

**CIVIL SOCIETY CAPACITY BUILDING PROGRAM  
WEST BANK and GAZA STRIP**

**USAID Cooperative Agreement No. 294-A-00-00-00053-00**

**FINAL REPORT**

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**America's Development Foundation**

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## EXECUTIVE SUMMARY

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America's Development Foundation (ADF) implemented the Civil Society Capacity Building (CSCB) Program in the West Bank and Gaza Strip from February 23, 2000 through July 31, 2002 with support from the United States Agency for International Development (USAID). The CSCB program contributed to USAID's Intermediate Result 3.1 of its strategic plan: *Increased Participation of CSOs in Public Decision-making and Government Oversight*. It focused on the development of financial management capacity and internal democratic governance in a key group of twelve Palestinian civil society organizations.

In the absence of the existence of a state in the traditional sense, Palestinian civil society organizations (CSOs) play a critical role in providing much needed services, and advocating for change in their communities. In order to maximize the CSCB program's impact, ADF focused on developing the capacity of intermediate level organizations working for the general public interest or for the specific interests of the sectors they represented. Intermediate level CSOs were given priority in the CSCB program due to their capacity to aggregate citizen participation and their potential to disseminate improved practices throughout their networks.

The CSCB program was successful in significantly increasing the financial management capacities and internal democratic governance of the Palestinian CSOs participating in the program. Despite the grim operational environment in the West Bank and Gaza, civil society organizations demonstrated their commitment to developing their institutional capacities and to delivering services to their constituencies. Furthermore, several of the CSOs participating in the CSCB program replicated ADF's approach to capacity development with other associations that were members of their network or federation. Experience over the 28-month period of the CSCB program indicates that Palestinian CSOs are, in fact, seriously interested and committed to improving their institutional capacity in the areas of financial management and internal democratic governance. They perceive improvements in these areas as essential for developing into more solid organizations capable of providing for their constituencies amid mounting challenging circumstances.

ADF applied a unique and sophisticated approach in the CSCB's capacity building of civil society organizations that tailored assistance to the individual needs of the organization. The development of Knowledge, Attitude and Practice of new behavior (KAP) were the three components of the methodology the CSCB team used for increasing organizational capacity. KAP has been used for decades in public health programming. ADF drew upon the lessons learned from KAP training processes and applied these to improving CSO financial management and internal governance practices. Knowledge of the preferred behavior, an attitude of willingness to adapt the new or preferred behavior, and the practice of the preferred behavior, were core elements of CSCB training programs. Assistance to CSOs began with institutional assessments that led to agreement on capacity building goals and the development of a tailored capacity building plan for each organization. Capacity building assistance was provided through a decentralized network of experts that were able to provide training and technical assistance despite frequent limitations on travel within the Palestinian territories. Over the 28 months of the

project, participating CSOs received on average 1250 hours of training and technical assistance.

The CSCB program addressed weaknesses in Palestinian civil society organizations that had rarely, if ever, been systematically addressed. In performing this work ADF developed, tested, and refined a set of bilingual tools and manuals that have proved effective in responding to these needs.

- ▶ In the area of financial management, ADF designed a ***bilingual accounting software program***. The ***ProTech Accounting Software System (PASS)*** provides CSOs with the capacity to meet internationally accepted accounting practices. This program enables CSOs to operate and report against a comprehensive fiscal year budget by cost center, with defined donor sources. It separates administrative costs from expenditures for service delivery or advocacy activities. The software also enables CSOs to manage multiple branch offices on a common database and to manage multiple currencies. Fiscal year financial records can be recorded and tracked in a dominant currency, yet this information can be reconverted into multiple currencies so as to meet diverse donor requirements.
- ▶ The CSCB team completed a comprehensive ***Financial Management Manual***. This manual was developed over the life of the project. It supports CSOs as they move from a cash based financial reporting system to a combination cash/accrual or full accrual system and helps CSOs to follow standard financial recording procedures to meet audit requirements.
- ▶ CSCB has also designed and prepared a ***CSO Operations Manual*** that provides CSOs with guidance on policies and procedures related to personnel, travel, procurement, records management and communication policies and practices.
- ▶ The CSCB team also developed models and materials for ***Board development skills*** including Board By-Laws; Roles and responsibilities of Board of Directors, including model job descriptions for Executive Committee; Structure of the Board of Directors; Procedures for Elections of Board Members; and Guidelines for Editing of Board By-Laws.

Despite turbulent circumstances, the CSCB program has achieved impressive results in improving the capacities of participating CSOs in the areas of financial management and internal democratic governance. Changes at the CSO level are based on an increased awareness within the organization of its strengths and weaknesses. Through CSCB support, CSOs have:

- Developed operations manuals for their organizations based on model operational manuals with recommended policies and procedures provided by ADF;
- Gained increased skills in strategic planning, including preparation or refinement of CSO mission statement and objectives;
- Clarified the relationship between the Board and CSO management, with an appreciable decrease in Board involvement in the day to day running of the CSO;

- Improved financial management and reporting practices as a result of the financial management training and technical assistance package;
- Developed customized charts of account and cost centers, leading to the preparation of a comprehensive annual budget;
- Adopted accrual accounting systems and improved management of multiple foreign and local currency budgets, including issues related to loss and gain on exchange; and
- Adopted an effective bilingual computerized accounting program.
- Developed the capacity to meet audit requirements and contract audit firms;
- Served as mentors to member associations or branch offices, building their financial management and internal democratic governance capacities using approaches introduced by the CSCB program; and
- Worked to effectively build networks or coalitions along sectoral or regional lines (so as to become stronger partners in public decision-making, promoting the interests of their constituencies).

In addition to its core work, ADF also assisted CSOs to rebuild their financial management and governance capacity following significant damage to their offices during the March 2002 incursion of the Israeli Defense Force into West Bank towns and villages. Three West Bank partner organizations suffered significant damages to their offices during this incursion that negated much of the progress made to date in strengthening their financial management and internal democratic governance capacities. Physical infrastructure was damaged and electronic and paper records were destroyed. With ADF's assistance, these CSOs were able to reconstruct the work they had done under the CSCB program and repair their offices.

Lessons learned from the CSCB program focus on the selection of CSO partners, general approaches to capacity building, specific approaches to building financial management and internal democratic governance capacities, and effective approaches to working in the volatile and uncertain political and security environment of the Middle East.

ADF has two recommendations for USAID consideration regarding future programming in the region. The sustainability of the Palestinian CSO sector is at risk financially and operationally as a result of the mounting conflict. CSOs cannot collect membership dues or service delivery fees from an impoverished constituency nor can they deliver services as a result of closures and security measures. Although CSOs are exceptionally adept at operating amid challenging circumstances to serve their constituencies, they need support from the international community, now more than ever, to sustain their work and build their capacities to deliver. In addition, when the Palestinian Authority and Legislature is again operational, the CSCB program recommends support for a comprehensive review of legal provisions of Palestine's NGO Law. Throughout the CSCB program, and in particular when working with CSOs on internal governance issues, there was a lot of confusion about the roles and responsibilities of the key decision-makers and the relationship between the Board and management. Modification and/or clarification of the NGO Law is needed in order to support good internal governance practices.

## **0. INTRODUCTION**

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The Civil Society Capacity Building (CSCB) Project (CA No. 294-A-00-00-00053-00) was competitively awarded to America's Development Foundation (ADF) in response to the USAID/West Bank and Gaza September 1999 Annual Program Statement (APS) for the Palestinian Civil Society Participation Program. The Cooperative Agreement was in effect from February 23, 2000 through July 31, 2002. This final report summarizes the project's progress and achievements during the 28-month period of the Cooperative Agreement.

## **0. STRATEGIC FRAMEWORK**

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### **0.0 USAID CIVIL SOCIETY STRATEGIC OBJECTIVES**

The Civil Society Capacity Building Project (CSCB) was designed to contribute to USAID West Bank/Gaza strategic objectives. Specifically, the CSCB initiative contributed to the achievement of USAID Intermediate Result 3.1: ***Increased Participation of CSOs in Public Decision-making and Government Oversight.***

There were four intermediate and sub-results to this IR:

- IR 3.1.1 Supporting the creation of an enabling environment;
- IR 3.1.2 Strengthening CSO capacity to participate in policy making and government oversight;
- IR 3.1.3 Supporting capacity of CSOs to effectively aggregate and articulate citizen's interests; and
- IR 3.1.4 Assisting CSOs to effectively disseminate information on public issues.

### **0.0 CSCB INTENDED RESULTS**

The purpose of the CSCB program was to significantly improve the financial management and internal democratic governance of 12 Palestinian CSOs in the Gaza Strip and the northern and southern areas of the West Bank. Achievement of this impact would be indicated by changes in scores on institutional assessments at the start and at the end of each CSO's association with the program.

Intended project-level results over the life of the project were as follows:

- Twelve public interest civil society organizations (CSOs) in the Gaza Strip and the northern and southern areas of the West Bank improve their financial management systems to increase their effectiveness and achieve greater conformity with internationally recognized practices.
- These organizations demonstrate significant increases in internal democratic governance capacity.

- These CSOs have increased ability to effectively plan advocacy campaigns that promote the interests and issues of their constituents.

Following the destruction of computerized and paper records of several partner CSOs during the Israeli Defense Forces (IDF) incursion in the first quarter of 2002, the following results were added:

- Reestablish the offices of three CSCB partners: The General Union for Disabled Palestinians (GUDPAL), The Palestinian Youth Council (PYC), and The Palestinian Federation of Industries (PFI); and
- Recreate financial management and internal governance documents that were lost during the IDF incursion.

## **0. METHODOLOGY**

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CSCB worked with a defined group of twelve partner CSOs to first assess and then develop their financial management and internal democratic governance capacities. In order to ensure CSO performance and commitment to bringing about the desired institutional changes, the CSCB program developed a contractual approach to cooperation. Four Memoranda of Understanding (MOU) were concluded at defined points in the project implementation cycle. These MOUs served to define outputs for different stages in their cooperation with the CSCB program.

Knowledge, Attitude and Practice of new behavior (KAP) were the three components of the methodology the CSCB team used for increasing organizational capacity. KAP has been used for decades in public health programming. ADF drew upon the lessons learned from the KAP training processes and applied these to improving CSO financial management and internal governance practices. Knowledge of the preferred behavior, an attitude of willingness to adapt the new or preferred behavior, and the practice of the preferred behavior, were core elements of CSCB training programs.

