement of results and demonstrating accountability and to promote organizational learning on how and when the organization succeeds in achieving results and how and when changes should be made in the systems. Program design, reporting systems with indicators of relevance for both end-user and donors, and procedures and communication lines throughout the organization determine the quality of reports to donors and stakeholders.

In May 2009 Plan IH issued an updated system for planning, monitoring and evaluation at the program country level, the PALS. This refers to the Program Framework (PF) of Plan, entitled "Promoting Child Rights to end Child Poverty". At the global level the PF describes the Child Centred Community Development (CCCD) approach with which Plan strives to achieve a common understanding and consistent application of throughout the organization. This is complemented with a Program Effectiveness Framework (PEF) that identifies how and against which criteria program effectiveness shall be assessed at different levels of the Plan organization. At the program country level, PALS provides links to both the PF and the PEF. M&E data at the various levels are used as inputs to the global assessment of program effectiveness; the first report was recently produced for the 3 year period of 2007 - 09¹⁰.

Given the relative complexity of CCCD, Plan IH has a challenge developing a simple and practical assessment/ monitoring tool with indicators that can be used at different levels across the organisation. A clear distinction had to be made between measuring CCCD in programs and measuring CCCD in the organisation. As such, the CCCD assessment tool does not assess outcome and impact indicators; the mechanisms to assess effectiveness, e.g. outcome and impact are defined in the PEF and the PALS.

¹⁰ Plan I: Global Program Effectiveness Report 2007-09.

Program planning process

The key actor in the Plan program planning process is the CO. The CO develops the country strategy for key thematic areas that shall be based on guidelines of PALS - an example is the recent Plan Zambia Country Strategic Plan (CSP) FYs11-15 (draft June 2010). Project/program documents are prepared locally in draft by the PU, finalised by the CO and sent to Plan IH for QA and eventual approval¹¹. The document may be sent back for new rounds with the CO. In case grant funds are involved, the planning process also involves the relevant NO. Plan N is involved directly with the respective COs in planning of Norad financed programs, hereunder in organizing planning seminars with the PUs (reportedly from 2 to 9 in each of the 9 countries with Norad financed programs), and the Plan N strategy and relevant Norad guidelines are reflected in this planning processes.

Measurable indicators shall according to guidelines be defined during the planning process, not only common indicators but also in cases indicators relevant for local conditions. Plan Z admits that risk assessments, sustainability and clear definition of exit strategies have not been adequately incorporated in the planning processes so far. The new CSP for Plan Z represents some improvements in this regard as it incorporates phase in/out timelines (but not necessarily exit strategies); whilst risk assessments and sustainability assessments are elaborated on in the project operational documents.

Plan strategy documents

There are a great number of strategic and guiding documents for the actors to relate to in the project cycle, and although Plan IH claims that the processes in which the key documents are developed are participatory with involvement from all appropriate levels, there are risks that vital information may be lost in this rather complex system. An example to illustrate this; at the global level Plan IH has developed the Global Strategic Plan (GSP) FY10-14 (5 years) and the present strategy for Plan N is for the FY11-15, following the previous document that covered FY08-10 (3 years). The valid advocacy strategy for Plan N is for FY10-13 (4 years). The Plan N strategy FY11-15 could draw on the GSP FY10-14 strategy and there are relevant references to the GSP in the document. On the other hand the Plan N strategy presents itself much as a strategy for Plan N's work in Norway (the document is in Norwegian). The considerations on reforming the existing organisational relationships to concentrate more on authentic partnership models have not yet been manifested in the strategy documents (see section 1.3).

The overarching vision, mission and strategic priorities and directions are expressed in a similar language on all levels of the Plan organization but in the view of the Consultant the relationships and linkages between various Plan organizational levels in the strategy development processes are more difficult to comprehend when the functions of the respective COs also are considered. The Plan Z CSP FY11-15 for instance states that it shall be consistent with the CCCD approach but makes no specific mentioning of the GSP FY10-14¹². Apart from the similar language in the overall strategic formulations it is difficult to detect any direct linkage between the strategic documents of Plan N and the one of Plan Z for example, although Plan Z is presently implementing three programs funded by Norad through Plan N.

Result management challenges

The formulation of clear objectives, definition of results and consistent reporting on defined indicators is important for good result management. In the attachment to the 2008-10 agreement Plan N described the 15 projects (programs) with program goals, target groups and planned results. Target groups are fairly accurately defined but clarity of the definition of goals varies from one project to the other, some goals are more generally formulated and defined by the means to

¹¹ See also description of the IMT functions in section 2.2.1 - Global risk management.

¹² The Consultant has not checked whether the CSP in fact makes use of the GSP document without specifically referring to it.

achieve results rather than achievements as such. The same applies to planned results of which some are not based on measurable and clearly defined indicators which in turn will make result monitoring and reporting near to impossible.

Comparing the Plan N results report for 2009 to Norad with the project descriptions referred to above discloses some lack of consistency between planned results and actual achievements reported. An example from the Zambia program may illustrate this. A specific number of households to benefit from direct access to potable water supply, sanitation and hygiene training is indicated but the report gives no indication of the number of households actually benefiting from the program, only input and some other output indicators are reported on. Plan Z claims that a reason for this inconsistency may be the large number of reports the PUs and CO are required to produce.

According to Plan IH the CCCD assessment tool has been created to determine the level of understanding of each of the key CCCD elements among Plan staff, partners and stakeholders, and the degree to which this understanding is being integrated into the Plan country programming processes. Plan IH planned to apply the tool in ten program countries across four regions over FY11. To what degree application of the new assessment tool at the program country level will require modifications in the PPM described below is not yet clear.

At the Plan Z CO the computer based PPM has been in use by all program managers (at CO level) and coordinators (at PU level) since 2003. The present PPM structure is based on the updated PALS, it has enhanced features compared to the previous one, it is flexible and a number of reports may be extracted at various levels. Over the years the PPM was developed to include input and output monitoring features. The CO admits that the M&E system in use before introduction of the updated PALS was relatively weak. However, it will take time before all elements of PALS that are relevant for operations of the CO and its PUs are fully operational in the PPM and in use by all involved staff. Although otherwise claimed by Plan Z, the Consultant was not shown that the input and output monitoring features of the PPM also capture what the Consultant would term as outcome indicators.

Plan Z admits that result management still is a challenge, as expressed in a chapter in the CSP FY11-15 on critical lessons learned from the previous period. Although information on program results are obtained through regular reporting procedures and program evaluations carried out by locally and internationally engaged consultants Plan Z still has a way to go on result management. The challenge is, as the Consultant sees it, to systemize results monitoring on measurable indicators clearly defined in the planning documents. As stated other places, there is no lack of progress-, completion-, review- and evaluation reports; the issue is that there is a clear need to improve (and possibly simplify) the system on tracking results according to stated objectives, expected outcomes and planned outputs, both on qualitative as well as quantitative indicators in the regular Plan systematic reports.

Plan Z has recently engaged a QE Manager in a new position. She is presently working on updating the M&E (e.g. QE) system for Plan Z that is being based on existing systems and on the updated PALS and that also will incorporate QA of processes. The intention is that the system shall generate and manage information, measure results and be accountable to donors, partners and beneficiaries, and be used for learning purposes. The QE system shall start at PU level with source data points and presently the QE manager is in the process of defining key outcome and impact indicators for the programs based on rights in reference to the mechanisms to assess effectiveness, impact and outcome that are defined in the PEF and the PALS¹³. The new set of indicators shall be based on the key questions in the CSP that shall also measure results of learning processes. The

¹³ An important part of PALS is the Monitoring, Evaluation and Research Framework.

system shall, according to the QE manager, define how to manage results in a results chain, e.g. results management.

