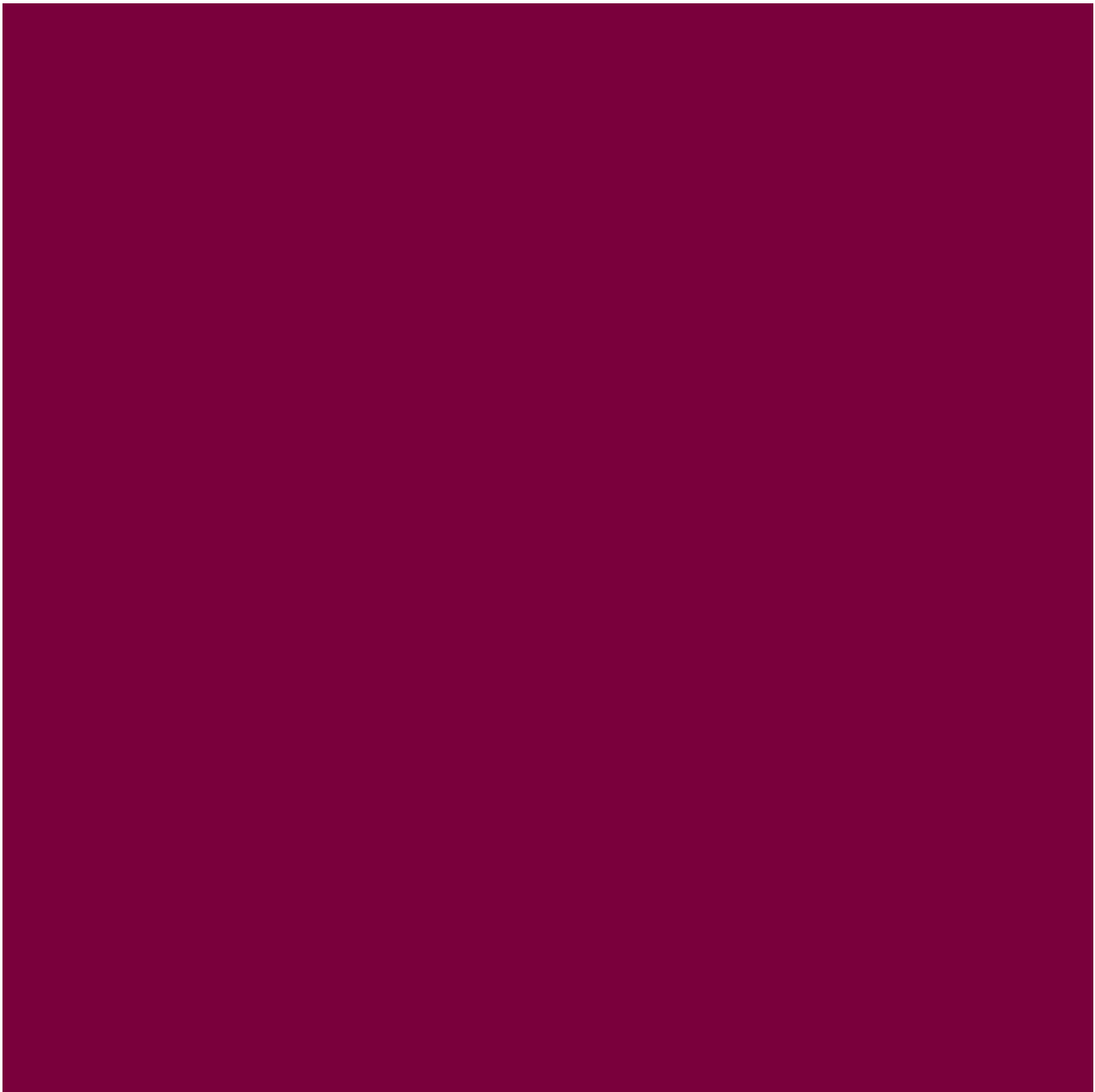




JUNE 2007 • SEKA/HUMANITARIAN DIVISION

The Malawi emergency relief  
programme as a case study

# Study of SOS Children's Villages' Humanitarian Response Capacity





# Forword

## **Study of the Humanitarian Capacity of Plan Sweden, SOS Children Villages Sweden and Islamic Relief Sweden**

Sida's Division for Humanitarian Assistance regularly performs capacity studies of humanitarian actors to learn more about the organisations and to assess their capacity to carry out humanitarian relief programmes.

In 2006, Sida commissioned Deloitte to conduct capacity studies of Islamic Relief, SOS Children Villages and Plan, with a particular focus on their humanitarian work. The same year, each of these organisations had received grants from Sida's humanitarian division for projects in Pakistan after the earthquake (Plan and Islamic Relief) and in Malawi to assist drought affected households (SOS Children Villages).

The purpose of the studies was as follows:

- to map the organisations in terms of organisational structure, management capacity, administration structures and routines etc.,
- to assess the organisations' capacity to carry out humanitarian relief efforts,
- to provide Sida with recommendations regarding a possible future partnership with the organisations.

Deloitte sub-contracted a humanitarian expert for the evaluation team, which also included persons from Deloitte's local branches in Pakistan and Malawi. In the report, the consultant clearly emphasises that the conclusions are based on one case study alone for each organisation and might therefore not be fully applicable to the organisations' other relief work.

In general, the consultant concludes that the projects have been successfully implemented by the organisations and that the organisations managed the projects well.

The opinions and suggestions in this report reflect the views of the consultants commissioned for the studies. Sida has formulated a management response which reflects Sida's views on the studies and the implications for future cooperation with the organisations, see Annex 6.

Please find more information on Sida's humanitarian assistance on our homepage, [www.sida.se/hum](http://www.sida.se/hum).

*Magnus Lindell*

*Director*

*Head of Department for Cooperation with NGOs,  
Humanitarian Assistance & Conflict Management*



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Capacity study of SOS Children's Villages

Focus on Humanitarian Assistance using the Malawi emergency relief programme as a case study

Published by Sida 2007

SEKA/Humanitarian Division

Author: Deloitte

Printed by Edita Communication AB, 2007

Art. no.: SIDA37677en

This publication can be downloaded/ordered from [www.sida.se/publications](http://www.sida.se/publications)

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**Deloitte.**

# Executive Summary

Deloitte has been assigned by Sida to perform a capacity study of SOS Children's Villages aiming to:

- Map and document the organisation in regards to the areas: organisational structure, management of activities, administrative systems and routines, personnel administration and financial control.
- Make an assessment of SOS Children's Villages capacity to implement effective emergency relief programmes (ERP). Based on the ERP performed in Malawi during the period November 2005 to June 2006, an analysis of the strengths, weaknesses, opportunities and threats has been performed.
- Assess if SOS Children's Villages is an appropriate future partner for Sida regarding emergency relief programmes and, in that case, under which circumstances this partnership would be most effective.