### **Step One: Diagnostic Assessments**

Once CSOs were selected to participate in the CSCB program, the first Memorandum of Understanding (*MOU 1: Invitation to Conduct Diagnostic Assessment & Provide Technical Assistance*) documented the start of the collaboration. ADF collaborated with each CSO to conduct two Diagnostic Assessment surveys of their organizational capacity: the Internal Governance/Advocacy survey and the Financial Management survey. Results of the diagnostic assessments and recommendations were discussed with each CSO, as documented in *MOU 2: CSO Diagnostic Assessment Results*.

### **Step Two: Development of Capacity Building Plans**

Drawing upon the results of the diagnostic analysis, CSCB staff worked with each CSO to develop a capacity building plan for the organization. These capacity building plans defined the framework for the provision of tailored training and technical assistance with each CSO. Capacity building plans were formalized by CSO signing of *MOU 3: CSO Capacity Building Plan*.

### **Step Three: Provision of Training and Technical Assistance**

The CSCB team provided tailored training and on-site technical assistance to CSO staff and board members in response to the capacity building plan. Given the range of CSO needs, the CSCB team prioritized training and technical assistance to begin with strengthening capacities in financial management and internal governance. ADF used a mix of customized training workshops and on-site technical assistance in implementing the CSCB project. Skills building was complemented by the provision of technology inputs and manuals to assist with the application of new skills and development of sound practices.

### **Step Four: Use of Technology for Improved Organizational Capacity**

The CSCB project used improved budgeting and computer software information systems as a starting point to introduce new management information systems and decision-making processes. To make this transition attractive to CSO partners, CSCB introduced state of the art accounting software and best practices for non-profit organization management. The strategy was to encourage behavior change by introducing an appropriate new technology to address many NGO management problems and impact CSO decision-making related to internal governance.

### **Step Five: Technical Support during a full Fiscal Year**

Once systems and procedures were improved through ADF assistance, the CSCB program provided monitoring and technical support for a full fiscal year to assist CSOs with any problems that arose. This technical support also enabled ADF to ensure that new practices were, in fact, being fully integrated into CSO operations.

### **Step Six: Monitoring and Evaluation of CSO Performance**

ADF developed a comprehensive performance monitoring and evaluation system and tools to assess improved capacity of CSO partners. The ADF Access CSO Database and the Excel CSO Performance Framework tracked performance indicators on an ongoing basis. Targets for the level of improvement in capacity for each participating CSO were determined on the basis of baseline assessments conducted as they joined the CSCB program. Due to the security situation, the end of program evaluation as initially agreed upon in "MOU 4: CSCB Impact Evaluation" was modified in light of the circumstances. Instead of a formal evaluation, the CSCB staff conducted a pre/post evaluation of the impact of CSCB technical assistance and training per CSO and updated/verified the performance indicators to reflect a valid representation of the CSCB results.

## **0. SUMMARY OF PROGRAM IMPLEMENTATION**

### **4.1 SELECTION OF CSO PARTNERS**

Partner CSOs were strategically selected to participate in the program based on defined and approved selection criteria. ADF sought CSOs in the West Bank and Gaza Strip that serve as intermediate level organizations with the potential to aggregate citizen interests and replicate capacity building assistance throughout their federation or network. Priority was placed in choosing CSOs that had demonstrated capacity or a realistic potential to contribute to policy formation in their sector of interest.

Each CSO participated in an interview process with CSCB staff. This process was based on a questionnaire that established and structured a dialogue between the CSO and CSCB staff. The Internal Governance/Advocacy Training Officer and the Financial Management Training Officer jointly conducted this interview with the CSO Director and the Board Chair. Other Board members and senior CSO staff were also invited to join the interview process.

ADF interviewed 29 Palestinian CSOs, from which twelve were selected to participate in the program. Selection of the CSO to participate in the program was a team decision of the CSCB training officers with oversight from the Project Management Unit. They evaluated the interviewed CSOs against published CSO selection criteria.

Data from the preliminary interview process was entered into ADF's Access database by CSCB staff. Using the preliminary interview printouts of the Access database, CSCB staff grouped qualified organizations by sector area and advocacy interest. Priority sectors for advocacy were identified and listed in rank order. Priority was placed in choosing CSOs that have demonstrated capacity or realistic potential to contribute to policy formation in their sector of interest.

The core group of CSOs selected for the CSCB program focused on public interest issues in several sectors including education, economic development, environment/agriculture, and social development. Each CSO participating in the program represented a network of member associations, branch offices or smaller local CSOs able to be mobilized to participate actively in public decision-making and holding government accountable.

The CSCB program worked with the following CSOs in the Gaza Strip and the West Bank:

**CSO Partners in Gaza Strip**

- 0. The Engineers Association
- 0. Union of Agriculture Working Committees (UAWC)
- 0. Gaza Community Mental Health Program (GCMHP)
- 0. GCMHP Women's Empowerment Program (WEP)
- 0. Atfaluna Society for Deaf Children
- 0. Al-Amal Society for Handicapped Rehabilitation

**CSO Partners in West Bank**

- 0. Palestinian Youth Council (PYC), plus Nablus Branch of PYC
- 0. General Union for Disabled Palestinians (GUDPAL), plus Salfit Branch of GUDPAL
- 0. Palestinian Federation of Industries (PFI)
- 0. Palestinian Food Industry Association (PFI member association)
- 0. Education Network (EdNet)
- 0. Technical Center for Agriculture Services (TCAS)

Attachment 1 provides a summary profile of the Palestinian CSOs participating in the CSCB Project.

#### **4.2 DIAGNOSTIC ASSESSMENTS**

CSCB designed comprehensive diagnostic instruments for assessing institutional strengths and weaknesses related to financial management and internal democratic governance. Each CSO participating in the program worked with CSCB staff to undertake an assessment to determine its capacities in financial management and the degree to which internal democratic governance exists within the organization. This initial assessment both documented baseline capacity for participating CSOs and developed an increased awareness and appreciation of operational areas to be strengthened.

The Internal Governance/Advocacy (IG/A) Training Officer conducted the IG/A open-ended inquiry using a standard survey format. This survey process involves the Chair of the Board, other members of the Board, and the Director General. The Internal Governance/Advocacy diagnostic assessment (Attachment II) considers the following areas:

- Board structure and operations
- Board elections
- CSO advocacy role
- CSO representation of its membership constituency
- Development of the CSO membership base
- CSO use of media and coalitions for advocacy outreach
- Planning and management
- Operational structures, policies and procedures
- Legal status of the organization
- CSO use of existing Policies and Procedures documentation and frequency.

The Financial Management (FM) Training Officer conducted the FM open-ended structure inquiry using a standard survey format. This survey involves the Treasurer of the Board of Directors, the Director General and the senior CSO Finance Officer. As many of the CSO financial management issues require Board oversight and are linked to Board governance, the IG/A Training Officer participated as a team member in these interviews. The Financial Management diagnostic assessment (Attachment III) defines current institutional capacities related to:

- Financial management policies and procedures
- CSO budget planning policies, procedures and budgetary controls
- Capacities and concerns of the current CSO accounting system
- Disbursement and procurement policies, procedures and practices
- Use of computerized systems for CSO financial recording and reporting
- Personnel and Payroll Management
- Internal control systems
- Fixed assets management

The results of the diagnostic assessments were documented for each CSO and scored for project monitoring and evaluation. CSO scores were reviewed with CSO Board members

and senior management, and were entered into ADF's Access Database maintained by the project.

The CSCB diagnostic assessments revealed a range of needs in financial management and internal democratic governance. The CSCB program found that all of the selected Palestinian CSO partners operated on a project-by project basis, lacking comprehensive and integrated structures for decision-making and management on the financial and programmatic levels. In that respect, all of the CSCB Palestinian CSO partners demonstrated (to a varying degree) a need for:

- Developing decentralized and transparent decision-making structures independent from the founding phase of charismatic leadership;
- Preparing and/or revising Board By-Laws and operational guidelines;
- Identifying a governance structure where roles and responsibilities in the organizational chart are clearly defined and understood by all staff;
- Increasing the effectiveness of the Board;
- Comprehensive fiscal year budgeting and planning instead of operating on a project-by-project funding cycle;
- Monthly and quarterly reviews of budget plan and actual expenses to offer the CSO Board and senior staff with much needed planning and management tools;
- Reviewing and applying of international audit standards and best practices;
- Restricting the co-mingling of donor funds;
- Strengthening internal controls;
- Managing multiple currencies to track project funds by donor source and currency including currency exchange controls and management of currency exchange gains and losses;
- Standardized technology for improved organizational management;
- Changing the accounting system from cash basis to accrual basis;
- Generation and production of standard financial reports on a periodic basis;
- Developing a customized financial management manual;
- Managing assets and inventory including depreciation;
- Developing a manual for personnel policies and procedures in accordance with Palestinian Labor Law;
- Building an active CSO constituency membership including provision of services and management of membership fees for further enhancing budget sustainability; and
- Strategic planning focused on attracting and maintaining an active membership base, and in mobilizing that membership base to address public interest issues related to the purpose of each CSO rather than donor-driven and ad hoc planning.

#### **4.3 DEVELOPMENT OF CAPACITY BUILDING MATERIALS**

The CSCB program addressed weaknesses in Palestinian civil society organizations that had rarely, if ever, been systematically addressed. In performing this work ADF developed, tested, and refined a set of bilingual tools and manuals that proved effective in responding to these needs.

In the area of financial management, ADF designed a *bilingual accounting software program*. The ProTech Accounting Software System (PASS) provides CSOs with the

capacity to meet internationally accepted accounting practices. This program enables CSOs to operate and report against a comprehensive fiscal year budget by cost center, with defined donor sources. It separates administrative costs from expenditures for service delivery or advocacy activities. The software also enables CSOs to manage multiple branch offices on a common database and to manage multiple currencies. Fiscal year financial records can be recorded and tracked in a dominant currency, yet this information can be reconverted into multiple currencies so as to meet diverse donor requirements. The software has a "HELP" Manual in English and Arabic available on screen and in hard copy.

The CSCB team completed a comprehensive *Financial Management Manual*. This manual was developed over the life of the project. It supports CSOs as they move from cash based financial reporting system to a combination cash/accrual or full accrual system and helps CSOs to follow standard financial recording procedures to meet audit requirements. The "Help" menu of the PASS software and the format for data input on PASS were the framework used by CSCB staff to pull together these operational instructions that controlled the management of data for input to the PASS software. In addition, other standard financial management guidelines were developed for CSO procurement policies and procedures.

CSCB also designed and prepared a *CSO Operations Manual* that provides CSOs with guidance on policies and procedures related to personnel, travel, and procurement. This manual was compiled and presented in English and was translated and disseminated to partner CSOs in Arabic. The format of the manual is to present guidance on policy; and to follow with model formats and recommended procedures for administrative adaptation by the CSOs. The Arabic version of this manual, as adapted by each CSO, has been reviewed and approved by CSO Boards.