Mentioned in this regard should also be an important issue regarding donors' reporting requirements. Various donors have more as a rule, specific requirements for planning, monitoring and reporting. As a consequence Plan staffs at most levels are doing a lot of reporting attempting to meet these various and sometime contradicting requirements that may not comply with the Plan ordinary reporting procedures. This is a fact of life that requires more complex monitoring systems than actually necessary, competence, capacity and other resources. Obviously, Plan offices at all levels would appreciate better coordination between donors on monitoring and reporting requirements, leading to a general acceptance by donors of the regular Plan report formats. According to Plan IH, Finland is a good example to be copied in this regard.

The approach on rights based development also represents a challenge when it comes to result management, how to monitor a program's influence on changes on different levels in the society. The annual participatory program review (APPR) meetings in communities organised by Plan Z PU staff may represent very good opportunities for monitoring of results related to effectiveness on children's situation. According to Plan Z these meetings are more dynamic than other more institutionalized monitoring groups. The reports produced by Plan Z staff from the monitoring meetings refer very direct comments and open responses from community members on the changes imposed by the programs, and on deficiencies and challenges. The monitoring groups in Zambia are linked to the respective Area Development Committees (ADC) and District Development Coordination Committees (DDCC), and this is important in a sustainability perspective.

2.4 The Plan Concept of Sponsorship

The Consultant is asked to make an assessment of the Plan sponsorship concept and its comparative advantages in relation to other concepts in operation, including also Plan N's comparative advantages in relation to other Norwegian organizations. The Consultant did not, however, have the opportunity to study other organizations' sponsorship concepts in any detail and cannot offer any conclusions apart from views on how the present Plan concept functions in relation to the Plan development cooperation strategy and what is generally perceived as the direct sponsorship concept¹⁴.

A great number of NGOs, both in Norway and internationally have found that the child sponsorship concept has a number of advantages for raising funds from the general public. It represents a more steady and predictable source of income than ad hoc fund raising campaigns and people tend to be more interested in donations in a system where the recipient not only is identified but also where direct contact may be established between sponsor and recipient. The sponsorship model also creates a direct communication channel between the organization and a broadly based great number of sponsor families (in the case of Plan N, close to 120,000). The direct sponsorship concept, however, has some disadvantages, such as imbalances created between the sponsored child with its family and other non-sponsored children/families in the community that would create jealousy. This imbalance would at times be exaggerated by the sponsor also offering personal gifts to the child.

Plan I has revised its sponsorship concept during the 1980's in a way that it would strengthen the link between sponsorship and development aid. Individual children are still identified for personal monthly donations of NOK 240/month (Norway) but the donated funds are channelled to development programs for the community of the identified child who act as an ambassador of

¹⁴ All major organizations now apply versions of the same sponsorship concept as Plan, the Consultant was informed that only a few smaller organizations still apply the direct sponsorship concept.

his/her community up to the age 18. This concept does not reduce the opportunity to maintain direct contact, but (as from 2009) individual gifts are not allowed. As a means for cultural exchange, the child is encouraged to reply to letters from the sponsor, and visits to the community by the sponsor may be organized by the respective CO and PU¹⁵. Area/community based information sheets are produced with the child identified. The sponsors are informed on how the concept works and, according to Plan N, their sponsors are in general in full support of the concept.

As one of the largest sponsorship organizations (possibly World Vision is larger) Plan sees the challenge in the fact that there are several sponsor concepts around, but Plan maintains that ethically its concept is the best. A decision by the Board of Plan IH sets the maximum limit for the use of sponsor funds for administration at 20 percent. It is not clear what may be defined as non administrative costs and the Consultant has not come across any clear definition of this, for instance to what degree salaries of program personnel shall be accounted for as administrative costs. The Plan sponsor concept therefore has an apparent risk that COs gradually may allocate larger parts of the budget on program staff and operational expenses at the CO and PUs and thereby reducing the relative part of direct financial contributions to the supported communities. On the other hand, this trend may be in line with the Plan strategy of development cooperation, that is to strengthen its right based approach to development work on the cost of the needs based service delivery approach.

To ensure that this development in fact will be effective in relation to stated objectives would among other things, require good management discipline and an easily monitored cost centre system, hereunder a requirement for the staff to fill in daily timesheets. The Consultant observed that this is not in place at the Plan Z CO and its PUs. It is therefore difficult to monitor for instance cost efficiency at program, project or community levels. However, Plan maintains that with their sponsorship concept the qualitative reporting on the sponsorship program in relation to children's rights has improved.

¹⁵ Direct contact outside the Plan network is not allowed.

3 Conclusions and Recommendations

Following the findings and assessments in Chapter 2, this chapter summarizes the conclusions drawn by the Consultant on the four key issues of the review. The Consultant has found it appropriate to formulate the conclusions and recommendations in accordance with Plan's (i) strategic approach, (ii) organizational and management implications and (iii) operational aspects. Recommendations are directly linked to the specific conclusions under each heading.

3.1 Strategic approach

Plan N strategic base. Although having a firm strategic base on pursuing children's rights on all levels of society, the strategy development of Plan N has also been influenced by the Norwegian policy on development cooperation and related strategies and guidelines of Norad. Plan N has been influential in the process of developing the Plan strategy from a needs to a rights based approach and in developing methods for working with civil society, and it represents added value for Plan I. An example is the Plan N expert on children's rights working at the Plan Geneva office.

Plan I is constantly improving the global systems for strategy development and program planning, management, monitoring and reporting and Plan N is as part of Plan I taking active part in these improvements. As concluded in section 3.2 regarding organization and management, Plan N has optimized and strengthened its organisational structure in line with its operational requirements, including adjustment of competence requirements, higher level of financial management competence and improved financial functions. On this basis the Consultant feel that Plan N would be able to manage larger grant funds than the present level.

Recommendation 1: In connection with the request from Plan N for a new grant agreement with Norad from 2011, there should be a dialog between the parties on the scope and eventual conditions for gradually increasing the annual allocations of the Norad grant.

Relationships between Plan organizational levels and partnerships. Plan has in general a functional structure for relationships between Plan IH, the NOs, ROs and the COs related to planning, budgeting, financial management, monitoring and reporting. The financial relationship between the various levels of the Plan organisation shows that various systems are well integrated to ensure proper management of funds. There is a high level of transparency, clarity and accountability of the financial systems, guidelines and procedures that are used for transfer and tracking of funds, exchange risk management as well as for the global risk management at program countries level.

The Framework for Partnerships that has been in place since 2003 is part of the cooperation principles of the Plan organisation to achieve its mission to work through communities and with local organisations, government bodies, NGOs and others. The present partnerships framework is flexible and a Plan CO may diversify how its relationship is organized from one local partner to the other in order to perform several roles in the same country, serving both the respective RO, Plan IH and more than one NO. Although the CO do not share this view, in the case of Zambia the Consultant observed that the CO/PU is still much in the "driving seat" of the programs. Ownership to development interventions is thus not sufficiently clear, which may compromise impact and sustainability of the interventions. The present consideration of developing authentic partnership models may improve this situation.

Recommendation 2: It is important in the processes of development interventions that the ownerships of the interventions are clearly and explicitly put on the program countries' own institutions, being government authorities or civil society institutions. Plan N should ensure that

this issue is given priority in the planning and review processes of programs/projects with Norad grant financing.

Result management. The formulation of clear objectives, definition of results and consistent reporting on defined indicators is important for good result management. Risk assessments, sustainability and clear definition of exit strategies have not been adequately incorporated in the planning processes so far and result management is still a challenge at the CO level. That is to systemize results monitoring on measurable indicators clearly defined in the planning documents; there is a clear need to improve (and possibly simplify) the system on tracking results according to stated objectives, expected outcomes and planned outputs, both on qualitative as well as quantitative indicators in the regular Plan systematic reports.

A complicating element in developing the QE system is that various donors have specific requirements for planning, monitoring and reporting. This requires more complex monitoring systems than is actually necessary. Better coordination between donors on monitoring and reporting requirements, leading to a general acceptance by donors of the regular Plan report formats would be the better solution to this.