The review was conducted both in Sweden, Innsbruck (SOS-Kinderdorf International, headquarters) and in Malawi, and was performed during the period September 11, 2006 to October 27, 2006. The project members consisted of consultants from the Deloitte offices in Stockholm and Lilongwe (Malawi) as well as a sub-contracted humanitarian aid expert. Please keep in mind that the conclusions are based on *one single case study*.

## **Our Overall Conclusion**

The focus of SOS Children's Villages, clearly communicated by its representatives, is development rather than relief. Within its areas of operation, SOS Children's Villages may however perform limited interventions if a disaster strikes.

The systems and structures in place function well and are adequate and well adapted to the organisation's normal activities. The organisation's relationship with the community is well-established and based on sophisticated methodologies for participation. Meanwhile, the organisation does not systematically coordinate and network at national level, except in regard to specific issues such as legal matters pertaining to their guardian role vis-à-vis the children entrusted to them in the villages.

In consequence the organisation is well placed to complement ordinary activities with limited relief activities but would have difficulty in effectively partnering in a major relief operation.

## **Recommendations**

Mainly due to strong relations with the community on micro-level and a clear and time-bound setup of its relief programmes, we believe that SOS Children's Villages should be considered as an emergency relief provider for Sida, if the disaster strikes within SOS Children's Village's area of operations.

Sida should further consider SOS existing systems and physical infrastructure as a significant resource in a possible future large-scale national emergency, especially in view of SOS Children's Village's urban or semi-urban presence. Our opinion is that this should take place under the oversight/supervision of a more experienced relief organisation.

SOS is recommended to invest in better national level networking. Such networking would enable the organisation to avail itself of the experience gained by others, improve the national resource base by improving coordination and allow other organisations to learn from the significant experience developed by SOS in their particular field.



# Background

Sida is constantly reviewing its humanitarian partner organisations in order to find the most effective and efficient channels for the Swedish humanitarian assistance. Sida's Division for Humanitarian Assistance performs capacity studies with a view to clarify needs of change or strengthening of the competence and capacity of the organisation to perform humanitarian assistance.

In connection to the drought in Southern Africa during the last years, the Division for Humanitarian Assistance decided to fund a project through SOS Barnbyar (Sweden) for the first time in many years. The contribution amounted to SEK 927 000 and was given for support to the Emergency Food Relief for target groups in Traditional Authority Tsabango, Lilongwe District, Malawi during the period November 2005 to June 2006.

The main focus of the study is the implementation capacity of SOS Children's Villages regarding emergency relief programmes. As SOS Barnbyar (SOS Children's Villages Sweden) is a non-operational, fund-raising organisation which is part of SOS-KDI (SOS-Kinderdorf International) network with several national associations (NAs) around the world, the assessment of capacity is made on SOS Barnbyar, SOS-KDI as well as the case study SOS Malawi (SOS Children's Village of Malawi Trust).

## **Objective**

The objective of the audit as stated in the Terms of Reference between Deloitte and Sida is:

- To carry out a capacity study with regard to both the internal structures of the organisation and its capacity to implement humanitarian programmes in accordance with the Swedish policy on humanitarian assistance. The capacity study of SOS Children Villages shall facilitate the possibilities for Sida to assess the organisation in view of possible future funding for humanitarian projects. The assignment shall comprise the whole of SOS's organisational setup in Sweden (the board and the secretariat) as well as selected activities in the field with a particular focus on the recent humanitarian emergency programmes in Malawi.

- To map and document the organisations regarding the following five areas:
  - Organisational structure
  - Management of activities
  - Administrative systems and routines
  - Personnel administration
  - Financial control
- To perform an analysis with clear recommendations mainly within the five areas presented above.

## Scope and Limitations

The scope of our work has comprised of the following activities:

- Interviews in Sweden, Innsbruck (Austria) and in Lilongwe (Malawi) with a large number of people at different positions within the associations as well as within relevant stakeholders. For these interviews a tailored questionnaire was used as reference. For a list of persons interviewed, please see appendix 1.
- Desk reviews of policies, procedures, manuals, guidelines, reports, agreements and other relevant documentation relating to SOS Barnbyar, SOS-KDI and SOS Malawi. For a list of documents reviewed, please see appendix 2.
- The review has focused on the capacity to perform emergency relief operations, and has included the following areas: organisational structure, management of activities, administrative systems and routines, personnel administration and financial control. Please see the Terms of Reference in appendix 3 for detailed information of what is included under each area.

Please be aware of the following limitations to our work:

- The conclusions are based on *only one case study* (SOS Malawi) of an ERP. It is important to keep in mind that other NAs as well as other ERPs may operate differently.
- The objective of the study is to review the organisation's capacity and not to perform an impact oriented review. Thus, the effectiveness of the ERP is not assessed and queries to beneficiaries are not included in the scope.
- The review is based on interviews and triangulation of information supported with a review of policies, procedures and guidelines. Only on a few occasions has detailed testing of e.g. supporting documentation been performed.
- Due to time constraints and availability of employees at the time our visit, some sub-sections are covered with a different level of detail for each of the associations.

## Terminology and Abbreviations

| <b>Term/Abbreviation</b> | <b>Explanation</b>  |
|--------------------------|---|
| ERP                      | Emergency Relief Programme  |
| NGO                      | Non-government organisation   |
| SOS-KDI                  | SOS-Kinderdorf International (Headquarter and umbrella organisation)  |
| SOS Barnbyar             | SOS Children's Village in Sweden (Individual association)   |
| SOS Malawi               | SOS Children's Village of Malawi Trust (Individual association)   |
| PSA                      | Promoting and supporting Association (ten associations within the SOS network according to the annual report – SOS Barnbyar is a PSA) |
| VDC                      | Village Development Committee (local, micro-level authority in Malawi)  |
| ECHO                     | European Commission Humanitarian Office   |
| NA                       | National Association (generally national, democratic membership associations with operational units)                                  |

# Organisational Mapping and Analysis

The first two sub-sections below include a description of the Emergency Relief Programme (i.e. the case study) as well as overall information of SOS Children's Villages, which are contextually important for the context. Thereafter, the documented mapping of the five areas specified in the Terms of Reference is presented for each of the three organisations reviewed. Please note that the mapping to some extent also includes an analysis. The most important strengths, weaknesses, opportunities and threats are summarized in the SWOT-analysis ending this section.

## **Description of the Emergency Relief Programme (ERP)**

SOS Children's Villages has *performed development activities in Malawi since 1986*. In April 1991 a government agreement between SOS-KDI and the Republic of Malawi was signed and two years later the local SOS Children's Villages association was officially registered. The Malawi organisation currently includes two established and running children's villages (in Lilongwe and in Mzuzu) with 12 facilities and a third children's village (in Blantyre) is currently being built. The presence of the organisation in the area, previously having suffered from droughts, had resulted in good contact with the local community as well as previous experience in relief programmes.