In addition, the CSCB team has developed models and materials for *Board development skills* including: Board By-Laws; Roles and responsibilities of Board of Directors, including model job descriptions for Executive Committee; Structure of the Board of Directors; Procedures for Elections of Board Members; and Guidelines for Editing of Board By-Laws.

## **TRANSITION TO EFFECTIVE MANAGEMENT INFORMATION SYSTEMS**

The CSCB project used the upgrading of computer software information systems as a starting point for introducing improved management information systems and decision-making processes. CSCB introduced state of the art accounting software and best practices for non-profit organization management. The new technology highlighted many NGO management problems concerning CSO decision-making related to internal governance. The software led the move toward improved financial management and transparent operational systems. This change in fiscal behavior involved a shift in the power relationships of the CSO Director with the Board and with senior program as well as financial staff.

Accountability for CSO fiscal and programmatic performance was linked to the management information system, which was set in accordance with international audit standards for financial management. Such changes in systems and standards had

strengthened the role and authority of the Treasurer of the Board and the senior Finance Officer of the CSO. They became partners with the Director of the CSO and the CSO Board Chair in decision-making in a way that supported the authority of the Director and Board Chair, but clearly brought its own expertise to the decision-making process.

Power was no longer held exclusively or centrally by the charismatic leader as management information systems (MIS) introduced by the CSCB project made information transparent and accessible to a team of decision-makers involving both the senior staff of the NGO and their complementary partners on the Board. The MIS database provided the operational information necessary for good Board governance as well as financial oversight.

### TRAINING AND TECHNICAL ASSISTANCE

The CSCB team provided tailored training and on-site technical assistance to CSO staff and board members in relation to each CSO's capacity building plan. ADF used a mix of customized training workshops and on-site technical assistance in implementing the CSCB project.

Over the lifetime of the project (28 months), on average each participating CSO received 1250 hours of overall training and technical assistance as presented in Table 1.

Table 1: Summary of Overall Technical Assistance and Training to CSOs

CSO name	Areas in which TA was provided	Total estimate number of hours
<b>TCAS</b>		<b>1334.5 hours</b>
	Financial Management	450 hours
	Internal Democratic Governance	484.50 hours
	Strategies and Sustainability	400 hours
<b>PFI</b>		<b>1590.5 hours</b>
	Financial Management	623 hours
	Internal Democratic Governance	967.5 hours
<b>PFIA</b>		<b>850 hours</b>
	Financial Management	379 hours
	Internal Democratic Governance	471 hours
<b>EdNet</b>		<b>1560.5 hours</b>
	Financial Management	1317.5 hours
	Internal Democratic Governance	243 hours
<b>PYC</b>		<b>1750 hours</b>
	Financial Management	1481 hours
	Internal Democratic Governance	269 hours
<b>GUDP</b>		<b>1745 hours</b>
	Financial Management	1467.5 hours
	Internal Democratic Governance	277.5 hours

<b>CSO name</b>	<b>Areas in which TA was provided</b>	<b>Total estimate number of hours</b>
<b>GCMHP + WEP</b>		<b>1950 hours</b>
	Financial Management	1636 hours
	Internal Democratic Governance	290 hours
	NGO management	24 hours
<b>AL-Amal Society</b>		<b>1250.5 hours</b>
	Financial Management	980 hours
	Internal Democratic Governance	244.5 hours
	Strategies and Sustainability	26 hours
<b>Atfaluna</b>		<b>1120.5 hours</b>
	Financial Management	838 hours
	Internal Democratic Governance	245.5 hours
	Strategies and Sustainability	37 hours
<b>UAWC</b>		<b>1020 hours</b>
	Financial Management	790 hours
	Internal Democratic Governance	187 hours
	Strategies and Sustainability	44 hours
<b>AoE</b>		<b>820 hours</b>
	Financial Management	623 hours
	Internal Democratic Governance	169 hours
	Strategies and Sustainability	27 hours
<b>TOTAL</b>		<b>14,992 hours</b>

The CSCB program achieved impressive results in improving the capacities of participating CSOs in the areas of financial management and internal democratic governance. Changes at the CSO level are based upon an increased awareness within the organization of its strengths and weaknesses. Through CSCB support, CSOs have:

- Identified priority CSO needs for capacity building;
- Developed capacity building plans that were reviewed by CSO Boards of Directors;
- Developed operations manuals for their organizations based on model operational manuals with recommended policies and procedures provided by ADF;
- Gained increased skills in strategic planning, including preparation or refinement of CSO mission statement and objectives;
- Clarified the relationship between the Board and CSO Management, with an appreciable decrease in Board involvement in the day to day running of the CSO;
- Improved financial management and reporting practices as a result of the financial management training and technical assistance package;
- Developed customized charts of account, cost centers, leading to the preparation of a comprehensive annual budget;

- Adopted accrual accounting systems and improved management of multiple foreign and local currency budgets, including issues related to loss and gain on exchange; and
- Adopted an effective bilingual computerized accounting program.
- Developed the capacity to meet audit requirements and contract audit firms;
- Strengthened their capacity to serve as mentors to member associations or branch offices;
- Worked to effectively build networks or coalitions along sectoral or regional lines (so as to become stronger partners in public decision-making, promoting the interests of their constituencies).

### **RESTORATION OF CAPACITIES DAMAGED BY IDF INCURSION**

As a result of the March 2002 IDF incursion into the West Bank, three West Bank partner organizations suffered significant damage to their offices that negated much of the progress made to date in strengthening their financial management and internal democratic governance capacities. USAID awarded ADF a two-month no-cost extension to assist three CSOs in recovering the institutional capacity gained over the life of the CSCB program. The three organizations were:

The General Union for Disabled Palestinians (GUDPAL)  
The Palestinian Youth Council (PYC)  
The Palestinian Federation of Industries (PFI)

ADF worked with these CSOs to assess the damage done to their offices and to prepare applications for funding and support to re-establish their offices and services. Each of the three CSOs applied to the USAID-funded and Chemonics managed "TAMKEEN" Project for office rehabilitation, furniture and equipment. During June 2002, the fixed obligation grants for a total of around \$10,000 per CSO partner were signed between ADF CSO partners and TAMKEEN. Rehabilitation and renovation costs on building and office facilities in addition to the procurement of new computers and office equipment then took place. Replacement order and delivery of office equipment occurred towards the last week of June. The three offices were re-established and were able to provide services.

Parallel to the office rehabilitation, and following the assessment of CSO database reconstruction needs by Mr. Hanna Theodorie, CSCB Chief of Party, and Mr. Fadi Hindo, CSCB Finance and Operations Director, it was determined that virtually all financial management and internal governance manuals, documents and reports needed to be reproduced for the three West Bank partner organizations. To that end, the financial management systems, manuals and internal governance documentation, procedures and practices were reproduced. Towards the end of July, all three West Bank partner organizations were able to return to operational service delivery mode.

### **PROJECT MANAGEMENT**

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#### **COLLABORATION WITH PALESTINIAN RESOURCE ORGANIZATIONS**

ADF developed the CSCB program in collaboration with a Palestinian CSO partner, the MA'AN Development Center (MA'AN). MA'AN is one of the largest training and CSO support institutions in Palestine, with offices in Gaza and the West Bank. For implementation of the CSCB program, ADF provided the necessary experience for the internal democratic governance and advocacy training and technical assistance, as well as subgrant management for the program. MA'AN had extensive experience in financial management training, as well as other areas of CSO institutional development, and provided the majority of training and technical assistance for the strengthening of financial management systems in participating CSOs.

During the first year of program implementation ADF was able to successfully implement the CSCB project in association with MA'AN, despite the worsening security situation, and attendant limitations of travel between and within Gaza and the West Bank. By May 2001 closure of the Gaza Strip and travel restrictions elsewhere had become an on-going reality in CSCB implementation. CSCB further expanded its decentralized strategy. CSCB staff cooperated with and contracted local organizations and/or consultants to provide decentralized resources, training and technical assistance to CSOs in three defined areas: northern West Bank (Ramallah, Tulkarem, Nablus, Salfit and Jenin districts), southern West Bank (Jericho, Bethlehem, Halhoul and Hebron districts) and the Gaza Strip. The strategy was further adapted in the Gaza Strip to assure that services were available to the center and southern border of the Gaza Strip during periods when these areas were cut off from access to Gaza City.

Contracted technical assistance was provided under the direction and control of CSCB staff who provided orientation and training, developed quantitative and qualitative scopes of work, and monitored achievement of desired results.

#### **NATIONALIZATION OF THE CHIEF OF PARTY POSITION**

At the start of the second year of program implementation, the position of Chief of Party was filled by a highly capable Palestinian national, Mr. Hanna Theodorie. The former Chief of Party, Ms. Pat Neu, remained on as a resource to the CSCB in the part-time position of Results Monitoring Specialist.

#### **CHALLENGES IN IMPLEMENTING THE CSCB PROGRAM**

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The Civil Society Capacity Building Program was considered, approved and authorized under a normal and healthy environment to assist selected Palestinian civil society organizations (CSOs) in becoming more effective and legitimate vehicles for citizen participation in public decision-making and government oversight.

Following the outbreak of violence six months after the startup of the project in March, the situation in the West Bank and Gaza significantly deteriorated. The death toll among both parties increased. Clashes at first were between the IDF and stone throwing Palestinian youth, then armed and masked Palestinian gunmen engaged in battle with IDF forces. In the two years there was an increase in the number of attacks against civilian targets, with rekindled feelings of division and hatred between Palestinians and Israelis.

The security situation had an impact on CSCB staff travel and CSO outreach. Despite the difficulties of the situation, the CSCB team was able to continue meeting work requirements through extensive telephone and email communication with partner CSOs in the West Bank and Gaza. While some program activities have been complicated or delayed, ADF put in place a decentralized strategy that contracted local expertise for CSCB technical support while maintaining effective systems to monitor achievements. This decentralized strategy was based on the CSO Performance Grids that present a definition of planned results and anticipated time frames. The Financial Management and Internal Governance Training Officers completed these CSO Performance Grids once each month. A review of the grid reveals areas where there is a lack of technical support or inability to meet the planned calendar.

The CSCB approach to increasing the use and efficiency of its operation was based on an evolving understanding of what was acceptable, not only in response to the greatest needs of CSOs, but also taking into account what would be accepted as donor-funded assistance. CSCB implementation did not lend itself to an application of any fixed set of methodologies or practices. Accomplishment of program objectives instead required an adaptation to the Palestinian NGO's political and bureaucratic environment. In practice, this required developing a credible, trustworthy relationship with counterparts built on responsiveness and ability to deliver that which was required.