Recommendation 3: In program countries where Norad grant financed programs are implemented, Plan N should be involved in development of updated QE systems to ensure that proper result management procedures are built into the systems, and that Plan program staff and relevant partner staff are being adequately trained.

3.2 Organizational and management implications

Organizational strengthening and financial management. The organizational changes of Plan N in 2008 that involved the top management and the heads of Departments of Program and Administration and Finance has optimized and strengthened the Plan N's organisational structure in line with its operational requirements. This has among other things led to adjustment of competence requirements throughout the organization, higher level of financial management competence and improved program planning and financial functions.

The financial management procedures of Plan N are integrated in the Plan IH structures and systems. This applies to budgeting, the GAD and GTS procedures, accounting, risk management and internal control. The internal Plan N procedures for budgeting have been strengthened in recent years to comply with Plan IH guidelines.

Plan IH has an appropriate risk management system in place. The experience from the Plan IMT review missions show that fraud is rarely happening and that awareness campaigns about fraud and its implications tends to have had a very positive effect at project level. The internal control procedures, guidelines and systems within the Plan organization are directly linked to the PALS in all aspects of project implementation. It is the general impression of the Consultant that all four Plan organisational levels have sets of procedures and guidelines and systems for internal control to assure sufficient quality of the managerial, financial and operational performance. An example from Zambia shows that the local financial control procedures as they are applied by the CO seem to be relevant and transparent.

Sponsorships. The Plan sponsorship concept closes the gap between the conventional child sponsorship concept and development aid, and as such Plan maintains that ethically its concept is the best. The Plan sponsorship concept has an apparent risk that COs gradually may allocate larger parts of the budget on program staff and operational expenses and thereby reducing the relative part of direct financial contributions to the supported communities. Although this trend may be in line with the Plan strategy of development cooperation, that is to strengthen its right based

approach to development work on the cost of the needs based service delivery approach, the risk is still evident.

Avoiding this risk would require good management discipline and an easily monitored cost centre system, hereunder a requirement for the staff to fill in daily timesheets, that presently is not in place in Plan (as observed by the Consultant in Zambia). Recommendation 4 under Operational aspects below is also relevant in this connection.

3.3 Operational aspects

Financial audit and cost-efficiency. Statements from the Plan N auditor for the calendar years 2008 and 2009 (of the grant agreement 2008 - 10) and the accounts of FY08 and FY09 indicate that Plan N has utilised the grant funds as agreed between Plan N and Norad. Internal control procedures within Plan N are satisfactory to ensure accurate financial reporting and administration of grants and the level of 8 % used for administration costs is maintained for Plan N. The auditor has not found it necessary to make use of paragraph 7.4 of the grant agreement to extend the audit to any of the program countries where Norad grant funds are allocated, as the external audits made by a local certified auditors (here Zambia as a case) are found to be satisfactory.

Relevant local auditors reports are made available for the Plan N auditor together with relevant extracts from the GTS (and GL), budget balance statements prepared by Plan N and the relevant grant approval letter from Norad. This system should in principle be adequate for auditing purposes. The Consultant, however, found it difficult to establish how indirect costs were accounted for on the Norad funded projects and the Consultant feels that there could be a case for the Plan N auditor to verify that this is done correctly.

Taking into account the complexity of measuring the cost-efficiency of Plan N activities, the Consultant finds the expense level reasonable also considering the importance of continuous fundraising effort and proper management and administration of funds.

Transparency of expenditures on the three Norad funded projects in Zambia was found to be problematic as indirect costs are not easily traceable in the PPM accounts, thereby making cost-efficiency analysis difficult. How the indirect costs are determined and how they are divided between individual projects, hereunder the three Norad financed GADs was not disclosed to the Consultant during the field visit to Zambia.

For example it is difficult to assess direct involvement of staff in implementation of projects as staff timesheets are not used by Plan COs. If reporting for better cost centre analysis is required, sufficient facilities needs to be developed in the Plan financial systems that can provide proper information on detailed cost centres, including introduction of activity time sheets for program staff.

Recommendation 4: If reporting for better cost centre analysis is required, in particular at program country level, sufficient facilities should be developed in the CO financial systems in order to provide proper information on detailed cost centres, including introduction of activity time sheets for Plan staff associated with the implementation of project activities.

Relationships. The Plan concept of having one CO only in each program country representing also the NOs with bilateral grant funding of programs has in some cases weakened communication lines with national embassies and other donor representations. In program countries with Norad grant funded programs Plan N may actively facilitate that open lines of communication are maintained with the respective RNE in light of the Plan CO also being the extended arm of Plan N.

Appendices

Appendix 1: Terms of Reference

Appendix 2: Zambia country case report

Appendix 3: Consultant's Work Program

Appendix 4: List of institutions and persons met

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Appendix 1

TERMS OF REFERENCE – ORGANISATIONAL PERFORMANCE REVIEW OF PLAN Norway

Date: Mai 2010

1. Background

Organisational reviews of non governmental organisations (NGOs) receiving, or being considered for long term support from Norad's support scheme are performed on a regular basis. The reviews are part of Norad's quality assurance of its cooperation with NGOs and form part of the basis for Norad's decisions on future cooperation with the respective NGO. Norad is considering entering into a new agreement with Plan Norway from 2011. The first review of Plan Norway was done in 2003, before the system for regular organisational reviews was in place.

The organisation (hereinafter Plan N)

Plan International was founded in 1937 in England as a response to children suffering as a result of the Spanish civil war. Plan Norway was established as a Norwegian foundation in 1996 and received Norad's support for the first time in 1999 on a project basis. The 2003 review recommended that a program agreement be entered into. A program level cooperation agreement 2005-2007 was signed in 2005. In 2008 a new three year's agreement was signed for the period 2008-2010.

Plan International is primarily a long term development cooperation organisation, working in 48 developing countries and with children as its primary focus. Plan N's present strategy puts particular emphasis on the girl child. The following three programme themes are the core of Plan N's work.

- ❖ child survival and development
- ❖ child protection
- ❖ child participation in the private and public spheres

Children's rights to survival, protection and participation are also the framework for the Plan N – Norad cooperation programme.

With more than 120.000 regular sponsors (faddere) in Norway, Plan N has a substantial Norwegian popular support. The cooperation with Norad today includes the following countries; see Annex No 1. Actual amounts equal two years' disbursements from Norad. Annual amount in the agreement is NOK 35 mill.

2. Purpose of the review

The purpose of the review is to assess to what extent Plan N is capable of achieving results in accordance with the agreed goals, in line with the guidelines for the grant scheme and in conformity with general Norwegian policy and guiding principles for development cooperation.

The review shall assess Plan N's professional and technical, organisational, management, financial and administrative qualifications for achieving planned results in a cost effective way, in collaboration with its partners. Cost effectiveness, transparency in distribution of funds and cost-efficiency will be assessed. The review shall draw conclusions regarding Plan N's suitability and ability to deliver desired results, and shall present recommendations for follow-up action toward/by Plan N.

3. Scope of the review.

The review shall describe and analyse Plan N's qualifications/ability to deliver in accordance with agreed goals, including – but not limited to – the following:

Plan N's objectives, mandate, development assistance strategy and its response to Norwegian aid policy priorities, hereunder:

Value base

Value added, as compared to Plan International

Plan N's influence on Plan International's policy and priorities

Thematic and geographical priority areas

Context understanding and sensitivity

Work methods and added value (comparative advantages)

Plan N's organisational structure, hereunder:

Type of organisation/governing bodies/management.