*The Emergency Relief Programme (ERP) was initiated* to support communities in the project area with food due to the general acute food shortage that affected most SADC countries due to inadequate rain falls in the 2004–2005 growing season. At least 4.2 million people, or 34% of the Malawian population, were in need of emergency food assistance, with maize (the staple food crop) production dropping by 24%. However, the Lilongwe District was one of the vulnerable areas not considered for support (inadequate resources by government to cover all areas). Since SOS operated in the area, it was found necessary to respond to the needs of the community at a time when there was an acute food shortage, for humanitarian reasons, medical reasons, to maintain trust with the community as well as to ensure the effectiveness of the normal programmes performed in this region by SOS Malawi.

When learning about the food situation in Malawi, SOS Sweden took the initiative and contacted SOS-KDI to ask if any humanitarian assistance was planned for, and to inform that SOS Sweden would be interested in contributing. It is uncommon that initiatives come from Sweden according to the organisation. The budget of the ERP was USD

300,000. As the initial ECHO-application was turned down, the ERP was funded by Sida and the Norwegian Ministry of Foreign Affairs. When the funding had been arranged an agreement was written between SOS Barnbyar and Sida (in Swedish).

The facility head (as the person seen as having the most technical competence) performed the *situation analysis*, made an *assessment of needs and target groups*, and prepared the ERP proposal. Due to close relation and regular communication between the Social Centre (facility) and the beneficiaries, chiefs and the Village Development Committee, the organisation was able to achieve high quality needs analysis, priority setting, beneficiary selection and follow-up at micro-level. The ERP proposal was then sent to national office for review, discussion and approval. The proposal was forwarded through the regional office and the continental office to SOS-KDI (where it is finally approved). Background details, situation analysis, a budget and planned activities, information regarding the current humanitarian response in the region and coordination with governments and other agencies, timetables, a risk analysis as well as other relevant information was included in the proposal.

The operation was run by the Social Centre in SOS Children's Village in Lilongwe who had been operating similar projects in the previous two years. The national office took on a coordination role. The project lasted eight months (November 2005 to June 2006) and included distribution of maize, beans and vegetable oil to 2,200 households (about 12,100 beneficiaries). The design of the ERP was built around a long term food security project and an ECOSAN project. A tripartite agreement with clearly defined roles, responsibilities, requirements and details is signed between SOS Malawi, the VDC and each beneficiary household. SOS Malawi was also very clear about its geographical and technical limitations.

The identifications of beneficiaries was made in cooperation with the local community (chiefs and village development committees). Furthermore the Ministry of Agriculture was an important partner in this project. Other than that, very few actors were operating in the Lilongwe area limiting the possibility for *coordination and networking* activities.

For further details, please refer to the final report of the ERP prepared by SOS ("*Final report – Emergency Food Relief for Target Groups in Traditional Authority Tsabango, Lilongwe District, Malawi Nov 2005 – April 2006*"), attached separately to this report.

### **Description of SOS Children's Village**

The first SOS Children's Village was founded in Austria in 1949 with the objective to help children who had lost their homes, their security and their families as a result of the Second World War. SOS Children's Villages admit children who have lost their parents or cannot live with their parents for various reasons and therefore are in need of a new, permanent home. The SOS Children's Village families provide this home, replacing the child's own lost family. SOS Children's Villages have set themselves the goal of bringing up orphans and abandoned children of all races, cultures and religions in the framework of an SOS Children's Villages family, empowering them to live their own lives in self-reliance and on the basis of accepted values, integrating them into society and supporting them on their way to a secure future.

Today, SOS Children Village's is active in 132 countries and territories (presence in all continents) and has approximately 22,000 employees

(locally hired with very few exceptions). According to the Annual Report 2005/2006, there are currently 444 existing Children's Villages with the following facilities: schools (about 100.000 children), kindergartens (25.000 children), youth facilities (12.000 youth), social centres (230.000 supported), medical centres (285.000) and emergency relief programmes (210.000). Almost 50,000 children are staying at the children's villages around the world. The gross income for the international network in 2004 totalled approximately Euro 300 million, which were primarily raised by the ten promoting and supporting associations (PSAs). The largest share of income is contributed from private persons.

SOS Children's Village is experiencing a rapid growth which of course has consequences for the organisation. One of the initiatives created in the framework of Strategy 2008 is called Global Fund Development. The overall goal is a 50% increase in global net income between 2003 and 2008 to finance SOS Children's Village facilities and programmes

In the Annual Report for 2005/2006, SOS states that they are involved in 20 emergency relief programmes around the world. This is an increase by 11 programmes in comparison to the previous year. The organisation clearly states that it is not an emergency aid organisation, but wherever it has facilities its existing infrastructure enables the organisation to react quickly.

In all countries where SOS Children's Village operates, the aim is to have a strongly rooted national membership association with a democratically elected board, its own legal entity, and with its own statutes etc. Today 55% are membership-based and the others are registered and organised as a foundation, trust, association, non-profit company or society. As a full member of SOS-KDI, they have the right to apply for funding through the umbrella association, and to request services from the General Secretariat. The supreme decision-making body is the General Assembly, which is convened every four years. Please see appendix 5 for more information of the organisational structure of SOS-KDI.

SOS Children's Village has a very clear organisation culture which could be compared to that of a family. One of the things leading us to this conclusion is the fact that the heritage of the founder of the organisation, Mr. Hermann Gmeiner, is very well preserved within the organisation. Almost every single formal document and policy includes quotes from him. The vision and mission are also frequently stated in formal documentation and presentations:

*Vision:* Every child belongs to a family and grows with love, respect and security.

*Mission:* We build families for children in need, we help them shape their own futures and we share in the development of their communities.

The overall values expressing the beliefs and attitudes of which the organisation is built upon are Courage (*take action*), Commitment (*keep promises*), Trust (believe in each other) and Accountability (*be reliable partners*).

## **SOS Barnbyar (Sweden)**

### **Organisational structure**

SOS Barnbyar was founded in 1972 and was managed as a foundation until 1997 when it was converted into an association. At present, SOS Barnbyar has more than 400 members in 12 local associations. As there are no children villages in Sweden, the 17 employees in Stockholm, Sweden work with fundraising as well as information and marketing. In

2005, SOS Barnbyar raised funds for SEK 194.4 million (Euro 21 million, or 7% of total global gross income) of which SEK 27.4 million (Euro 3 million) was for the tsunami disaster. More than 60,000 regularly paying child sponsors provide a solid ground of funds. The total amount of funds raised has almost been doubled in the last five years (approximately SEK 120 million in 2001). Lately, SOS Barnbyar has actively started to look for public funding possibilities. SOS Barnbyar is one of the ten PSAs with the objective to raise funds for SOS's programmes.