The program approach required flexibility. Over time opportunities opened and closed and program delivery mechanisms had to remain flexible to adapt and evolve according to the need and circumstances arising from the political environment. By being flexible and adaptive, the program was able to continue to be involved, responsively developed this trust and respect relationship, helped build alliances and kept open the possibility that the project might be able to return to the previously planned activities at some point in the future.

The program's management recognized the need to avoid any implications of political influence and to focus instead on provision of technical assistance and services. Nonetheless, over time program partners came to fully understand the constraints that the political environment had created, and because of the collegial relationship, and focus on technical inputs and advice, program staff were able to avoid unwarranted criticism regarding program implementation.

To that end, CSCB adopted a strategy that focused on enhancing the professional development of staff through training and technical assistance, exposing partners to new methods, information and tools that were available to them. Emphasis was placed in improving the working environment through management training and the creation of an excellent information database for better participatory decision-making processes within each partner organization.

Thus successful implementation of the CSCB program that operated in a political sensitive environment such as in Palestine had to put a premium on flexibility and responsiveness. That responsiveness had to include being prepared to take advantage of new opportunities as they presented themselves, and a commitment to being responsive to the program's partners through extensive training that dealt with all aspects of information management and use and development of the information technology through on-site programs of technical assistance and training.

## RESULTS OF THE CSCB PROGRAM

Table 2 summarizes achievements in the indicator areas established for improved financial management and internal democratic governance practices. A narrative summary of achievements in each of the results areas established for the CSCB program follows, as well as a description of additional results achieved.

Although much effort had been exerted to fulfill the needs and requirements of the CSCB program for each partner organization, not all partners had performed at the same level given the prevailing political situation. Two CSOs experienced difficulty in achieving agreed upon objectives. The Palestinian Food Industrial Association (PFIA) in the West Bank and the Association of Engineers (AoE) in Gaza strip were challenging CSO partner organizations. Although committed to the objectives of the project, CSCB staff recognized that under the current circumstances, routine activities were suspended and new activities had been shifted towards emergency efforts to deal with sustainability of the organization. Reasons for this delay encountered in project implementation can be summarized in the following:

- PFIA and AoE faced critical financial crises due to the political situation during the Intifada. They did not have sufficient funding to cover the core cost of operation for their staffs. For six months, for instance, PFIA staff members did not receive their monthly salaries. AoE staff did not receive salaries for eleven months.
- Staff members of both organizations were asked by their Boards to engage in many activities such as preparing for promotional efforts in Arab gulf countries and elsewhere in the region.
- Staff was not able to meet the defined schedule for technical assistance activities with the various consultants that were assigned to work with them. That was mainly because they lived in villages and communities in rural areas around their place of work and due to travel restrictions imposed by the IDF, they were not able to travel freely or safely to and from home.

**Table 2: Achievements Related to Performance Indicators**

Description of CSO Indicators Achieved	ACHIEVED	
	West Bank CSOs	Gaza Strip CSOs
<b>Financial Management (FM) Indicators</b>		
Established working committees for review, adaptation & approval of CSCB materials	6 of 6	6 of 6
CSO customized Chart of Accounts	6 of 6	6 of 6
CSO customized cost centers	6 of 6	6 of 6
CSO prepared comprehensive FY 2002 budget with cost centers	5 of 6	5 of 6
Accounting software up-dated and/or up-graded	6 of 6	5 of 6
Monthly or quarterly budget report prepared - includes deviation from budget figures	5 of 6	5 of 6
FY 2001 closed out & end of fiscal year report prepared (Pending Audit completion)	5 of 6	5 of 6

Standardized policies & procedures for management of multi-currency gain/loss on exchange	5 of 6	6 of 6
Adoption of accrual-based accounting system	6 of 6	6 of 6
Prepared & reviewed monthly Bank Reconciliation sheets	5 of 6	5 of 6
Petty Cash Imprest Fund established	5 of 6	5 of 6
Allocation of Revenues/Expenses to Cost Centers	5 of 6	6 of 6
Improved controls over Accounting Records/Vouchers	5 of 6	5 of 6
Assets Registry is maintained	5 of 6	5 of 6
Established Policy for treatment of Donated Assets	5 of 6	5 of 6
Preparation of monthly payroll spreadsheet	5 of 6	6 of 6
Calculation of Employee's Severance Pay	5 of 6	5 of 6
CSO Personnel Management Section of the Operations Manual		
CSO Recruitment and Appointments	5 of 6	6 of 6
CSO Staff Rules and Regulations	5 of 6	6 of 6
CSO Work Hours, Official Holidays and Annual Leave	5 of 6	6 of 6
CSO Procurement Management Section of the Operations Manual		
Procurement Functions	5 of 6	5 of 6
Physical Records, Equipment Control & Vehicle Procurement	5 of 6	5 of 6
Disposal of Equipment and Assets	5 of 6	5 of 6
<b>Internal Governance (IG) Indicators achieved</b>	<b>West Bank CSOs</b>	<b>Gaza Strip CSOs</b>
CSO Articles of Incorporation or Board By-Laws	5 of 6	5 of 6
Board Standardized Work Procedures and Organizational Policies	5 of 6	5 of 6
Board oversight responsibility of CSO administration	5 of 6	5 of 6
Board Manual review, revision and adaptation	5 of 6	5 of 6
Board Personnel policies, procedures and practices	5 of 6	5 of 6
Board structure: Organigram or Board chart	5 of 6	5 of 6
CSO Records Management Section of the Operations Manual		
CSO file Classification system	5 of 6	5 of 6
CSO Records management classification and control	5 of 6	5 of 6
CSO Communications Policies and Procedures	5 of 6	5 of 6

### RESULT AREA ONE: IMPROVED FINANCIAL MANAGEMENT CAPACITIES

*Target: Twelve public interest civil society organizations (CSOs) in the Gaza Strip and the northern & southern areas of the West Bank improve their financial management systems to increase their effectiveness and achieved greater conformity with internationally recognized practices.*

All twelve CSOs improved their financial management systems, adopting accrual-based accounting systems and developing customized charts of accounts. As noted in Table 2 above, eleven CSOs made improvements in six areas and ten CSOs made improvements in all seventeen areas of financial management that served as indicators for this result area.

In general, CSOs participating in the CSCB program raised their scores on the financial management assessment by 12.34 points [alternatively, the average CSO score increased from 18.09 points to 30.43 points]. The following illustrate the diverse nature of the results achieved in increasing the financial management capacity of partner CSOs.

- CSOs switched from a cash-based to accrual-based form of accounting, which is a key element of internationally accepted accounting principles.

- CSOs developed comprehensive organizational budgets, rather than maintaining only a series of project budgets. This annual budget framework is reviewed and up-dated each month, which allows Board and senior staff to interact and communicate on variances in the budget plan and priorities as to the actual use of funds. With the introduction of the new PASS software, CSOs have the capacity to produce reports such as the Statement of Activities, Balance Sheet and Cash Flow Statement (or, alternatively, the Sources and Uses of Funds Sheet) routinely each month.
- CSOs developed formal policies and procedures for financial management, rather than operating on a more ad hoc basis. CSCB staff used existing finance manuals and accounting forms to develop a core operations manual for CSO financial management. CSCB staff worked with CSOs to adapt this manual to the specific needs of their organizations. CSCB staff worked with CSO staff to operationally define roles, procedures and policies for each CSO that segregated staff duties related to money management.
- CSOs established policies, forms, and procedures for managing multiple currencies, including currency exchange controls and the management of currency gains and losses. This enabled them to better manage and report on project funds that came in as diverse currencies from donors but were dispensed as local currency.
- CSOs established policies and procedures for the management of assets and inventory. ADF's PASS software program provided a means for managing CSO assets. CSCB provided additional training specifically for asset management and depreciation.
- CSOs developed personnel policies and guidelines. These included: preparation of a standard monthly payroll sheet that included all staff and incorporated all costs related to each employee; establishment of CSO policy for payment of employee severance pay in accordance with Palestinian labor law; definition of CSO policies and procedures for travel allowances, per diems and leave time.
- CSCB, cooperating with the USAID-funded "Accounting and Auditing Sector Program" trained CSOs on audit standards. CSOs now understand international audit standards and have adopted best practices and procedures that will meet audit standards.

## **RESULT AREA TWO: IMPROVED INTERNAL DEMOCRATIC GOVERNANCE PRACTICES**

*Target: Twelve organizations demonstrate a significant increase in internal democratic governance capacities.*

Ten of the twelve CSOs participating in the CSCB program significantly increased their internal democratic governance. As noted in Table 2 above, these CSOs greatly improved operations of the Board of Directors, clarified organizational structure and decision-making roles, and improved the management of information within the organization.

In general, CSOs participating in the CSCB program raised their scores on the internal governance assessment by 9.39 points [alternatively, the average CSO score increased from 24.73 points to 34.35 points]. The following illustrate the nature of the results achieved in increasing the internal democratic governance capacity of partner CSOs.

- CSOs developed decentralized and transparent decision-making structures that moved the organization beyond the founding phase of charismatic leadership by defining administrative and governance functions that are more effectively distributed within the organization.
- CSOs developed and/or revised their Board By-Laws and put in place guidelines, policies and procedures that structure and regulate CSO management dialogue and decision-making.
- Overall accountability and transparency were enhanced within each CSO as well as between CSOs and their constituency and donors through the adoption of effective systems for reporting and communication.
- CSOs clarified their definition of their mission statement and objectives and developed an awareness of the need to enhance the role of constituents in guiding and supporting the organization.

### **RESULT AREA THREE: IMPROVED PLANNING OF ADVOCACY CAMPAIGNS**

*Target: CSOs have an increased ability to effectively plan advocacy campaigns that promote the interests and issues of their constituents.*

Given the political realities on the ground, this result area was not actively pursued and activities were downsized. Nevertheless, all targeted CSOs received training and technical assistance in strategic planning with a focus on attracting and maintaining an active membership base and in mobilizing that membership base to address public interest issues related to the purpose of each CSO. CSOs used multiple techniques to educate the public and engaged policy makers in advocacy issues. They conducted conferences, surveys, and sometimes used media to advocate and educate the public on policy issues.

Each time legitimate civil society organizations effectively engaged government in discussions on public policies they expanded the political space in which citizen participation took place. This was the case even when the subject of those discussions was on a sector-specific issue. While CSCB actions were not specifically targeted towards the creation of an enabling environment for civil society, the project did contribute to this environment and illustrated the importance to effective decision-making and public participation processes. This program approach was applied through group workshops and orientation sessions.