Decision-making lines/internal communication

Fund raising systems and communication with sponsors

Collaboration with other donors/stakeholders

Budget

Plan N's partnership work, hereunder:

Strategy for choosing partners

Distribution of roles/relationships/ type of agreement/ownership in the South

Transparency throughout the partnership

Competence and capacity development in the South

Sustainability and exit strategies

Network-building

Plan N's administrative/management capacity, including financial management, hereunder i.a.:

Planning capacity and risk assessments and management

Quality assurance and control systems

Personnel resources

Clarity and transparency of financial management systems

Systems for disclosing and reporting corruption and financial irregularity (within own organisation and partner organisations)

Oversight/monitoring of money flows

Plan N's professional and technical capacity and knowledge management, including systems for management of:

Thematic, geographical and organizational knowledge

Plan N's distribution of financial resources in North and South, hereunder:

Overview of Plan N's total financial operation.

Plan N's financial relationship to Plan International

Wages/fixed costs in relation to programme/project costs

Breakdown of budget by activities/partners in the South and by activities in Norway

Plan N's results management.

Achievement of results as shown by past performance

System for monitoring results/end-user relevance (including indicators and sources used)

System for results assessment and reporting

System for learning and change implementation (including in connection with risk management)

Plan N's relationship to Plan International on results management

4. Coordination with other stakeholders.

Ability and willingness to coordinate activities with other stakeholders at country level as well as at international level

Ability and willingness to ensure effective task-sharing with other stakeholders

Relationship with national/local authorities

5. Implementation.

The following methods and sources of information will be used in the review:

Document studies with particular emphasis on (*specify key policy/reference documents, relevant reports, evaluations, including*):

- *The organisation's cooperation agreement and contract with Norad, its policy and strategy for aid work, reviews/evaluations, annual reports, website and applications, as well as research-based literature aimed in particular at the areas within which the organisation works, and documents with reference to 'best practices'*
- *Applicable guidelines for grants to civil society*
- *White paper no 35 (2003-2004)*
- *The grant letters for the years 2008-2010*
- *Norad's strategy towards 2010*
- *Other relevant documents*

Interviews with Plan N's management and staff and if *relevant, Norad and/or other persons/organisations.*

Field visit to London and to Zambia including interviews with partners and relevant authorities *and, if relevant, peers.* Field visits shall conclude with a debriefing of the partner organisation(s), and of Norwegian embassy in Lusaka.

Composition of team:

The review will be carried out by a team of two consultants. Team leader shall have comprehensive experience from relevant evaluations or reviews. The Team shall in particular have competence in the field of non government organisations and civil society and shall cover issues within financial management; hereunder accounting and audit matters.

Timetable:

The review shall take place in the period May - June. A more detailed timeline and travel schedule for visit to Plan International Headquarter in London and field visit to Zambia will be decided as soon as possible, in consultations between Plan Norge, Norad and the Review Team.

6. Reporting

Norad will arrange an inception meeting with the review team to clarify questions related to the assignment description.

After completion of document studies, data collection and interviews in Norway, the team will submit a short inception report containing a brief overview of preliminary findings, along with a plan and focus points for field visits.

A draft report shall be submitted to Norad and Plan N for comments within 10 days after the field visit has been completed.

The final report shall be submitted to Norad and Plan N within 5 days after receipt of Norad's comments to the draft. It shall be written in English (word format) and not exceed approximately 20 pages, including a summary of approximately 3 pages. Submission shall be in electronic format.

The report may be presented by the team leader to a stakeholder's audience in Norway.

Annex 1: Plan N's Norad supported three years' program 2008-2010

Agr. no	Country	Title	Planned amount 2008-2010	Disbursed amount 2008- 2009
GLO-07/385-1	MWI	Maternal and Child Health	9 515 090	6 000 000
GLO-07/385-2	UGA	Water Supply and Hygiene, Tororo and Kamuli	12 686 790	8 000 000
GLO-07/385-3	ETH	Child survival and development, Water Supply and Sanitation Project	9 000 000	6 000 000
GLO-07/385-4	ETH	HIV/AIDS Prevention, Care and Support in Addis Ababa	6 000 000	4 000 000
GLO-07/385-5	NPL	Inclusion of Dalits and differently abled children in development	10 627 692	6 000 000
GLO-07/385-6	NPL	Central Child Welfare Board (CCWB) Institutional Strengthening	5 147 422	3 000 000
GLO-07/385-7	SRV	Capacity Building of Civil Society	8 744 630	5 000 000
GLO-07/385-8	NIC	Strengthening Children's Rights on the Local Level	6 694 904	4 000 000
GLO-07/385-9	KHM	Advocacy for Mainstreaming the UN CRC in educational system.	4 100 000	1 600 000
GLO-07/385-10	KHM	Water and sanitation for children's health	5 800 000	5 000 000
GLO-07/385-11	ZAM	Child survival and development, Water Supply and Sanitation Project	17 444 341	11 000 000
GLO-07/385-12	MWI	Child rights gender and community empowerment	6 000 000	4 000 000
GLO-07/385-13	NPL	Universal Birth Registration	2 220 191	1 400 000
GLO-07/385-14	KEN	Eradication for violence against the girl child.	6 000 000	4 000 000
GLO-07/385-15	SAF	Advocacy and pending for ACPF	2 368 092	1 000 000

Appendix 2

Zambia Country Case Report

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1. The Plan program portfolio supported by Norad in Zambia
 - 1.1 Early Childhood Care and Development (ECCD) and Adolescent Reproductive Health
 - 1.2 Enterprise Development and Water & Sanitation
 - 1.3 Advocacy and Child Protection
2. Partnerships and coordination

Note:

In this appendix the Consultant presents summaries of its observations during the field visit to Zambia. These observations mainly reflect interviews with representatives of the Plan CO, partners, Government of the Republic of Zambia (GRZ) officials and visited institutions and beneficiaries with some references to available documents. The Zambia country case report does not include any assessments, analysis or conclusions by the Consultant. These are (where relevant) found in the main report.

The Plan Z CO is operating as an INGO under an agreement with the Ministry of Community Development from 1995 that allows Plan to operate in the whole country.

The projects supported by Norad in Zambia represent three out of five components of the global Child Survival and Development Framework (CSDF) that are implemented in the country in reference to the Strategic plan 2004 - 10 for Plan Zambia. The name of the program framework is being replaced by the term Child Centred Community Development (CCCD) in the Plan I GSP FY10-14, which is also reflected in the Plan Z Country Strategic Plan (CSP) FY11-15.

1. The Plan program portfolio supported by Norad in Zambia

The Plan Country Office (CO) in Zambia is utilizing the Norad support in three of the five global components of the CSDF: (i) Early Childhood Care and Development (ECCD) and Adolescent Reproductive Health, (ii) Enterprise Development and Water & Sanitation, and (iii) Advocacy and Child Protection. With regard to the Plan Program and Project Module (PPM)/ financial management systems, the three components are referred to as Grant Agreement Document (GAD) 60, 61 and 62 respectively.

As a matter of strategy, Plan is concentrating development support on limited geographical areas in order to make an impact in the operational communities. Plan Zambia implements the CSDF (e.g. CCCD) in four districts (of a total of 72 districts in the country) in 3 of the country's 9 provinces, e.g. Mazabuka, Chadiza, Mansa and Chibombo. Plan Program Unit (PU) with staff representing the programs, is set up in each of the districts (for Chibombo the office is in the neighbouring district, in the town of Kabwe). The Consultant visited Chibombo during the stay in Zambia. The program in Mazabuka was being phased out (after 13 years of operations) during the stay of the Consultant and the Plan staffs of the PU were being laid off. No new district had yet been identified for Plan programs. The phasing out process in Mazabuka is being documented for learning purposes, but the process is not following any explicit exit strategies in the programs.

Plan Z is considering expanding from community based development interventions to a district framework for implementation of its programs, as outlined in the CSP FY11-15. According to Plan Z

there is a need to strengthen civil society in Zambia. Support of the sovereign grass root level society is the essence of good governance.