The Swedish organisation is relatively small in terms of the number of employees which makes it quick and flexible. On the other hand the small size of SOS Barnbyar results in the risk of dependency on key personnel.

### **Management of activities**

SOS Barnbyar is very clear on the fact that it is not an emergency relief organisation and that it has no intention of converting from development programmes to ERPs. However, due to its established cooperation with local governments, authorities and communities and the fact that it is present in the area before a disaster strikes, SOS is capable of performing disaster relief programmes in their areas of presence.

SOS Barnbyar is notified by SOS-KDI when a disaster occurs in an area where SOS Children's Villages have facilities established. The decision whether SOS Barnbyar should contribute to the ERP is made by the general manager and the management committee. The decision is "a businesslike decision" but there are no established guidelines with selection criteria, priority setting etc to support in this decision. According to the general manager, the formal work plan for the board of directors dictates that all decisions above SEK 500,000 need board approval. Prior to the reviewed famine ERP in Malawi, SOS Barnbyar had an established, strong relation with SOS Malawi, and the Swedish organisation actually took the initiative for this programme.

SOS is globally making a substantial effort in establishing policies, strategies and guidelines. The strategic plan 2003–2008 involves eight strategic initiatives developing strategies, guidelines, manuals and actions. Each initiative is lead by a Navigator from each continent. SOS Sweden is the Navigator for the initiative on International Participation and Partnership on Child Rights policies and Practices. The Swedish organisation is also participating in the core team within one of the prioritized areas: HIV/AIDS prevention and care. Another evidence of the Swedish association participating actively in the policy and strategy development process is the fact that the chairman of SOS Barnbyar is a member of the International Senate and the Executive Committee (please see appendix 5).

*Please note:* Since the actual relief activities are performed at the NA level, please see the sub-section "Management of Activities" within the mapping of SOS Malawi below for further details.

### **Administrative systems and routines**

The Board of Directors, which consists of seven members elected for a two year term, is responsible for the operations in Sweden. The highest decision-making body is the general meeting ("riksstämman") constituted by delegates from all local offices as well as the members of the board. In order to reinforce its competence in the area of development cooperation, a former Sida employee has been elected to the board of SOS Barnbyar.

SPCS is the name of the accounting system used at SOS Barnbyar. Two employees are working with the system. The collection system/register of customers is called DISA and is a self-developed system administered by an external firm. There are no interfaces between DISA and SPCS. The 60,000 sponsors are registered in DISA and an information security policy has been developed to stress the importance of handling this, and other, information properly.

SOS Barnbyar considered the communication with SOS Malawi to be smooth and easy for this ERP. When input was deemed necessary, information was requested. It was however noted that the vertical communication channel did not work perfectly. As the agreement between SOS Barnbyar and Sida was in Swedish and not translated and forwarded to SOS Malawi, the latter was not aware of the requirements by Sida regarding reporting, external audits etc<sup>1</sup>. This has resulted in that the external audit of the project was not initiated until the end of November, even though the ERP ended in June 2006. We believe that one of the reasons for the communication difficulties is the fact that communication between the PSAs and the NAs normally goes through complete KDI chain including the regional office, the continental office and Innsbruck.

The draft report by SOS Barnbyar was sent to Sida October 1st 2006. Field studies have been performed by personnel from SOS Barnbyar and SOS-KDI and a draft version of the report is written. Apart from this, the Social Centre at SOS Malawi prepared a mid-term report and a final report for SOS-KDI. The report included background information, outcome based results, basic impact analysis and lessons learned.

Purchasing is very limited at SOS Barnbyar and mainly consists of office supplies. The authorisation manual states that vendor invoices should be approved by the person having ordered the goods and then authorized by the administrative manager, the general manager or the finance manager.

### **Personnel administration**

As previously stated, SOS Barnbyar has 17 employees at its office in Stockholm. Many of the employees have been within the organisation for a number of years but parts of the top management are relatively new within SOS Barnbyar. Staff turn over is not considered to be a problem. Three employees left the organisation/were dismissed last year.

Apart from the international, overall policy documents created by SOS-KDI, the employees have a staff policy to fall back on in terms of rules, regulations and details for the Swedish office (includes e.g. office hours, fringe benefits and guidelines regarding travel expenses). The salary system is considered normal and the fringe benefits are very restricted. The staff policy also includes a clear statement on gender, religion and ethnical equality. Furthermore, an overall occupational safety and health policy is in place. Another regulatory policy document in place is the information security policy with seven sub-sections (e.g. password policy, business continuity plan and backup policy). It has been noted that the policies in place are very different in terms of levels of quality, detail and design.

SOS Barnbyar does not have a formal recruitment policy with selection criteria, required capabilities and competencies etc. However, all

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<sup>1</sup> It should be noted that all Sida requirements will ultimately be fulfilled and that part of the problem can be traced to the fact that the operation was initiated prior to formal funding agreement with Sida.



recruitments (except for short term assignments) are performed with the help of a recruitment firm including psychological tests etc.

Payroll is outsourced to “Ordna Ekonomistyrning AB”. The employees keep an attendance list which is authorized by the employee’s manager before the information is reviewed, consolidated and sent to Ordna. On a monthly basis, SOS Barnbyar receives a journal voucher from Ordna which they have to manually enter into the accounting system SPCS. The control structure seems to be proper as the duties are segregated.

Volunteers are working for SOS Barnbyar from time to time. Volunteers are usually active members or sponsors and all volunteers are restricted from entering any data in key financial systems.

### **Financial control**

The 60,000 sponsors represent 70% of the revenues and 1,400 companies contribute with 17% of the revenues of SOS Barnbyar.

The system of transferring funds for disaster relief between SOS Barnbyar (or any other PSA) and a NA (in this case SOS Malawi) is complex and rigid: After a needs assessment/situation analysis has been developed at the NA, it passes through the regional office as well as the continental office before being approved or turned down at SOS-KDI. If approved, the NA makes a request for funds to SOS-KDI via the regional and continental office. SOS-KDI checks the transfer requests and splits the amounts to different PSAs (if necessary, which was the case for the emergency programme in Malawi which was split by SOS Barnbyar and SOS-barnebyer Norge) who make payments to the NA and confirms the transaction to SOS-KDI. The NA also confirms the transaction to SOS-KDI via the regional office and the continental office. The system includes a number of controls, but the SOS globally needs to ensure that it is either quick enough or sufficiently flexible in cases of a rapid on-set disaster. It was noted that the transfer had been incorrectly registered, resulting in that the Swedish funds appeared to come from Norway. This was noted by SOS-KDI in the summer 2006 when performing spot-checks.