The CSCB team also worked with several CSOs in the Handicapped and Disabilities Sector in the West Bank and Gaza Strip, to support development of a coalition of service providers in this sector.

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**RESULT AREA FOUR: REESTABLISHMENT OF PARTNER OFFICES AND IMPROVED PRACTICES**

*Target: Reestablish the offices of three CSCB partners: The General Union for Disabled Palestinians (GUDPAL), The Palestinian Youth Council (PYC), and the Palestinian Federation of Industries (PFI); and*

*Target: Recreate financial management and internal governance documents that have been lost during the IDF incursion.*

As a result of the March 2002 IDF incursion into the West Bank, three West Bank partner organizations suffered significant damages to their offices that negated much of the progress made to date with CSCB support in strengthening their financial management and internal democratic governance capacities. ADF requested USAID authorization for a no-cost extension to assist in reestablishing these offices and recreating financial management and internal governance documents and systems that had been lost completely during the IDF incursion.

ADF worked with the three CSOs to assess the damage done to their offices and to prepare applications for funding and support to re-establish the offices and services. Each of the three CSOs separately applied to the USAID-funded and Chemonics-managed "TAMKEEN" project for office rehabilitation furniture and equipment. Rehabilitation and renovation costs on building and office facilities in addition to the procurement of new computers and office equipment had taken place during June 2002.

Parallel to the office rehabilitation, and following the assessment of CSO database reconstruction, CSCB staff had determined that virtually all financial management and internal governance manuals, documents and reports needed to be reproduced for the three West Bank partner organizations. The reconstruction process had enabled CSO partners to become operational again.

**ADDITIONAL RESULT: TRAINING AND TECHNICAL SUPPORT MATERIALS**

The following training and technical support materials have been developed:

- A generic operations manual relevant to Palestinian CSOs with sections on personnel management, records management, procurement management, and communications policies and procedures.
- A generic financial management manual appropriate for Palestinian CSOs with sections on charts of account, management of multiple currencies, procurement policies and procedures, and financial reporting.
- Improved accounting software appropriate for non-profit organizations in Gaza and the West Bank.
- In addition, the CSCB team developed models and materials for Board development skills including: Board By-Laws; Responsibilities of Board of Directors, including model job descriptions for Executive Committee; Structure of the Board of Directors;

Procedures for Elections of Board Members; and Guidelines for Editing of Board By-Laws.

### **ADDITIONAL RESULT: CSO MENTORING OF MEMBER ASSOCIATIONS OR BRANCH OFFICES**

One objective of CSCB was to strengthen CSO capacity to serve as mentors to member associations or branch offices. West Bank CSO partners demonstrated the capacity to serve as mentors to member associations, branch office and/or new CSOs through training of trainers, replicating CSCB methodologies within the constituency of the original intermediary organizations. All CSO partners organized a working committee of member associations for review of model materials, adaptation for the CSO, and Board approval. The following CSOs mentored their member associations.

**PFI – PFIA:** The Palestine Federation of Industries continues to work with member associations in a mentoring role to achieve CSCB deliverables in the Internal Governance component. In addition to the Palestinian Food Industries Association, PFI has worked with:

- Palestinian Union of Textile and Garment Industries in Bethlehem
- Palestinian Union of Stone and Marble Workers in Bethlehem
- Palestinian Pharmaceutical Union in Ramallah

The CSO Operational Manual, including Personnel, Procurement, Communications and Travel sections were adapted for each of the above groups. The Financial Management Manual was also adopted for each of these groups. As the CSCB project had not formally signed any Memorandum of Understanding with these groups this adaptation process was taking place on the operational level of PFI outreach and not as a formal deliverable being tracked by the CSCB project.

**GUDP and Branch Offices:** General Union of Disabled Palestinians worked with two of its branch offices as a pilot phase for implementation of the newly acquired expertise. The Salfit Branch Office as well as its separate Ramallah Branch Office had subsidiary operations, information transfer and dissemination for the Internal Governance and Financial Management indicators achieved by GUDP headquarters. Nonetheless, because the CSCB project office had signed MOUs with GUDP, these deliverables were tracked by the project.

**PYC and Member Associations:** Palestinian Youth Council had been extensively involving two member associations and a youth network during working with CSCB team.

- Palestinian Progressive Youth Union
- Palestinian Democratic Youth Union
- Najadah Youth Organization

The CSO Operational Manuals, including Personnel, Procurement, Communications and Travel sections were adopted as model materials for each of the above listed groups. As the CSCB project had not formally signed any Memorandum of Understanding with these PYC affiliated organization, this process was taking place on the operational level of PYC outreach and was not a formal deliverable being tracked by the CSCB project.

## **LESSONS LEARNED**

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In many respects, the CSCB program turned out to be a unique project in its context, from which the Palestinian organizations emerged stronger, more capable, and more self-confident. The following lessons learned represent the unique experience of the CSCB program in civil society capacity building that could be adapted in similar programs in the West Bank and Gaza and elsewhere.

### Selecting Partner Organizations

- Competency, motivation and commitment matter. One of the reasons for the CSCB's success was that ADF selected partner organizations that demonstrated initiative as well as the motivation and commitment to bring about improvements in financial management systems and Board governance. Investment in technical training cannot substitute for motivation necessary to apply the training and to improve systems as well as performance.
- Consider the qualifications of CSO staff when selecting CSO partners. When CSO staff does not have the professional competency and standards of performance needed they cannot make best use of the training investment. Valuable time can be lost by basic training of unqualified staff, which may or may not be able to demonstrate technical proficiency in meeting project results.
- Organizational culture matters. The collapse of the Palestinian economy and the lack of alternative employment opportunities for NGO staff have created a dynamic in which commitment to continued service delivery of the program is priority and loyalty of staff to the leadership of the organization is paramount.

### Approaches to Building Capacity

- Capacity building is a process that requires both individual and institutional changes in behavior. These changes in practices are based on written policies and procedures that define the professional standard of performance expected of staff and Board members.
- Sustained institutional development takes place over an extended time frame as professional standards of performance becomes the norm against which the performance of individual staff and Board members are observed and assessed by other Board members, staff, community people and other professionals in the field.

- Shared ownership of the capacity building process creates trust at the operational level and allows for in-depth assistance as well as strengthens motivation and commitment to institutional change over the long term and in particular the involvement of key CSO decision-makers and staff
- Customized training and technical assistance by working within the operational context of the institution builds the ease with which recommended changes in systems and practices are adopted and has more impact than off-the-shelf training and technical assistance
- Best practices and models provide a solid foundation to start the capacity building process. Adaptation and development for specific organizational settings is key in ensuring sustainability of results achieved
- Institutional Diagnostic Assessments proved to be very effective tools in identifying the strengths and weaknesses of each targeted CSO and provided the baseline for the formulation of a comprehensive capacity building plan as well as monitoring and evaluation of progress towards the achievements of intended results
- Mentoring has great impact in transferring knowledge and bringing out improvement in professional standards of performance at the individual level that would translate into improvements in institutional systems
- Variations in performance among partner CSOs depend on the respective organizational culture, motivation and staff competencies yielding a normal bell curve distribution of high, mid-level and low performance partner organizations
- Sustainability of the funding base of the potential partner organization is critical to best assure that the training investment made in the organization can be continued through an income base that can sustain the salary of qualified staff.

#### Building Capacities in Financial Management and Internal Democratic Governance

- Palestinian CSOs are highly interested in improving financial management and governance practices within their institutions. The majority of CSO partners in the CSCB program demonstrated an ongoing commitment to expanding their capacities in these areas.
- Achieving transparency and decentralization in decision-making requires improvements in both internal democratic governance structures and financial management systems

#### Working in Uncertain Political and Security Environments

- It is possible to achieve high levels of results in uncertain times. Flexibility on the part of the assistance organizations and trust between CSOs and that organization are essential for success. Opportunities will open and close as uncertain political and security conditions develop. Program delivery must be flexible and evolve according to the need and circumstances arising from the political environment that surrounds it.

ADF developed credible and trustworthy relationships with CSOs that was built on responsiveness and an ability to deliver what was required.

- Assistance programs must avoid any implications of political agendas and focus instead on the political task of building capacity. The focus needs to be on technical inputs and advice.

## **RECOMMENDATIONS**

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Given the unique implementation environment of the CSCB program, the following recommendations are specific to the Palestinian context and are geared towards future civil society programming in the West Bank and Gaza.

Throughout the CSCB program, and in particular when working with CSOs on internal governance issues, there was a lot of confusion about the roles and responsibilities of the key decision-makers and the relationship between the Board and management. In this regard, the CSCB program recommends a comprehensive review of the NGO Law provisions to be modified and/ or clarified in order to cement good internal governance practices.

Finally, the sustainability of the Palestinian CSO sector is at risk financially and operationally as a result of the mounting conflict. CSOs cannot collect membership dues or service delivery fees from an impoverished constituency nor could deliver services as a result of closures and security measures. Although CSOs are exceptionally operating amid challenging circumstances to serve their constituencies, now more than ever, CSOs need all the support from the international community to sustain their work and build their capacities to deliver.

## **PALESTINE FEDERATION OF INDUSTRIES (PFI)**

**Sector:** Economic Development

**Policy Issues:** PFI is the NGO counterpart to the Ministry of Industries for policy dialogue

**Location(s):** Headquarters in Ramallah with branch offices in Bethlehem, Hebron, and Gaza and member associations in West Bank and Gaza

**Number of Members:** 15 member associations and an estimated total membership of 120,000

**Summary Description:** PFI WAS registered with the Ministry of Industries on September 28, 1999. PFI has 15 member associations and represents an estimated membership of 120,000. The board of PFI is well organized and composed of powerful private sector persons. The board consists of 13 members who meet on a regular basis. The annual budget is in the range of \$100,000 - \$150,000.

PFI is a significant player in advocacy of private sector interests, drafting of legislation, media access, lobbying and public interest coalition building. Meeting ISO standards is a key local concern in which PFI has functioned as an intermediary organization. Operationally, PFI is involved in the legislative process for PNA regulatory procedures in the private, for profit sector. They are involved in dialogue with the Ministry of Industries on the formulation of laws related to areas of income tax policy, social security and health insurance policy, intellectual property and patent rights and labor regulatory practices. PFI has an on-going country program relationship with UNIDO.

## **GENERAL UNION OF AGRICULTURE WORKING COMMITTEES (GUAWC)**

**Sector:** Environmental and Economic Development

**Policy Issues:** Pesticides in ground water; export of agricultural produce

**Location(s):** Headquarters in Ramallah with branch offices in West Bank and Gaza

**Number of Members:** 21 agriculture working committees

**Summary Description:** The Union of Agricultural Works Committees was founded in 1986, registered as a non-profit company based in Jerusalem. In 1989 the federation changed its legal status to be a federation of works committees (i.e. an NGO) in the Palestinian Territories. It has two main offices, one in Gaza and one in Ramallah in the West Bank.