1.1 Early Childhood Care and Development (ECCD), Adolescent Reproductive Health¹⁶

The ECCD. The field visit concentrated on the ECCD project aiming at children of 0-5 (below 6) years of age. Plan started a mother/child care and sanitation program in 2003. The purpose of the present ECCD that started in 2005 is to activate children to play at an early age through construction of play centres and establishment and operation (with village volunteers) of pre-schools. So far the ECCD has been rolled out into 50 communities. Norad came on board with support from 2008. A manual for ECCD was developed together with Save the Children, and this is now being reprinted with support from the World Bank. The manual covers the gap in the child's transition from mother care through pre-school centres, with a playground and further preparation for school enrolment.

Apart from construction materials and some equipment for the playgrounds, the program is low cost. It is based on engagement of volunteers in the community that are being trained by Plan, but supported by the communities themselves in various ways. Primary school teachers are also trained on how to meet the "new" more active pre-school children on enrolment in 1st grade. The program is monitored in each community through a parents' management committee who are trained in the concept. The program is linked to the food security program, e.g. the Community Based Growth Monitoring and Promotion Program (CBGMP), described below.

There is presently no legal backing for pre-schooling or any other social or educational support for this age group in Zambia. Some NGOs, including Plan, supported drafting an amendment to the Education Law and the Bill was passed by Parliament in 2009. However, no statutory instrument has yet been prepared for implementation of the Bill. The Education Law is under the mandate of the Ministry of Education, but the amendment Bill is reported still to be with the Cabinet office.

The Consultant did not get a clear picture of whether the Ministry of Education presently regards itself as having the mandate of 0-5 year child group. The ECCD is implemented under the auspices of the District Education Board Secretariat (DEBS) under the central Ministry of Education and the DEBS representative assured the Consultant that it has the formal mandate for the pre-schools supported by Plan. The DEBS in Chibombo has cooperated with Plan since it started with investment support to new classrooms. According to DEBS Plan has done very well, in general there is higher standard at the Plan supported schools than others.

The program supported by Plan is jointly planned and Plan is involved in development of the curricula for pre-schools. DEBS cooperates also with other partners in the district; all actors' plans are being harmonized under the District Council plan under the District Development Coordination Committee (DDCC) where all key development actors in the district are represented. There is joint monitoring of achievements and annual reports prepared by DEBS that show outputs of programs, however, there is no exit strategies in the programs.

Community Based Growth Monitoring and Promotion Program. Implementation of the sub-component CBGMP is coordinated under the umbrella of the National Food and Nutrition Commission (NFNC). NFNC was established by act of Parliament as a semi-autonomous institution under Ministry of Health (MOH). It receives grants from GRZ and a number of partners, hereunder Unicef, USAID and WHO, and collaborates with others like Plan, World Vision and Concern.

¹⁶ In defining key development challenges facing children Plan divides the target group in three: (i) Infant and early childhood 0-5 years, (ii) Primary development stage 6-14 years, and (iii) Adolescent and youth 15-24 years.

NFNC is not actually present in the districts; it operates through the District Health Management Team (DHMT) and organisations like Plan. Plan operates the CBGMP under the term PD Hearth, which basically consist of training of care givers. In the PD Hearth all mothers need to contribute something, mainly some food they have available. The purpose is to gather mothers to prepare food and feed the children a balanced diet based on their own food resources. Teaching in growing new vegetables is also included. The gathering of mothers and children is assisted by trained volunteers who get support from the mothers, but are not paid from Plan.

The process in a new community starts with an estimate of the number of malnourished children in an area (normally a ward) that is done through random sampling. The trained volunteers (that may be primary school teachers or health workers, provide 2 weeks of intensive training in cooking classes (normally at the pre-school centre supported by Plan), plus monitoring of particularly weak cases for follow up if this is required. The mothers will also learn from each other with the support of volunteers. Each individual child is observed with weighing and observation of its health status. DHMT will follow up this monitoring with eventual logistic support from Plan.

Zambia has become a role model with regard to the CBGMP. However, NFNC see it is a serious challenge how to integrate all various interventions in food and nutrition in the country. Other program concepts in operation in Zambia include: (i) Micronutrient + vitamin A control program, (ii) Child health week, (iii) Infant and child feeding (through MOH), (iv) An YWCA program, (v) An USAID food support program, (vi) Essential Nutrition Action, and possibly others as well. NFNC is presently working on an institutional strategy plan for the whole food and nutrition sector with a "road map" and a process that soon will be in place. This is supported by the World Bank (WB) and according to NFNC all stakeholders operating nutrition programs will have to buy into this road map that eventually will cover the whole country.

The "Nsaka" concept (a nsaka is a central place in the village with a thatched roof for meeting of the traditional leaders and the elderly in the village) was introduced again 5-6 years ago and NFNC hopes to attract donors to use this to initiate awareness raising processes in the villages.

A memorandum of understanding (MOU) was prepared and negotiated between Plan and NFNC more than a year ago. The draft MOU has been made operational as a guideline for the ECCD (including the CBGMP), but the MOU has not yet been signed by the NFNC. In the view of the Consultant, the reason may be that there are no fringe benefits in the Plan concept, whereas some other donors, such as the WB are coming in very heavy on the money side.

Funds allocated from Plan for logistics etc under the various partners, such as the DHMT and DEBS are not transferred through official GRZ channels. Plan pays directly for procurements, fuel and other logistics as agreed upon with the partner. These procedures are endorsed by the Ministry of Finance and National Planning (MoFNP).

Adolescent Reproductive Health. The Consultant did not study the adolescent reproductive health sub-component during the field visit.

1.2 Enterprise Development and Water & Sanitation,

Micro finance. The micro finance program Own Saving for Asset and Wealth Creation (OSAWC) has been implemented by Plan since 2007, based on a training manual for the concept. Basically the program consists of training of Ministry of Agriculture and Cooperative (MACO) staff, also at district level (DACO), training of volunteers for promotion of the establishment of savings groups and of potential members of the groups. Presently there are 204 OSAWC groups in Chibombo with some 3000 members. Norad has supported the OSAWC since 2008. A task force for OSAWC at MACO does monitoring and follow up work.

Volunteers are trained to assist in forming of new groups. They are not paid by Plan but are being remunerated in various ways by the groups. The model stands on that volunteers through the training and by being enumerated by the groups are encouraged to form new groups and work on assisting existing groups when required. Plan provide logistics, transport and lunch allowance for DACO staff. DACO provides extension service assistance and through the OSAWE assist small scale farmers with access to credit for inputs.

The Consultant had the opportunity to Interview four members of 4 different OSAWE groups in Chibombo, of whom 3 of the 4 were women. The group members explained the procedures for saving and borrowing within the group assisted by a volunteer. The group that may be from 10 - 15 members, decides the size of a share (normally from ZKW 10,000/USD 2 per month), the interest rate that may be in the range of 20 - 30 % per month, and the size of loans and repayment time. They normally make up the accounts every 6 or 12 months, and share the profit from the interest, which may be a relatively considerable amount. Members use the loans for agricultural inputs, paying school fees, medicines, buying produce (example fish or tomatoes) for marketing etc. The concept does not require any external assistance except for awareness raising, training and the volunteer assistance (which they remunerate as agreed). No seed money is provided and all financial dealings are done only within the group. All the four members expressed satisfaction with the system and pledged to go on with it as well as promote the system for other people.

Rural water supply. The Plan support to community water supply is part of the rural water supply program under the Ministry of Local Government and Housing (MLGH). A D-Washe representative under the district department of LGH oversees all rural water supply projects in the district to ensure that they are properly registered and are up to standard with the Washe concept developed with Norad and Unicef support in the 90's in Zambia. The process is well tested and it functions well with involvement of traditional leaders and the community both in the location, construction and operation of a borehole with a hand pump. A water committee is elected and trained for each well and a system for contribution of cash for maintenance and repairs is worked out and agreed upon. The D-Washe representative may also check on the water quality; high iron content in the water may represent a problem some places.