Funds raised from collection boxes are very small in relation to the total money raised at SOS Barnbyar. Brief guidelines exist regarding petty cash administration. A short policy has also been reviewed stating that the investment of donor funds in any kind of financial instruments is prohibited. The finance manual for SOS Barnbyar was updated in 2006 where closing procedures, travel and expense administration, invoice administration and other relevant issues are covered.

Administration of agreements is one of the sections in the financial manual for the Swedish organisation. In 2006, the organisation has reviewed all agreements, including outsourcing agreements, rental agreements and the agreement with SOS-KDI, and registered the largest and most important agreements that need to be monitored frequently in a separate spreadsheet. The organisation plans to include the dates of renegotiation in the Outlook calendar to ensure that the agreement is properly and timely monitored. All agreements with the 60,000 sponsors are administered by the collection system DISA, which is administered by an outsourcing partner. SOS Barnbyar also has significant agreements with about 10–20 companies. These are closely monitored by employees with this specific duty.

Bank account reconciliations are performed on a monthly basis. Cash payments (made via the association’s bank service on the internet) re

quires a preparer and a separate approver, and the person performing the reconciliations can only prepare payments.

SOS Barnbyar decided to strengthen the organisation's finance competence as a result of a detected fraud approximately five years ago. The organisation hired a new finance manager and established, documented and implemented a number of new internal control procedures. Other documentation relevant for the financial control at SOS Barnbyar is the authorization manual and the finance manual.

Since SOS Barnbyar has a special fundraising bank account (so called "90-account") and the organisation is thereby connected to SFI, "Stiftelsen för insamlingskontroll" (The Foundation for Fundraising Control). SFI is periodically reviewing the organisations within its network to ensure that they are using the raised funds in a proper manner. An external audit firm performs a financial audit of SOS Barnbyar on an annual basis.

The organisation strives to be as transparent to its donors as possible. The Swedish Fundraising Council FRII (Frivilligorganisationernas Insamlingsråd) is currently establishing ethical guidelines. SOS Barnbyar and its board are currently involved in these discussions.

## **SOS-Kinderdorf International (Innsbruck, Austria)**

### **Organisational structure**

SOS-Kinderdorf International (SOS-KDI) was founded in 1960 and is the umbrella organisation to which all autonomous national SOS Children's Village associations are affiliated. The worldwide tasks of SOS-KDI are to guarantee observation of the basic principles of SOS Children's Village work and of the educational and administrative guidelines as well as to support the NAs in their work on the basis of the SOS Children's Village philosophy. The International Secretary General is head of the General Secretariat which comprises Regional Offices, Continental Offices and the International Office (referred to as head-quarter in this report) based in Innsbruck, Austria. It is also worth mentioning that the Secretary General and the president are former SOS children.

Please see the sub-section "Description of SOS Children's Village" above for more details.

### **Management of activities**

The activities are managed by the NA and SOS-KDI has a monitoring and coordinating role. The regional office is however responsible for the continuous communication and follow-up of the programmes that the NA perform. ERPs are set up as "extraordinary projects" by the national organisation and the proposals need approval by the secretary general after input from the continental and regional offices.

A formal planning manual has been developed by SOS-KDI in order to provide all parts of the SOS Children's Village organisation with a planning policy frame for its normal development programmes. An annual step-by-step process within a standardized format is described and the targets set by the associations should be "SMART", i.e. Specific, Measurable, Attainable, Realistic and Time-bound.

SOS-KDI does not provide the network with a specifically trained emergency unit. Instead, the structure and mandate of humanitarian activities lies within the NA. The organisation does currently not distinguish between emergency issues and normal development issues. The Project Coordination Department (regional/country desks) is responsible

for dealing with emergency relief activities. The tasks include coordination, gathering and dissemination of relevant data and information, reporting, funding applications to PSAs etc. Occasionally (in rapid on-set disasters), PCO would also support logistics and other relevant activities which for instance was the case at the Tsunami and the earthquake in Pakistan). The organisation believes that they can, for limited time periods, manage relief activities and at the same time keep good quality in normal development programme.

SOS works in the spirit of the UN Convention on the Rights of the Child (UNCRC). SOS works closely with a number of organisations in the areas of Children's Rights, e.g. International Foster Care Organisation and Fédération Internationale des Communautés Educatives in the project 'Quality4Children'. The organisation also works closely with public authorities, the state and non-state actors, participating in processes leading to the establishment and improvement of state-led monitoring. SOS-KDI was recognized as "NGO in consultative status" (Category II) with the Economic and Social Council of the United Nations in 1995.

In the Annual Report 2005/2006, there is a special section regarding advocacy for children's rights. This is an indicator of a further focus on the advocacy area for SOS Children's Village. Two examples worth mentioning are the position paper "A child's right to a family" written by SOS Children's Village and the campaign "Unite for children – Unite against AIDS", which is performed together with UNICEF.

At the global level, SOS is currently making a tremendous effort in regards to updating its strategies and policies. An appointed policy group identified 15 policies that are considered to be important for SOS Children's Village to establish. Between the years 2003–2008, eight policy groups will work actively with establishing strategies, policies and manuals. The emergency relief policy is included in the 13 "top policy priorities" but is not one of the three policies under development. These three are "Formal Education", "Inclusion of children with disabilities" and "HIV/AIDS prevention and care".

### **Administrative systems and routines**

Each NA owns and performs the accounting for all facilities. On a quarterly basis, reporting is made to the regional office, which also performs spot checks of the accounting within the NA on a regular basis. This is performed using a checklist, which is sent to the international office for review. At SOS-KDI, the consolidation of data is performed, figures are reviewed and the financial statements are prepared as well as distributed to relevant stakeholders. There is an annual reconciliation of the consolidated books to the G/L of each NA. There are also two reports available in the accounting system which checks data between the systems. Furthermore, key users are continuously reviewing how the system transfer works.

SOS Global is the accounting system that has been used by all NA (not PSAs) for the last 10 years. SOS Global is to be phased-out in 2009, and be replaced by Microsoft Navision as the new, globally used accounting system. This transition may include an enhanced possibility by managers to generate MIS data. International PCS (Project controlling system), based on SAP, is also used at SOS-KDI. Data from all other regions are loaded to PCS.

Governance and management have clear and separate mandates with formal interaction channelled through the President and Secretary

General. There is a planned and sophisticated process designed to ensure organisation-wide participation in policy-making. This implies well grounded, gradual policy development and a degree of slowness in the organisation's response to rapid global change. We believe that KDI is in the middle of a quite deep cultural shift involving a gradual broadening of its self-perception away from a highly focussed, family-based, mandate towards an increased interaction with the communities in which the children's' villages are embedded.

### **Personnel administration**

As per October 31st 2006, SOS-KDI had a total of 137 employees at International Office level (38% are part-time employees). The staff turnover at SOS-KDI is approximately 4%.