The Federation has a unique membership system since it combines the membership of individuals and representatives of works committees: 40% of the federation members are academic researchers, 30% are representatives of local works committees, and 30% are women. Given its membership the Federation is able to mobilize coalitions among farmers. The Union has a strong background in advocacy and mobilization. They have experience in coalition building in Gaza related to the impact of border closure on produce export, Israeli settlement policy and agriculture land expropriation, and other issues related to the farmers' lives. Its annual budget is in the range of \$250,000. There are 11 board members.

## TECHNICAL CENTER FOR AGRICULTURE SERVICES (TCAS)

**Sector:** Environmental and Economic Development

**Policy Issues:** Pesticides in ground water; export of agricultural produce

**Location(s):** Headquarters in Hebron with branch offices in West Bank and Gaza

**Number of Members:** N/A

**Summary Description:** The Technical Center for Agriculture Services (TCAS) works directly with the PNA Ministries of Agriculture and Environment as well as with the Palestinian Water Authority. TCAS was established as an agriculture committee in 1985 and formally registered as an agriculture center in 1992. TCAS is both an intermediary organization with outreach to 6 branches in PA areas and a direct provider of services in the agriculture sector.

TCAS' long term goals include the development of the agriculture sector in order to achieve sustainability, integrate new technologies, increase job opportunities and raise issues of shared concern within the agriculture sector. TCAS seeks to enhance the status of women involved in the agriculture sector through its Women in Development unit. TCAS has experience in conducting research on public interest areas, working on legislation with the PLC and working to raise public awareness on advocacy issues. As TCAS is funded by external donors they have a project-by-project basis of operation. TCAS' annual budget is in the range of \$100,000 to \$200,000, all from external donors.

## PALESTINE YOUTH COUNCIL (PYC)

**Sector:** Social Development

**Policy Issues:** Youth policy; job training; job creation; family income

**Location(s):** Headquarters in El-Bireh with 15 branch offices in West Bank and Gaza

**Number of Members:** 11 organizations

**Summary Description:** The Palestine Youth Council is an intermediary organization that functions as an umbrella organization for all youth programming in PA areas. PYC is a coalition of all nationally recognized NGOs in the field of youth in Palestine. Over 6000 youth are represented by PYC whose membership represents the following youth organizations: Fatah Youth Organization, Youth Union of the Islamic Block, Palestinian Progressive Youth Union, Palestinian Democratic Youth Union, Youth of Palestine People's Party, Independent Youth Union, Union of Youth Centers in Refugee Camps, General Union of Palestinian Women, General Union of Palestinian Handicapped, General Federation of Trade Unions and the Palestinian Prisoners Club.

PYC was established in 1997 with support of the Ministry of Youth and Sport and UNDP. PYC is also registered with the Ministry of Interior. The PYC Board includes 15 elected members from the General Council. In addition the General Council includes 18 representatives elected from the General Conference. The Japanese Endowment Fund has assisted PYC in their efforts to represent the interests and rights of Palestinian youth and to promote legal cooperation with the PLC on youth related regulations and laws. PYC

seeks to unify all youth organizations and to create coordination mechanism for youth work in PA areas. PYC national headquarters are in Ramallah and the council has regional outreach throughout PA areas.

PYC is committed to training of youth leaders, especially women living in rural areas; workshops and events on youth oriented interests; summer camping programs; cultural events and youth exchange programs. The annual PYC budget is \$50,000 - \$100,000, the majority of which is from external donor sources.

### **GENERAL UNION FOR DISABLED PALESTINIANS (GUDP)**

**Sector:** Social Development/Disabled

**Policy Issues:** Implementation of recent disabilities legislation that benefits the handicapped

**Location(s):** Headquarters in Ramallah with 16 branch offices in West Bank and Gaza

**Number of Members:** 8,000

**Summary Description:** The General Union of Disabled Palestinians is an advocacy and policy oriented intermediary organization actively involved in the formulation of national policy on disabilities and legislation efforts. In October 1999 the Union was recognized for its role in the passage of PNA legislation for the disabled. The work of the Union is to address the rights of the disabled within the legislative context of human rights. They have extensive experience in advocacy research and mobilization of the disabled community. Over 8,000 persons have paid a modest membership fee to join the union. There are currently 15 Union related branch programs in PA areas that reach out to disabled Palestinians. This membership base needs to be reactivated and reorganized. Fund raising efforts to secure core funding for GUDP operations are now underway. The Ministry of Social Welfare has designated two qualified staff to assist GUDP in recent months. In the context of the Al-Aqsa Intifada the need to support disabled Palestinians has increased.

### **ATFALUNA SOCIETY FOR DEAF CHILDREN**

**Sector:** Social Development/Disabled

**Policy Issues:** Formulation and implementation of recent disabilities legislation that benefits the handicapped

**Location(s):** Headquarters in Gaza

**Number of Members:**

**Summary Description:** Atfaluna was established in 1994 and is a founding member and Gaza Coordinator of the Community Development Association for the Hearing Impaired. Atfaluna is a leader in handicapped programming in the Gaza Strip. This umbrella group includes 14 other organizations organized for both West Bank and Gaza Strip service providers to the hearing impaired and was active in the 1999 enactment of legislation on the rights of the handicapped. Its programs include a school for deaf children, a vocational training program, a crafts shop and product marketing unit, a hearing aid production unit and the NGO administrative structure that manages the program.

They operate on a multi-year program timeframe and budgetary basis. Their systems are computerized and they have qualified staff in key management and programming positions. The society has an outreach network with one service center for the southern part of the Gaza Strip (Al-Amal, a Rafah-based service organization for the deaf and disabled). The board of directors is composed of six members who are involved in the management of the organization. Atfaluna operates on an annual budget in the range of \$500,000.

The organization does not presently have a general assembly and does not view itself as a direct service delivery operation; rather it is an intermediary network of partner organizations. However, the parents of the handicapped children could be developed into an Atfaluna general assembly if so desired.

<b>AL-AMAL SOCIETY FOR HANDICAPPED REHABILITATION</b>
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**Sector:** Social Development/Disabled

**Policy Issues:** Formulation and implementation of recent disabilities legislation that benefits the handicapped

**Location(s):** Headquarters in Rafah

**Number of Members:**

**Summary Description:** Al-Amal Society, located in the southern area of the Gaza Strip in Rafah, was founded in 1991 under the umbrella of the UNRWA program, which was, among other donors, funding the activities of the society. Al-Amal became an NGO in 1997 and legally registered with the PNA in 1998. Al-Amal offers education services for deaf children ages (4-14 years), separate vocational training for deaf women and deaf adults, outreach service programs to elderly deaf persons in the Rafah municipality and refugee camps and Palestinian youth clubs. It is also a founding member of the Community Development Association for the Hearing Impaired.

The society is a member of the Community Development Association for the Hearing Impaired; it is also a member of the Community Rehabilitation Centers Coordination Committee, a member in the Palestinian NGOs Network (PNGO), and a member of the Federation of Handicapped Societies. They are also involved in public interest areas such as drafting the approved new NGO law and the upcoming handicapped rights law together with other concerned Palestinian NGOs and the Palestinian Legislative Council.

The general assembly of Al-Amal is individuals and professionals who are interested in supporting Palestinian deaf children. The society is choosing membership for their general assembly so as to be in compliance with the new NGO law. Al-Amal Society is active in the field of hearing impaired in the Gaza Strip, as members in different associations and federations that are working to deliver services for the deaf and handicapped.

## **GAZA COMMUNITY MENTAL HEALTH & WOMEN'S EMPOWERMENT PROGRAMS (GCMHP/WEP)**

**Sector:** Social Development/Mental Health & Women's Empowerment Programs

**Policy Issues:** Mental health; trauma treatment; women and family conditions in refugee camps

**Location(s):** Headquarters in Gaza

**Number of Members:**

**Summary Description:** GCMHP, established in 1990, has been actively involved in developing its institutional capacities over the past four years. It is one of the largest non-governmental organizations in the Gaza Strip, with 6 branch offices operating under a central board of directors and administrative structure. Women Empowerment Program (WEP) is one of these branches that operates as a separate women's program under the legal umbrella of GCMHP. Major European donor support has contributed to the annual budget of GCMHP and WEP, which ranges from \$1-2 million per year. They have qualified finance staff and a computerized financial reporting system as well as highly qualified senior staff managing their health care, training and women's programs.

GCMHP is experienced in advocacy research, mobilization, lobbying and citizen education. GCMHP was a key player in the passage of the recently enacted NGO Law. Of interest to the Gaza Community Mental Health Program is the sustainability of their operations through private sector fund-raising strategies. The future organization of an endowment fund or a trust fund is an area in which they would appreciate technical assistance

## **EDUCATIONAL NETWORK (EdNet)**

**Sector:** Education

**Policy Issues:** educational policy; curriculum development; civic education

**Location(s):** Headquarters in Ramallah

**Number of Members:** 35 organizational members and 1,500 individual members

**Summary Description:** Education Network was established in November 1989 as a project funded by the Quaker (Friends) Boys School. EdNet works in close cooperation with the Ministry of Education and UNRWA. Its purpose is to assist in the development of an education system that meets the needs of Palestinian people. EdNet is composed of 35 member organizations and represents over 1500 persons.

They publish a magazine, "Education Network", assist in the development of curriculum enrichment and pilot innovative classroom programs such as information technology and computer use in the classroom. They seek to strengthen coordination and networking among teachers and education organizations both locally and internationally.

EdNet training programs promote democratic values and human rights. Other programs include civic education seminars, training on human rights, gender issues and vocational

education. Since the dismantling of the Teachers' Association by the PNA, EdNet is the most effective and accepted framework in Palestine for discussion of educational policy.

## **ENGINEERS' ASSOCIATION**

**Sector:** Environment

**Policy Issues:** Vehicle emission standards

**Location(s):** Headquarters in Gaza

**Number of Members:** 3,800

**Summary Description:** The Association of Engineers for the Gaza Governorates is a professional association founded in 1976 with 3,800 members constituting the general assembly and 9 board members elected every two years. The association has 5 regional offices covering all the Gaza Strip Governorates. The association focuses on improving working conditions of Palestinian engineers in the public and private sectors, establishment of standards for construction industries, monitoring of standards for private engineering offices and consulting companies, conducting training, conducting workshops in key issues related to engineering work, participating in employment committees both in the public and private sectors, and working as a third party in solving disputes between engineers and the general public.