The Consultant visited Kapini village in Chibombo district where a new borehole with slab and hand pump was installed some one year ago. The water committee members explained that they were well trained in management, operation and maintenance of the pump, and that they would call the D-Washe representative in case repair would be necessary. They claimed to have some funds for spare parts and that they have written rules for collection of money when needed. In the past women and children had to walk 6 km to fetch water from a well that was neither clean nor good. One of the advantages of having secure water supply nearby was that the women now have more time for other things, like mending the garden and taking care of children.

An annual program is developed for new water wells based on a priority list of requests from local communities in the district. The number of wells that have found funding are then subjected to an open tender procedure among interested drilling companies. The community will normally provide some materials and labour for the construction. The cost of each well is on the average USD 3,000. Construction of wells has been included in the Plan program since 1996 and Norad came in with support to Plan for this from 2008.

Sanitation. Plan has since 2008 instituted a new approach to sanitation. This is community based and works through awareness building of the community in which the sanitation situation is not satisfactorily. The concept requires no external inputs except for awareness raising and training for developing the ownership of the new sanitary systems in the community, and standards for appropriate sanitary installations that are constructed by the households/ community themselves.

The approach is basically to demonstrate for the community how flies move from faeces to food, and thus to make people understand the need for proper sanitation facilities to improve their health standards. Plan claims that with this concept all households in a village will have done something to improve facilities and hygiene practices within a period of 3 months. Plan work closely with environmental health technicians under DHMT in implementing the program and so far this has resulted in virtually no diarrhoea cases, and a considerable reduction in the number of flies in communities where the program has been rolled out.

1.3 Advocacy and Child Protection,

Plan regards advocacy work as important, that is to work on raising awareness for cultural and policy change. The Child Protection and Development sub-component therefore also includes training of traditional leaders and awareness of the need for empowerment of women. Plan is working on expanding the program to school liaison units to teach about crime prevention in schools.

The program is a sub-component of the Advocacy and Child Protection Program and consists of capacity building, advocacy, awareness raising, and work with law enforcement. It is implemented through the Child Protection Unit of the Ministry of Home Affairs (MHA). This was initiated by the previous president with the establishment by an Act of Parliament of a Community Services Directorate (CSD) in the MHA, and a Child Protection Committee (CPC) to be appointed in each district, chaired by Zambia Police. There are four other units under CSD; Victims support unit, Schools liaison unit, Religious counselling (chaplain) unit and Community crime prevention unit.

The priorities of the CSD concern work to prevent social crimes against women and children. The CSD and its units have the necessary mandate to work with communities and NGOs. It also receives support from Unicef, CARE and Danida with the possibility of being joined by WB and EU. 20 police officers are presently undergoing training in Denmark. YMCA and World Vision are other INGOs involved with the CSD.

Plan is instrumental in this process and works with the central unit and committees in operational districts. So far 145 police officers in 3 provinces have been trained; the intention is to cover all 9 provinces. The concept of learning without fear was started by Plan in schools in 2005 under the children's rights program. The child protection and development program is working to reduce violence, abuse and exploitation of children, and to reduce child labour.

The CSD claims that there is good coordination of the work in the Plan operational districts. The CPCs meet 3 times a year with partners to pool resources. Under the MOU between Plan and CSD, CSD reports to Plan with accounts statements every month. Among monitoring indicators are; number of children enrolled at school, number of street children being placed in child centres, number of violence cases reported, and number of child marriages.

2 Partnerships and Coordination

Plan is one of the 4 largest INGOs in Zambia. It collaborates with the others through regular NGO meetings. It also has a seat on the Inter Agency Standing Committee (IASC) headed by UN (for emergency actions, hereunder malnutrition) and in a sector advocacy group for children's rights for coordination and networking in partnerships. Relationships with the GRZ, normally at the level of Permanent Secretaries, is claimed to be good.

Strategies for choosing partners

The Plan global partnership network represents a mixture of type of partners and of implementation concepts. At the outset it may seem that there is no particular strategy for development of partnerships but a Framework for Partnerships has been in place since October 2003 for the Plan IH, NOs and COs. Apparently the partnerships framework is flexible as the Consultant could not detect

any systematic processes being applied in selection and assessment of partners in Zambia. The CO in Zambia is in a continuous dialog with partners and assessment of their capabilities when involved in implementation of projects. One example of this close follow up was a partner that lost some capacity and consequently Plan Z had to interrupt the cooperation as the local NGO was not able to adequately manage the funds, neither in providing project progress documentation.

Through its PUs, the CO works locally with available partners, in particular with the district level departments of central ministries. Plan Z would prefer to enter into MOUs with GRZ (or others as appropriate) at district levels, not with the central ministries, but the government structure in Zambia does not allow for this. Assessment and approval of partners is done by Plan on basis of the principles outlined in the framework. The approval requires that partners follows the Plan's policy on child protection, Plan's Code of Conduct and UNs conventions on human and children's rights.

Collaboration and coordination with other donors/stakeholders

In Zambia Plan collaborates with other NGOs through coordination meetings. Plan claims to be able and willing to coordinate activities with other stakeholders at country level as well as at international level to ensure effective task-sharing with other stakeholders. A joint assistance strategy for Zambia on allowances and per diem has been agreed upon and relevant instructions were issued by Office of the President circular no 7 of 2006 to all GRZ ministries and agencies. However, there are still different approaches in force between INGOs regarding payment for volunteers, and Plan faces some problems recruiting volunteers in the field where other NGOs operates with direct payment for volunteers. Contrary to the Office of the President circular there are also still different practices in force regarding allowances.

The Consultant met with Save the Children' country director in Zambia. Redd Barna (Norway) is merging with Save the Children in Zambia from 2011 in a unification process that has been ongoing since 2006 and that will create only one Save the Children CO in Zambia. Presently this is supported by Sweden, Norway and USA. Plan and Save the Children cooperated in developing the ECCD manual, which now is being reprinted with support from the WB. Although there is a lot of common ground among the two organizations, there are also different approaches for achieving similar results. The Save the Children concept for children's councils in schools is an example (where Plan is promoting school improvement committees). According to Save the Children the Ministry of Education appreciate its concept as the empowerment of pupils and students through the children's councils leads to a reduction of a number of problems and conflict situations in schools. The Children's Ombudsman under the Zambia Human Rights Commission is supported directly by Save the Children; here Plan is a member of the committee.

Save the Children is actively participating in INGO consultative meetings, however, time is always a constraint regarding consultations on common issues among the INGOs. According to the country director this is due to what he termed the "NGO disease" - the requirements from various donors and stakeholders for production of comprehensive narrative reports.

The NGOs in Zambia is concerned about a new bill on NGOs that will give a strong power of control to GRZ. This may lead to possible problems for advocacy NGOs, although the Bill is based on similar laws in other countries. Some major donors keep a close eye on developments, including the RNE, also because the GRZ recently has raised some concern regarding donors' influence on political developments in the country. The President had recently in the media asked donors to pack their bags and leave. Although there are general concerns related to democracy and human rights issues, according to some observers, the INGOs have nothing to fear from the new Bill as it mainly is aiming at curbing the operations of some national "politically troublesome" NGOs.