A number of global HR guidelines and manuals exist within the organisation. SOS-KDI has established a human resource manual which applies to all categories of staff. The manual describes an approach to managing employees, and outlines the organisation's expectations and standards in the area of staff management. The following four principles are stated: 1. Dedication to the Professional Care of children, 2. Respect for each staff member, 3. Support for individual growth and development, and 4. Commitment to a culture of responsibility.

Based on these principles, a number of standards applicable for SOS Children's Village are established, which describe the focus areas of the organisation in terms of human resources: 1. Consistent staff patterns, 2. Motivating employment package, 3. Transparent salary system, 4. Clear job descriptions, 5. Professional recruitment process, 6. Complete employment documentation, 7. Orientation of new employees, 8. Regular performance appraisals, 9. Commitment to staff development, and 10. The SOS mother profession is built. We have noted that none of the standards clearly addresses equality issues (including gender equality). After having reviewed a number of manuals, policies and other documents, we have however noted that gender equality is very well covered in most documents.

### **Financial control**

SOS Children's Villages derives the major share of its income from private contributions. While donations are the backbone for SOS, other sources of funding are corporate partnerships and sponsorships for individual children, family houses, villages etc.

The finance department at SOS-KDI includes 24 staff members divided into Accounting/Administration, Finance Controlling, Finance Monitoring & Clearing (two groups with different regional responsibilities) and Finance Systems.

Apart from ordinary annual external audits, the two Monitoring & Clearing groups perform financial audits together with colleagues from the continental or regional offices. The regional office performs internal audits of the NAs on a regular basis (at least every second year) and the NA audits its facilities.

Five main processes exist within the finance departments and overall descriptions of these have been written down in the process descriptions "How we cooperate in Finance". The five areas are: Accounting, Plans & Budgets, Internal Control, Global Cash Flow Management and External Audit. A global finance manual has also been developed, which is currently being revised. Approval and roll-out of the new finance manual is scheduled to June 2007.

In the area of transferring of funds, SOS-KDI has a coordinating, liquidity planning and monitoring role. The liquidity planning may differ between different facilities within the same country. The objective is to hold one month of running costs (8%) as a national level reserve (not facility level reserve). Agreements should always exist between SOS-KDI and the PSAs. As Sweden is very strong in sponsorships, there is not much fixed allocation to this PSA. There are two channels of funding: Sponsorship funds (earmarked and directly distributed to the NA) and subsidies (channelled through the finance department at SOS-KDI). For more details regarding the transfer of funds, please see the description under "Financial Control" for SOS Barnbyar above.

The budget process has been changed from using a bottom-up approach to introducing a top-down approach. Budgets and statistical figures are reviewed by SOS-KDI and entered into the consolidation system. Follow-ups and analyses are performed using key figure reports, actual vs. budget figures etc. Relief spending is reported in a separate facility type. Figures analyzed should thus not be affected by relief as they are more focused on stable costs.

## **SOS Children's Village of Malawi Trust (Malawi)**

### **Organisational structure**

Statistically Malawi is one of the poorest countries in the world and there is a great need for social facilities. This fact induced SOS-KDI to become active in Malawi in 1986. In April 1991 a government agreement between SOS-KDI and the Republic of Malawi was signed and two years later the local SOS Children's Villages association was officially registered. The NA is located in the capital Lilongwe and the Malawi organisation currently includes two established and running children's villages (in Lilongwe and in Mzuzu) with 12 facilities and a third children's village (in Blantyre) is currently being built.

The organisation is experiencing a rapid growth phase. The annual report for 2005 stated that the growth rate over the past 18 months were 37.5% and a growth rate of further 54% is assessed with the opening of the Blantyre facilities. Due to this rapid growth, processes and procedures are being continuously developed to suit the new environment that the organisation experiences.

We find that the organisation is appropriate and well adapted to its regular development activities, and that the organisational structure works well in SOS' normal programmes. The structure is well adapted to the organisation's role, i.e. a highly geographically and technically focused organisation. One of the things noted for SOS Malawi was a high and increasing number of direct reports to the National Director. This may cause managerial difficulties in the coming year as the opening of the children's village in Blantyre will increase this number further. For instance, we encountered evidence of vertical communication gaps which may be related to the number of direct reports to the national director. Thus, the structure may have to be reconsidered to better suit the situation of the organisation. This issue mirrors a similar challenge at global level. The recent establishment of the Continental office level in the structure may be seen as a reaction to challenges of this nature.

In connection with the ERP the organisation proved itself to be flexible and adaptable in a manner fit for purpose. As SOS Malawi was very clear about its geographical and technical limitations, the scope was properly set which also enabled the organisation to administer the ERP well. For future relief operations, we do however believe that a greater awareness of Code of Conduct and Sphere should be established.

Given the organisation's lack of networking as well as human and physical infrastructure outside its area of operation, the organisation should limit its future emergency relief operations to the area where already present. Meanwhile, existing systems and physical infrastructure could be a significant resource in a possible future large-scale national emergency. Our opinion is that this should take place under the umbrella of a more experienced relief organisation. It should also be noted that the SOS children's villages in Malawi (i.e. the physical infrastructure) are located in urban or semi-urban areas, which could be considered a valuable resource.

### **Management of activities**

The need of an emergency relief intervention is identified at the local level within SOS Children's Village. The facility head (as the person seen as having the most technical competence) would normally be the person originally preparing the ERP proposal. Once prepared, it is then sent to national office for review and discussion. If approved, the national office then takes on a coordination role. The proposal is forwarded to the regional office (which is passed on to SOS-KDI, via the continental office, for a final approval) with background details, situation analysis, a budget and planned activities, information regarding the current humanitarian response in the region and coordination with governments and other agencies, timetables, a risk analysis as well as other relevant information.

The organisation has, in its geographical area of operation, a sophisticated structure both in terms of community relations, policies and administrative systems, allowing it to achieve high quality needs analysis, priority setting, beneficiary selection and follow-up at micro-level. We have concerns as to the quality of vertical communication. Improved vertical communication is a necessary prerequisite for improved national level coordination. Improving such contacts at macro level would improve the image of SOS, improve the impact of its relief activities and allow the organisation to share its significant competence with other stakeholders, as well as learn from these others.

In its current planning and reporting SOS uses quantitative outcome measures and complements these with a qualitative discussion regarding impact. SOS should discuss which quantitative impact measures (e.g. morbidity, weight-for-height measures, educational attainment in the target group etc) could best be used to improve measurability and follow-up.