## Financial Management Diagnostic Assessment Tool

Date: \_\_\_\_\_ Form Completed by: \_\_\_\_\_

**Organization Name:**

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_

Executive Director: \_\_\_\_\_ Contact No. \_\_\_\_\_

Finance Director: \_\_\_\_\_ Contact No. \_\_\_\_\_

Chair of Board: \_\_\_\_\_ Contact No. \_\_\_\_\_

Finance Officer of Board: \_\_\_\_\_ Contact No. \_\_\_\_\_

Year Organization Established: \_\_\_\_\_ Registration No: \_\_\_\_\_

**Section 1. Organizational Structure and Personnel**

1. Does the organization have :		
a. A constitution?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. A set of by-laws?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. May I look at these documents?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
d. Are the objectives of the organization clearly defined in these documents?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Structure of the organization		
a. Does the organization have an organizational chart?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. Does it have a staff chart?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. Do the organizational chart and/or staff chart have clearly defined levels of authority and responsibility?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Approximately how many persons are now employed in each of the following areas:		
a. Management and Administration		
b. Accounts or Finance Department		
c. Programming staff		
d. Clerical support		
e. Others (Please define)		
f. What is the total number of staff in your organization?	Total	
4. Have job descriptions been prepared for all staff, especially for all senior staff?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
a. If yes, obtain a copy of the job descriptions.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. Are the job descriptions written at a professional standard?	<input type="checkbox"/> Yes	<input type="checkbox"/> No



**Section 2. Documentation of Policies and Procedures**

Sort of operational manuals are currently in use, Does your organization have:		
<b>Section 2.1: An Accounting Manual</b>		
1. An Accounting Manual	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Manual use:	<input type="checkbox"/> Routine <input type="checkbox"/> Periodic <input type="checkbox"/> Very Limited	
3. Year Accounting manual was written		
4. Year Accounting manual was revised		
<b>Section 2.2: Policy &amp; Procedures Operations Manual</b>		
1. Policy & Procedures Operations Manual	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Manual use:	<input type="checkbox"/> Routine <input type="checkbox"/> Periodic <input type="checkbox"/> Very Limited	
3. Year Policy & Procedures Operations manual was written		
4. Year Policy & Procedures Operations manual was revised		
<b>Section 2.3: Personnel Manual</b>		
1. Personnel Manual	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Manual use:	<input type="checkbox"/> Routine <input type="checkbox"/> Periodic <input type="checkbox"/> Very Limited	
3. Year Personnel Manual was written		
4. Year Personnel Manual was revised		
<b>Section 2.4: Procurement Manual</b>		
1. Procurement Manual	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Manual use:	<input type="checkbox"/> Routine <input type="checkbox"/> Periodic <input type="checkbox"/> Very Limited	
3. Year Personnel Manual was written		
4. Year Personnel Manual was revised		

**General Comments:**

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**Section 3. Organizational Planning and Budgetary Controls**

<b>Section 3.1: Annual Budget</b>			
1. Does your organization have an overall plan of action and budget for its operation?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Who prepares the budget and the plan of action?			
<input type="checkbox"/> Senior finance officer	<input type="checkbox"/> Board finance office	<input type="checkbox"/> Director	<input type="checkbox"/> Program implementing manager
3. Annual budget plan reviewed by board of directors		<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Does the planning and budgetary document(s) have identifiable targets or objectives to achieve during the fiscal year?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. Are the objectives clearly stated?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. Does the planning document(s) deal with:		<input type="checkbox"/> Yes	<input type="checkbox"/> No
1 Availability of funding		<input type="checkbox"/> Yes	<input type="checkbox"/> No
2 Personnel requirements to achieve targeted objectives of plan		<input type="checkbox"/> Yes	<input type="checkbox"/> No
3 Capital requirements to implement the plan		<input type="checkbox"/> Yes	<input type="checkbox"/> No
4 Timing of inputs		<input type="checkbox"/> Yes	<input type="checkbox"/> No
7. For control purposes, are budgets broken down by quarter or by month?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
8. Are budgets for each grant prepared?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
9. Is monthly cash budget is prepared		<input type="checkbox"/> Yes	<input type="checkbox"/> No
10. Are variances in the budget calculated:			
<input type="checkbox"/> on monthly basis <input type="checkbox"/> on quarterly basis <input type="checkbox"/> on annual basis			
11. To who are variances in the budget reported?			
<input type="checkbox"/> Board of directors	<input type="checkbox"/> Board treasurer	<input type="checkbox"/> Director	<input type="checkbox"/> Program Implementing Director
12. Is action taken over significant variances?			
<input type="checkbox"/> Monthly basis	<input type="checkbox"/> Quarterly basis	<input type="checkbox"/> Annual basis	<input type="checkbox"/> No action taken
<b>Section 3.2: Currencies of the Financial System</b>			
1. In what currencies are bank accounts maintained?			
2. Is the annual budget prepared in the functional currency?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. In what currency (or currencies) are the financial records maintained?		<input type="checkbox"/> Single	<input type="checkbox"/> Multiple
<b>Section 3.3 Type of Financial Statements</b>			
1. Income Statement (Statement of Activities)			
<input type="checkbox"/> Monthly basis	<input type="checkbox"/> Quarterly basis	<input type="checkbox"/> Annual basis	
2. Statement of Sources & Uses of Funds (Cash Flow)			
<input type="checkbox"/> Monthly basis	<input type="checkbox"/> Quarterly basis	<input type="checkbox"/> Annual basis	

3. Balance Sheet			
<input type="checkbox"/> Monthly basis	<input type="checkbox"/> Quarterly basis	<input type="checkbox"/> Annual basis	
Statement of Cash Receipts & Disbursements			
<input type="checkbox"/> Monthly basis	<input type="checkbox"/> Quarterly basis	<input type="checkbox"/> Annual basis	<input type="checkbox"/> On Demand

**General Comments**

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**Section 4. Accounting Software**

<b>Section 4.1: Computerization of Accounting System</b>			
1. Is the accounting system of the organization computerized?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Accounting software in use by organization		<input type="checkbox"/> Excel	<input type="checkbox"/> Standard
3. Features of current accounting software package:			
<input type="checkbox"/> Create cost centers by program activity	<input type="checkbox"/> Create cost center by donor source	<input type="checkbox"/> Fiscal records by site location of branch	
<input type="checkbox"/> Generate financial reports	<input type="checkbox"/> System use security access control	<input type="checkbox"/> System is user-friendly	
4. Are you satisfied with your current software		<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Section 4.2: Financial Record Keeping Policies</b>			
1. Does your organization have a standard Chart of Accounts?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Are the financial records of the organization segregated by donors?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Are cash and bank balances segregated by donor?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. What standard documents are in use?			
<input type="checkbox"/> Payment Voucher	<input type="checkbox"/> Receipt Voucher	<input type="checkbox"/> Journal Voucher	
5. Are there control accounts with subsidiary ledgers?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. If so, how often are these entries posted to the general ledger?			
<input type="checkbox"/> Daily	<input type="checkbox"/> Weekly	<input type="checkbox"/> Monthly	
7. Are the accounting policies and procedures of the organization:			
Reasonable?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
Acceptable at a standard required by international donors?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
Consistent with grant agreements being managed by the organization?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
8. Income is recorded on:		<input type="checkbox"/> Accrual	<input type="checkbox"/> Cash
9. Expenditures are recorded on:		<input type="checkbox"/> Accrual	<input type="checkbox"/> Cash
10. Fixed Assets are recorded as:		<input type="checkbox"/> Capital Asset	Expense (Not capitalized)
11. Established policies for currency exchange gain/loss		<input type="checkbox"/> Yes	<input type="checkbox"/> No

**General comments**

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**Section 5. Disbursements and Procurement**

<b>Section 5.1: Checks and payment vouchers:</b>			
1. Are checks pre-numbered and accounted for in sequence?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
2. Are payments vouchers pre-numbered and accounted for in sequence?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
3. Are voided checks properly controlled and accounted for?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
4. Are blank checks secured?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
5. Are there any signed blank checks?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
6. Are all payments supported by adequate documentation (payment voucher, invoices, receiving reports, purchase orders, etc.) ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
7. Is the payment voucher and supporting documents stamped paid or cancelled?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<b>Section 5.2: Bank Accounts:</b>			
1. The checking account signatories are			
Chair of Board	Treasurer of Board	Director General	Other (specify)
2. Are they accessible?			<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Number of signatories to bank account is:		<input type="checkbox"/> One person	<input type="checkbox"/> Two persons or more
4. Approximately how many checks each month? Each quarter?			
<input type="checkbox"/> Above 20 checks	<input type="checkbox"/> Between 10-20 checks	<input type="checkbox"/> Between 10-20 checks	
<b>Section 5.3: Petty Cash:</b>			
1. What is the petty cash system in use at the organization?		<input type="checkbox"/> Imprest	<input type="checkbox"/> Cash
2. Is a cashbook maintained for petty cash transactions?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Amount limit for maximum Petty Cash expenditure		<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Is all petty cash funding replenished from bank withdrawals?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. Petty cash is not intermingled with cash on hand		<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. Petty Cash Segregation of Duties		<input type="checkbox"/> Yes	<input type="checkbox"/> No
7. Are there any cash counts performed and documented by an authorized person?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Section 5.4: Procurement Procedures:</b>			
1. Does the organization have procedures to ensure procurement at competitive prices?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Competitive bidding documentation includes:			
<input type="checkbox"/> Obtain at least three offers. <input type="checkbox"/> Prepare procurement comparison sheet. <input type="checkbox"/> Document the purchase decision. <input type="checkbox"/> Document is signed by the purchasing committee members.			
3. Does the organization have written policies on conflict of interest?		<input type="checkbox"/> Yes	<input type="checkbox"/> No

**General Comments:**

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**Section 6. Personnel Policies and Human Resource Management Procedures**

<b>Section 6.1: Payroll System</b>		
1. Is monthly payroll sheet prepared for all staff?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Is monthly calculations of income tax deductions correctly prepared?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Are they regularly remitted to the appropriate government?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Is the payroll sheet always approved by the director of the organization?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. Are there time sheets prepared for staff?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. Policies for severance pay exist	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Section 6.2: Overtime and travel allowances:</b>		
1. Overtime policy and procedures in place	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Policies for per diem payment exist	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Per diem rates approved by an authorized person	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Are per diem rates frequently revised	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. Is there transportation reimbursement sheets used	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**General Comments**

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**Section 7. General Controls**