Appendix 3

Consultant's Work Program

Week	Date	Time	Activity
33	17.08	10:30	Inception meeting at Norad, Department of Civil Society (SIVSA)
			Commence document studies and preparations
	18.08	09:00 13:30	Introductory meeting with Plan N and meetings with senior staff on strategic, organizational and operational issues, hereunder financial management, accounts, and communication
	19.08	09:00 15:00	Meetings with senior staff of Plan N on programs, operations, monitoring, control, reporting, risk management and other issues
	20.08	09:00 11:00	Meeting Plan N senior staff on marketing and the sponsorship program
	20.08		Continue document studies, preparation of IR, planning of visits to Plan I in Woking (UK) and field visit to Zambia
34	23 - 25.08		Continue preparation of IR and document studies, and preparation of outline of the review report
	25.08	14:00	Travel to Woking/London from Oslo/Copenhagen
	26.08	09:00	Meetings with Plan I senior staff (ret to Copenhagen - pmm)
	27.08	19:00	Travel to Lusaka (ard)
	29.08		Travel to Lusaka (pmm)
35	30.08	09:00	Introductory meeting with Plan Country Office (CO), Zambia
		12:30	Introductory meeting with Royal Norwegian Embassy (RNE), Lusaka
			Document studies, preparation for follow up meetings and field visit to program areas
	31.8	09:00	Interviews with Plan Z CO senior staff on management, finance, control, administration and programs
			Meeting with Ministry of Home Affairs/Zambia Police and National Food and Nutrition Commission
	01.09	08:00	Travel to program unit at Chibombo, meeting with program staff, beneficiaries and district authorities
	02.09	09:00	Follow up interviews with Plan Z CO staff
			Meetings with Save the Children (Zambia)
	03.09		Completion of data and document collections
			Wrap up meeting with Plan Z CO and RNE
	04.09		Departure from Zambia
36-37	16.09		Preparation of draft review report
38	22.09		Delivery of draft review report to Norad and Plan N for comments
38-39	04.10		Comments from Norad, Plan N and Plan Z
40-41	08.10		Final review report, delivery to Norad and Plan N
	13.10		Presentation of Final report for Norad and Plan N

ard - Arne Dahlen; pmm - Peter Michael Mallow

Appendix 4

Institutions Consulted and People Met

Institution/Name	Position	Department/Section
Norwegian Agency for Development Cooperation (Norad)		
Ms Wenche Gulnes	Senior Advisor	Civil Society
Mr Erling Eggen	Senior Advisor	"
Ms Vibeke Sørum	Advisor	"
Royal Norwegian Embassy, Lusaka		
Mr Lars Sigurd Valvatne	Councillor	Governance
Plan Norway, Head Office, Oslo		
Ms Helen Bjørnøy	Secretary General	
Mr Kjell Erik Øie	Program Director	Program Department
Ms Marianne Håheim	Director	Adm/Finance Department
Mr Jon Martin Førland	Director	Communications Dep.
Ms Phyllis Horea	Senior Program Officer	Program Department
Ms Anne Grethe Guldbakke	Controller	Adm/Finance Dep.
Ms Tanja Vaage	Director	Marketing Department
Ms Andrine Brakstad	Director	Sponsorship Department
Plan International, Head Office, Woking (UK)		
Mr John Chaloner	Dep. Chief Executive Officer	
Mr Dan Stoner	Head of Global Strategy	
Mr Simon Usher	Head of Global Strategy	(Dan Stoner's successor)
Mr Charles Spence	Head of Finance	
Ms Donna Beldom	Grants Accountant	
Mr Simon Early	Program Effectiveness	
Mr Garry Smith	Global Assurance Manager	
Ms Maria Comerford	Global Risk Manager	
Ms Lynda Taylor	Head of Sponsorship	
Ms Anne-Sophie Lois	Geneva Representative	
Mr Andrew Johnson	Policy & Global Advocacy Director	
Plan Country Office, Lusaka (Zambia)		
Mr Tim Budge	Country Director	
Ms Mwape Mulumbi	Manager	Resource Mobilisation
Mr Stephen Mukumbuta	Manager	Program Operations (PO)
Mr Vincent Kawayya	Internal Controller	Internal Control
Ms Zonobia Banda	Country Accountant	Country Finance
Ms Irene Singogo	Country Program Manager	Health
Mr Samuel Tembo	Country Program Manager	Economic Empowerment
Mr Maric Kangamba	Country Program Manager	Water and Sanitation
Mr Ernest Mwenya	Country Program Manager	Child Protection & Particip.
Mr Joseph Mushalika	Program Manager	Education
Ms Mercy Chabu	Manager	Quality Effectiveness

Plan Program Unit, Chibombo		
Mr Joseph Yowela	Coordinator	Health
Mr Lazarus Mwale	Coordinator	Sponsorship
Mr Christopher Lungu	Coordinator	Community Development
Mr Chikwe Makasa	Coordinator	Economic Empowerment
Mr Jolly Hichimi	Community Dev- Facilitator	Chibombo/Mukalashi
District Authorities and community representatives, Chibombo		
Mr Emmanuel Banda	Public Health Officer	DHMT (MOH)
Mr John Phiri	Clinical Officer	Malombe RHC
Mr George Mpande	Senior Standards Officer	DEBS (MOE)
Ms Mary Hakamoya	Home Economics Teacher	Mukalashi ECCD centre
Mr Isaac Chilinda	Farm Management Officer	DACO (MACO)
Ms Josephine Mawele	Member Tiyeseke OSAWE	Kapini village
Ms Rosemary Mwemba	" Tuchatane OSAWE	Mungailaoye village
Ms Lilian Chikanikise	" Chochve	Kapini village
Mr Francis Chibamba	" Lwendo	Munyanshi village
Mr Justin Mwando	Head of water committee	Kaongo village
Ms Joice Kaongo	Member water committee	"
Ministry of Home Affairs/Zambia Police		
Mr Alfred Nawa	Ass. Commissioner/Director	Community Serv. Directorate
Mr Joseph Shanampota	National Coordinator	Community Safety Unit
Ms Agness Chilembo	National coordinator	Victims Support Unit
Mr Daison Simukonde	National Coordinator	Child Protection Unit
National Food and Nutrition Commission		
Mr Chassim Masi	Executive Director	
Ms Beatrice Kawana	Dep. Executive Director	
Save the Children, Lusaka (Zambia)		
Mr Lars Andersson	Country Representative	Save the Children, Norway