We also have questions as to national level adherence to the Code of Conduct, specifically regarding impartiality in selection of target groups. This is partly a consequence of the very limited geographical spread. Furthermore, staff composition does not reflect the complexity of Malawi society in terms of language, religion etc. We mention this point due to the potential risk to the organisation's image. If a situation should occur where a national emergency involving society tensions arises, there is a risk that the organisation may be perceived as partial to a particular segment of the society. As the organisation grows, this characteristic of the organisation will need to be considered by the organisation's governance.

As previously mentioned, the organisation is in a growth phase. Management at the NA is aware of the pressures exerted on staff and structures due to necessary changes being implemented. This awareness includes an appropriate level of ambition in terms of potential future relief interventions.

SOS Malawi structures for beneficiary involvement in programme design are in place and we find them to be sophisticated and excellent. The Social Centre has a close relation and communicates regularly with beneficiaries, chiefs and the Village Development Committee. At micro-level, the organisation makes every effort to co-ordinate with government and other societal structures. At national level, the organisation remains essentially isolated, both in relation to relief coordinating structures and in relation to entities in its own technical field e.g. UNICEF and Plan International.

As the disaster affects the employees and their families and colleagues, the staff experiences a mental pressure. According to the staff at the Social Centre in Lilongwe, responsible for the relief operation, the ERP only lead to a minor increase of duties. The organisation has shown that it has the ability to maintain the normal development programme throughout the emergency relief operations. The organisation's involvement in relief actually had primarily positive effect to its development programme. One of the reasons is that the involvement in the ERP created a deepened cooperation with the VDCs which also resulted in an enhanced confidence in SOS Children's Village from the community.

One of the strengths identified in the Malawi case was that the regular activity design of SOS Malawi reflects a clear awareness of sustainability issues with time-bound interventions including exit strategies at the individual household level. A tripartite agreement with clearly defined roles, responsibilities, requirements and details is signed between SOS Malawi, the VDC and each beneficiary household.

A relevant and sophisticated policy environment exists on a global level. A process of reviewing and updating the national policy environment is ongoing and necessary due to the growth phase the organisation experiences. Gender aspects are unusually well represented in most policy documents. In terms of environmental issues, we have noted an emerging awareness of environmental sustainability issues as shown by the organisation's investment in ECOSAN toilets and biological fertilizer. As previously stated, a global emergency relief policy does however not exist. Neither do any guidelines, handbooks, checklists or similar tools for emergency relief operations exist at a local level.

### **Cost effectiveness**

Programmes are continuously followed up and measured in terms of effectiveness. Despite an overall impact focus, field reporting indicators tend to be outcome oriented. While the organisation does not systematically measure cost effectiveness, there is a clear managerial awareness of costs at national level and a growing awareness at facility level.

### **Administrative systems and routines**

As previously mentioned, the finance department (will be strengthened from two to four employees in the 2007 budget) at the NA in Lilongwe performs all postings in SOS Global for all 12 facilities (even more after the opening of Blantyre). The highly centralized accounting system is positive in terms of an overall control of the financial transactions by the finance department at the NA. However, there is a large amount of bookkeeping performed by the finance department which takes time from other relevant duties that normally falls on a finance department (e.g. analysis and monitoring).

Although no formal risk assessment is periodically performed at SOS Malawi, the control environment indicates risk awareness. The same

applies within the finance area where relevant internal controls are implemented. Based upon our limited testing, duties seem to be properly segregated.

Regarding governance at SOS Malawi, the role and involvement of the governing board appears formal and representative rather than advisory. Our understanding is however that this may differ greatly between different NAs.

A rigid procurement policy is in place that states that each, single procurement should be subject of three quotations (if possible). The quotation with the lowest price should be selected if not a well described reason for not choosing this supplier is attached to the template. The template is forwarded from the facility level to the finance manager at the NA who reviews the information provided. If deemed necessary, further checks are performed at this level. Either, the finance manager approves based on her delegation, or the national director (or deputy national director) approves the procurement. This results in a cheque being produced and sent to the facility enabling them to go through with the purchase. The procurement procedure will be further strengthened by initiating a procurement committee. We believe that it is important to ensure that the purchasing procedure is properly controlled, yet efficient.

A system for archiving exists and the organisation's policy is that documents relevant for bookkeeping should be archived for six years.

### **Personnel administration**

SOS Malawi has about 250 employees – a number which will increase to 300–350 when the children's village in Blantyre is opened. The organisation has a very low staff turnover and the employees that we have met have appropriate qualifications and a sincere commitment. However, as previously mentioned, the staff mix does not reflect the complexity of the Malawi society. This may be a problem for the organisation in future emergency relief operations.

There are a number of established policies and procedures in the area of personnel administration. These are in line with SOS-KDI standards but modified to match the national legal environment. Job descriptions for key positions are even specified in e.g. Village Handbook and Youth Handbook.

SOS Malawi's recruitment system is structured, appropriate and relevant including documented procedures. After an approval of a position, the position is advertised in the two major newspapers. A panel is present during interviews. The panel is differently set-up depending on position. For instance, a member of the board is always present when recruiting senior management positions. Job descriptions and required competencies exist for all positions and the panel uses checklists in the recruiting process.

New hires receive the conditions of service, where all rules, regulations and useful information is described. The employee has to approve on the conditions of service by signing the contract. According to management, compliance to the conditions of service is further controlled nowadays.

Development of staff is hampered by the lack of resources for training. The facility heads are responsible for identifying the need for training and to find proper education alternatives. The need may also be identified during the annual appraisal process in place. As this is based on self-evaluation it may imply a limited effectiveness in identifying competency gaps.



We noted that the rigid incentive structures in place may limit the managerial flexibility in staff development. Salary levels are currently promoting experience but not excellent performance. Furthermore, cultural aspects also make it difficult for managers to use salary increases or benefits to reward excellent performance.

### **Financial control**

Cash flow procedures and transfers of funds are explained in the sections SOS Barnbyar and SOS-KDI above. What should be added to this information is that, at the NA level, the facilities perform a monthly update of the liquidity plan. Based on these updates and actual developments (e.g. emergency relief situation), the NA updates the consolidated liquidity plan and requests funds from the international association.

In the Malawi NA and its facilities, the system of cash management is highly controlled and well known by the staff involved. A limited amount of petty cash is kept at each facility and all expenditures (and replenishments of petty cash) are documented with supporting receipts. Reporting of petty cash to the NA is performed on a monthly basis and appears to be in order.

The budget process in Malawi follows a bottom-up approach where the facilities are requested to use a zero-based budget approach with costs per activity (also revenue for e.g. schools). This approach is relatively new and the facility heads will soon make their second budget using this method. The finance department at the national level supports the facilities and workshops have been arranged. A system of formal monthly management meetings, more detailed quarterly management meetings (introduced this year) and budget follow-ups are performed between management at the NA level and the facility heads. The structure has been formalized during the last year. Management is also using key figure reports for follow-up purposes.