<b>Section 7.1: Segregation of Duties</b>		
1. Preparing & approving payment vouchers	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Signing checks & preparing bank reconciliation	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Making deposits & preparing bank reconciliation	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Recording receipts or payments & custody of cash	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Section 7.2 Control Procedures</b>		
1. Is there a system of internal checks and control ? Does the organization conduct internal audits?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Is the general ledger balanced on	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Have the accounts of the organization been previously audited?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. When was the last audit?	Date:	

5. Have the audit findings been implemented by the organization?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. Are the bank accounts reconciled on monthly basis?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7. Are the account reconciliations approved by a senior officer?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**General Comments**

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**Section 8. Assets and Inventory**

<b>Section 8.1: Assets:</b>			
1. Is there an asset register?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
2. Has the register been properly designed?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
3. Is it up to date?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
4. Assets are tagged	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
5. Are there periodical inspections made by the organization to verify the status of assets?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
6. Is there any evidence of the periodical inspection	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
7. Are there controls in place to safeguard:			
a. Cash	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
b. Assets	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
c. Any item of stock	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<b>Section 8.2: Inventory</b>			
1. Does the organization manage substantial quantities of stock?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
2. If so, is there any documentation process exists to record the movement of stock?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
3. Are there regular stock counts?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
4. What is the frequency of stock counts?	<input type="checkbox"/> Weekly	<input type="checkbox"/> Monthly	<input type="checkbox"/> Other
5. Does your organization own vehicles?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
6. If so, does it have systems in place to monitor vehicle use?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
7. Do you consider these systems adequate?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	

**General Comments**

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### Internal Democratic Governance Diagnostic Assessment Tool

Date: \_\_\_\_\_ Form Completed by: \_\_\_\_\_

Organization Name: \_\_\_\_\_

No.	Names of Board Members:	No.	Position
1.	_____	1.	_____
2.	_____	2.	_____
3.	_____	3.	_____
4.	_____	4.	_____
5.	_____	5.	_____
6.	_____	6.	_____
7.	_____	7.	_____
8.	_____	8.	_____
9.	_____	9.	_____
10.	_____	10.	_____

#### **Section 1. Clarity of Purpose**

##### **1.1 Organizational Internal Governance Structure**

1. Does the NGO have a clear defined organigram for board & staff?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Does the NGO have a constitution?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Organization has mission statement/objectives?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. If yes, was it approved by vote of the Board?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. Has the mission statement ever been revised by a vote of the Board?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. Is the mission statement printed in an NGO brochure or annual report?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

##### **1.2 Rules and Procedures**

1. Does the organization have board by-laws or manual?	<input type="checkbox"/> Yes	<input type="checkbox"/> No		
2. NGO has written by-laws and a copy is provided to each new board member.	<input type="checkbox"/> Yes	<input type="checkbox"/> No		
3. NGO by-laws provide scheduled opportunities for member comment and input at board meetings.	<input type="checkbox"/> Yes	<input type="checkbox"/> No		
4. How often are they used	<input type="checkbox"/> Routine	<input type="checkbox"/> Periodic	<input type="checkbox"/> On demand	<input type="checkbox"/> None
5. When have these manuals been updated or revised?	<input type="checkbox"/> last year	<input type="checkbox"/> 2 years ago	<input type="checkbox"/> 3 years ago	<input type="checkbox"/> More

##### **1.3 Meetings and Agendas**

1. The NGO Board of Directors meets:	Monthly	<input type="checkbox"/>
	Quarterly	<input type="checkbox"/>
	Semi-Annually	<input type="checkbox"/>
	Once a year	<input type="checkbox"/>
2. NGO prepares an agenda for the meeting that shows the schedule for and points for action or discussion.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

#### 1.4 Board Decisions

1. Does the NGO have an open decision making process?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. NGO provides regular opportunities at board meetings for constituency input on interest/needs/priorities.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Board disseminates board decisions to staff and General Assembly (GA) members.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. NGO holds annual or semi-annual meetings to community wide meetings to collect constituency input.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. Board invites staff and GA members to speak at board and committee meetings.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. Key NGO board decisions are referred to the General Assembly for vote approval.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7. Number of members on board of directors		
7 or more persons	3-6 persons	1-2 persons
No Active board		

#### 1.5 Gender Participation

1. NGO has conducted a presentation on the importance of gender participation to the General Assembly.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. NGO has an active committee for public education and program development on gender issues.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Current NGO board members have attended training in gender awareness and participation in decision-making.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Board Membership includes both men and women.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

#### 1.6 Accountability

1. Are the NGO systems transparent and allow accountability?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Does the NGO print copies of the annual report and distributes them to members, donors, government and general public.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

### Section 2. Board Elections and Leadership

#### 2.1 Rotation of Board Chair & Officers

1. Defined procedures for leadership selection exist		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
2. NGO elects board members and rotates leadership responsibilities		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
3. NGO appoints board members and rotates leadership responsibilities		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
4. Board president and officers have fixed terms of office		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
5. What is the period for service for:				
Chairman	<input type="checkbox"/> Annual Elections	<input type="checkbox"/> Every 2-3 years	<input type="checkbox"/> 4-5 years	<input type="checkbox"/> More than 5 years
Board Officers	<input type="checkbox"/> Annual Elections	<input type="checkbox"/> Every 2-3 years	<input type="checkbox"/> 4-5 years	<input type="checkbox"/> More than 5 years

### 2.2 Definitions and Clarity of Board Roles

1. Board defines roles with job descriptions.		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
2. NGO conducts orientations for new members and officers.		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
3. Are there or have there been any working committees formed by the General Assembly or Board of Directors to work on following functions:		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
Fundraising	<input type="checkbox"/>	Policy definition	<input type="checkbox"/>	Setting strategic directions	<input type="checkbox"/>
Advocacy Work	<input type="checkbox"/>	Representation of key constituents	<input type="checkbox"/>		

## Section 3. NGO Advocacy Role

### 3.1 NGO Capacity for Advocacy Work

1. Is the NGO knowledgeable of and able to plan an advocacy initiative?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. NGO board can identify key techniques of effective advocacy.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. NGO has a timeframe for an advocacy strategy and achievement.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. NGO has collected research information in support of an advocacy campaign.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. NGO officers believe advocacy is an appropriate role for NGOs and believe in influencing decision makers.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

### 3.2 Program Research & Monitoring

1. NGO contracts sector specialists for research in support of advocacy.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. NGO has capacity to contribute to policy dialogue and inform decision makers on public opinion?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. NGO investigates and reports on policy statements, applicable laws, decrees, and state budgets.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. NGO analysis the cultural and social contexts of issues or decisions.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. NGO disseminates results of research to decision makers for policy formulation.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**Section 4. Representation of Constituency Interests**

**4.1 Constituency Relationship**

1. Is the NGO skilled in constituency building?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Does the NGO have the capacity to identify constituents' interests, needs and priorities?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Does the NGO mobilize constituents around an advocacy issue?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. NGO collects information from its General Assembly or membership constituency to support an advocacy initiative.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. NGO has included non- General Assembly members of the constituency in NGO meetings to prepare for an advocacy strategy.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**4.2 Public Education**

1. Does the NGO use multiple techniques to educate the public and engage policy makers on advocacy issues?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. NGO meets with decision makers on policy issues.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. NGO interviews citizens on policy issues.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. NGO disseminates periodic newsletters to educate the public and decision makers.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. NGO holds public meetings to educate the public and decision makers.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**Section 5. Advocacy Work through Media & Coalitions**

**5.1 Use of Media**

1. NGO uses media to influence the public & decision makers	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. NGO advertises in newspapers.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. NGO purchases airtime on radio.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. NGO purchases airtime on television.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. NGO holds press conferences.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. NGO invites media representatives / journalists to events.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7. NGO sends press releases to the media.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
8. NGO prepares and sends issue files for use by the press or TV.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**5.2 Networking Coalitions & Community Relations**

1. Does the NGO build networks and community relations to support its position?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. NGO participates actively as a member of another federation / network.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

3. NGO regularly sends information on its plans and activities to other NGOs	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. NGO has implemented an activity or program with other NGO(s)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. NGO works closely with other NGOs in a coalition effort Focusing on an advocacy issue.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. NGO has by-laws or a written agreement for joint operations with other NGO(s).	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7. NGO has joined with other NGOs in coalition for meetings with decision makers	<input type="checkbox"/> Yes	<input type="checkbox"/> No
8. NGO has implemented an activity jointly with a public institution	<input type="checkbox"/> Yes	<input type="checkbox"/> No
9. Does the NGO monitor the effectiveness and outcome of the advocacy process in which it participates?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
10. NGO monitors changes in its relationship with partner NGOs in a collaborative advocacy initiative and reports these changes to senior management staff or the board for review.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**Section 6. Planning for Management**

**6.1 Program Planning & Evaluation**

1. The NGO prepares multi-year sector plans for activities, services and programs.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Board reviews/approves multi-year program plans.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. NGO prepares annual plan that includes the separate plans for each activity, service or program.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Board reviews/approves annual program plan.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. NGO board shares written evaluations of plan achievements with the General Assembly.		
<input type="checkbox"/> Every quarter	<input type="checkbox"/> Semi-annual	<input type="checkbox"/> Annual
<input type="checkbox"/> No formal Program reports to board		
6. Frequency of Financial reporting to board.		
<input type="checkbox"/> Every quarter	<input type="checkbox"/> Semi-annual	<input type="checkbox"/> Annual
<input type="checkbox"/> No formal Program reports to board		
7. NGO management reviews and revises its plans and achievements with the board of directors?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
8. NGO shares and distributes its annual written plan to staff.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**6.2 Strategic Program & Budget Planning**

1. NGO has contracted for an external consultant to assess its organizational capacity and future development.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Annual program plan have budget component.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. NGO allocates funds and prepares a specific agenda on strategic planning for organizational development.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

4. NGO has conducted a retreat or special workshop for board members and senior staff to prepare strategic plans for organizational development.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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**6.3 Personnel Management**

1. NGO has a current staff chart.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. NGO has written job descriptions for all professional staff positions	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. NGO has written job descriptions for all administrative staff positions.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Does the NGO promote staff-management dialogue and communication?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. NGO has an established salary scale for staff positions.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. NGO has a written policy statement on staff-management communication.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7. NGO keeps personnel files for all staff.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
8. NGO has contracts for paid staff.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
9. NGO has a staff newsletter or bulletin board for staff announcements.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
10. NGO conducts annual written staff performance evaluations.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
11. NGO has a regular schedule of staff meetings.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
12. NGO prepares and posts the written minutes of staff meetings.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**Section 7. Overall Rating**

How would you rate the quality of internal governance in your organization?	<input type="checkbox"/> Needs major improvements <input type="checkbox"/> Needs much improvements <input type="checkbox"/> Needs some improvements <input type="checkbox"/> Needs no improvements
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