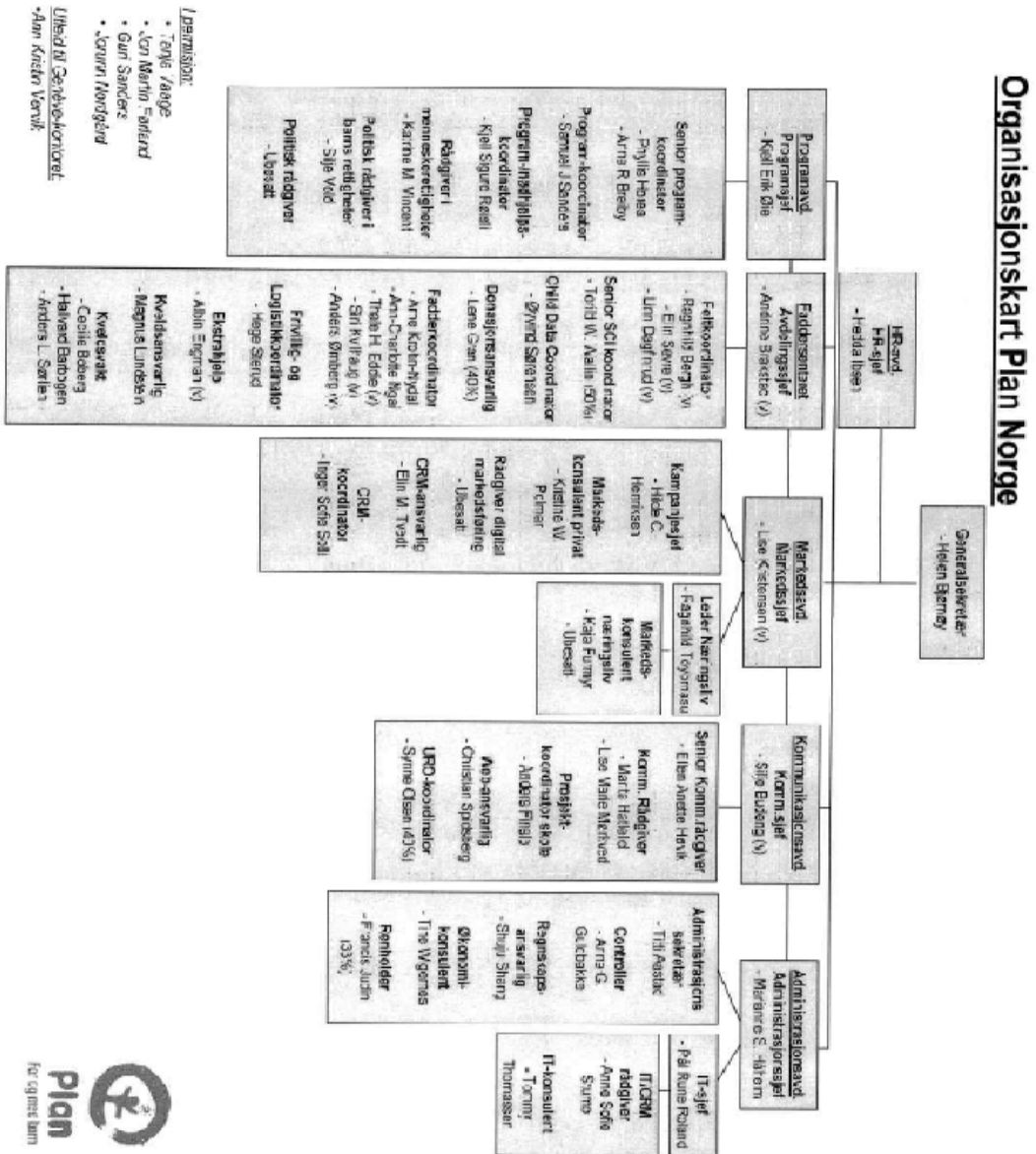
Appendix 5

List of reference documents

- Cooperation Agreement between Norad and Plan Norway 2008-2010 (No GLO-0742).
- Protocol from annual meeting between Norad and Plan Norway 23.02.2009.
- Plan Norway Periodic Results Report for up to and including 2009 to Norad (2008-09), May 2010.
- Plan Norway annual accounts for 2008 and 2009 with auditor's reports to the Board.
- Plan Norway Annual plan for 2010, September 2009, with revised annual plan, March 2010.
- Global Strategic Plan 2009 - 2013 for Plan International.
- Strategy for international policy and advocacy work, via the Plan Geneva office FY 2010-12, January 2010.
- Strategy for Plan Norway July 2010 - June 2015 (in Norwegian), July 2010.
- Activity Plan for Program Department for 2011 (in Norwegian).
- Mandate for Plan Norway (in Norwegian), December 2005, with updated organization chart and mandate for each Plan N Department.
- Code of Conduct, with Whistle Blowing Policy, July 2008, and Anti-fraud and anti-corruption policy of Plan International with guidelines for Plan Norway (in Norwegian), April 2009.
- Budget Instructions FY 11 for Plan Worldwide, January 2010.
- Program Accountability and Learning System (PALS), May 2009 with a number of procedural guidelines and routines, i.a. Draft Checklist for Planning and Monitoring.
- Various internal Plan Norway working documents and memos.
- Plan Zambia Country Strategic Plan FY2011-2015, draft June 2010.
- Plan Zambia Annual progress report to Norad for the year 2009.
- Plan Zambia accounts and other documents.
- Ministry of Foreign Affairs: Felles kamp mot fattigdom – en helhetlig utviklingspolitikk, St.meld.nr. 35 2003-04).
- Ministry of Foreign Affairs: Climate, Conflict and Capital, White paper no 13 (2008-2009), Oslo 13 February 2009.
- Ministry of Foreign Affairs: Nye Roller for Frivillige Organisasjoner i Utviklingssamarbeidet, Utredning fra utvalg (Rattsø-utvalget) oppnevnt av Utenriksdepartementet, levert 15 juni 2006.
- Norad/MFA: Tilskuddsordninger for norske og internasjonale frivillige aktørers humanitære bistands- og utviklingsamarbeid, November 2001.
- Norad/MFA: Development Cooperation Manual, May 2005.
- Norad: Strategy towards 2010, May 2006.
- Norad: Guidelines for organisational reviews of Norwegian NGOs that receive funding from Norad, (latest version April 2009).
- Norad/MFA: Results Management in Norwegian Development Cooperation, a practical guide, December 2008.
- Norad: Principles for Norad's Support to Civil Society in the South, May 2009.

Appendix 6

Organisation of Plan Norway



Appendix 7

Financial Statements

Plan N's annual accounts for 3 years (NOK 1,000)

	2009/2010 *)	2008/2009	2007/2008
Income			
Income from Sponsors	313,843	301,518	281,961
<i>Annual income increase %</i>	4.1%	6.9%	
Number of sponsor families ('000)	120	116	117
Other sources of income			
Private donors (bound)	12,114	15,441	14,621
Private donors (un-bound)	303	816	2,810
Testimonials	1,755		
Appeals		562	1,287
NORAD	35,037	28,410	29,550
Income from sales	903	112	706
Other incomes	131	225	
Total other sources of income	50,242	45,567	48,973
Total sources of income	364,084	347,085	330,934
<i>Annual increase %</i>	4.9%	4.9%	
<i>NORAD share of income</i>	9.6%	8.2%	8.9%
<i>Sponsors' share of income</i>	86.2%	86.9%	85.2%
<i>Others share of income</i>	4.2%	4.9%	5.9%
Expenses			
Salaries	27,582	25,130	21,256
Depreciation	1,887	2,052	2,105
Other expenses	333,687	342,401	309,609
	363,156	369,583	332,970
Net interest income	-267	1,106	2,036
Annual result	661	-21,392	0
Utilisation of resources			
Expenses to raise resources	29,220	19,847	24,144
<i>Exp. to raise resources in % of total income</i>	8.0%	5.7%	7.3%
Expenses supporting the organisational objective			
Financial allocations/expenses to support the objective	283,824	302,659	262,114
Expenses for activities to support the project outputs	23,167	20,326	19,234
	306,991	322,985	281,348
Cost of administration (incl. cost of finance)	27,831	27,959	27,590
<i>Cost of admin. in % of total income</i>	7.6%	8.1%	8.3%
Total utilisation of funds	364,042	370,791	333,082

*) provisional

Expense Structure of Plan N

The utilisation of expenses is divided into Salaries, Depreciation and Other Expenses of which other expenses account for more than 90 % and refers to funds that are transferred to IH for further transfer to CO for implementation of projects in the programme countries.

The utilisation of expenses is provided separately to highlight more details of origin and the activities they relate to - these are highlighted below.

Expenses to raise resources include expenses on various activities that will help raise Plan N's income (advertisement, television campaigns, fees and share of salaries, rent). These accounted for 8% in year 2009/10 as compared to 5.7% in year 2008/09 corresponding to a 30% annual increase. The main reason for this increase was due to extraordinary expenses on a television fundraising show in TV2 Norway in December 2009 which gave additional 6,000 new sponsors to Plan N.

Expenses supporting the organisational objective cover two sub-expense items of which the first is; *Financial allocations/expenses to support the objective*. These are the financial allocations that will be used for project implementation in the programme countries to support the achievement of project objectives. They account for 92% of total expenses supporting the organisational objectives. The second is; *Expenses for activities to support the project outputs* covering activities that are carried out by the Plan N to support the project outputs directly linked to the achievement of project objectives. Those support activities account for 7.5% of total expenses supporting the organisational objectives and include the below mentioned four categories of which 2) & 3) alone account for 69%:

- 1) Spokesman's activities (3%)
- 2) & 3) Information on country programmes in general (28%) and for sponsors (41%), and
- 4) Programme follow-up (17%)

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