Internal audits of the facilities are currently performed by the two members of the finance department which reports to the national director. The reporting lines will be strengthened in 2007 with the addition of two additional staff, one of which will have an internal audit function (part-time exercise). The bulk of internal audit performed at the national level is related to the operations and focuses at facility level. The Regional Office finance head undertakes visits to countries in the region to undertake spot audits.

As Malawi is a “cash based society” there are actually no material financial agreements at the NA. For instance, infrastructure and vehicles are owned by SOS Malawi and payments for purchases made are made in cash. It should however be noted that none of the organisation’s assets are insured (except for motor vehicles) due to lack of monetary resources.

It is our understanding the only legal basis for the Sida support at Malawi has been SOS Malawi’s membership in SOS-KDI. In future it would be better if a more direct formal agreement were established between the parties involved. The absence of a formal agreement between SOS Sweden/SOS-KDI and SOS Malawi contributed to the late implementation of an ERP-specific external audit, as was required by the SOS Sweden/Sida agreement.

# Observations and recommendations

We have summarized the organisation's main strengths and weaknesses as well as the opportunities and threats identified. The SWOT-analysis has been used to analyze the organisation's capacity and to assess the suitability of the organisation to perform emergency relief operations. Please note that only the factors that we assess to be most important for each category is mentioned below. Also note that the observations and recommendations presented in this section are based upon one single case study and may differ from other NAs and/or ERPs.

## **Strengths**

- Strong relations with community and local government/authorities (on micro-level) resulting in e.g. significant beneficiary involvement in ERP design.
- Clear and well communicated ambitions resulting in limited, manageable and time-bound ERPs as well as retained quality in SOS's normal development programmes.
- Urban/Semi-urban presence/knowledge.

## **Weaknesses**

- Relationships with the community on macro-level, meaning governmental agencies, coordination bodies, other NGOs and other relevant stakeholders
- The national level adherence to the Code of Conduct may be questioned due to the limited geographical spread and the homogenous staff composition
- Limited knowledge of emergency relief standards such as Sphere in the field
- No global or national policy regarding ERP, including selection criteria, shortened decision-making processes etc.
- Difficulties in vertical communication may result in incorrect/late reporting and/or follow-up.
- Quantitative indicators used are primarily outcome oriented. These should be complemented with quantitative impact-oriented indicators.

### **Opportunities**

- Existing systems and physical infrastructure could be a significant resource in a possible future large-scale national emergency (the children’s village to be used as a base camp or as warehousing facilities). This should be under the oversight of a more experienced relief organisation.
- Participation in ERPs may strengthen the relationship between the village and community, benefiting the normal development programme.

### **Threats**

- SOS is seen as an “isolated organisation” with certain “membership requirements” excluding out sub-sections of society.
- The structures are not established, maintained and implemented in the same pace as the growth of the organisation.

### **Our overall conclusion**

The focus of SOS Children’s Villages, clearly communicated by its representatives, is development rather than relief. Within its areas of operation, SOS Children’s Villages may however perform limited interventions if a disaster strikes.

The systems and structures in place function well and are adequate and well adapted to the organisation’s normal activities. The organisation’s relationship with the community is well-established and based on sophisticated methodologies for participation. Meanwhile, the organisation does not systematically coordinate and network at national level, except in regard to specific issues such as legal matters pertaining to their guardian role vis-à-vis the children entrusted to them in the villages.

In consequence the organisation is well placed to complement ordinary activities with limited relief activities but would have difficulty in effectively partnering in a major relief operation.

### **Recommendations**

Mainly due to strong relations with the community on micro-level and a clear and time-bound setup of its relief programmes, we believe that SOS Children’s Villages should be considered as an emergency relief provider for Sida, if the disaster strikes within SOS Children’s Village’s area of operations.

Sida should further consider SOS existing systems and physical infrastructure as a significant resource in a possible future large-scale national emergency, especially in view of SOS Children’s Village’s urban or semi-urban presence. Our opinion is that this should take place under the oversight/supervision of a more experienced relief organisation.

SOS is recommended to invest in better national level networking. Such networking would enable the organisation to avail itself of the experience gained by others, improve the national resource base by improving coordination and allow other organisations to learn from the significant experience developed by SOS in their particular field.

We have observed areas of improvement for SOS Children’s Village which are presented below together with a recommended action. The observation may relate to a specific association or to SOS Children’s Village as a whole.

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| <b>Observation # 1</b><br><b>(SOS overall)</b> | <i>Potential lack of emergency relief competencies on the local level</i><br>– SOS-KDI does not provide the network with a specially trained emergency unit. Instead, the structure and mandate of humanitarian activities lies within the NAs. At the ERP in Malawi, the knowledge of emergency relief standards such as Sphere is limited in the field.   |
| <b>Risk/consequence</b>                        | – Insufficient competencies in relief may lead to ineffective and/or inefficient emergency relief programmes.   |
| <b>Recommendation</b>                          | <ul style="list-style-type: none"> <li>– Establishing an internal database within SOS with people with previous experience in ERPs and competency areas (e.g. distributions, rapid/slow on-set emergencies). This would enable a quick allocation of proper resources.</li> <li>– Establishing a database with external resources to draw upon in cases of ERPs.</li> <li>– Investing in training of relevant staff members in emergency relief standards, such as Sphere.</li> <li>– Consider establishing a manual or handbook in order to respond quickly and correctly. This is especially important as a disaster normally results in employees being personally affected and thus not always acting in a rational manner.</li> <li>– Significantly increasing investment in networking at national level. Such networking would be beneficial to normal programming needs and would give the organisation access to a broader range of nationally available experience relevant to relief interventions.</li> </ul> |
| <b>Observation # 2</b><br><b>(SOS overall)</b> | <i>Lack of emergency relief policy and procedure</i><br>– There is a lack of a consolidated emergency relief policies well as established guidelines with e.g. selection criteria and priority setting to support in this decision.<br>– The system of transferring funds between a PSA and a NA is complex and rigid, which may result in a slow response in case of an emergency.<br>– The “top policy priorities” (13) include an emergency relief policy but is not one of the three currently being developed.   |
| <b>Risk/consequence</b>                        | <ul style="list-style-type: none"> <li>– Improper selection of ERP for the organisation, e.g. engaging in a relief operation that is not suitable for the organisation or not engaging in an intervention that suits the organisation well.</li> <li>– Slow response time in case of an emergency.</li> <li>– Incorrect actions taken during an ERP.</li> </ul>   |

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| <b>Recommendation</b>                    | <ul style="list-style-type: none"> <li>– A consolidated emergency relief policy should be established and implemented within the organisation. The policy should for instance include ERP selection criteria as well as necessary changes to normal procedures and the decision-making process in case of an ERP. For instance, the structure of the transfer of funds during a relief phase should be revisited to ensure that it is either quick enough or flexible in cases of a rapid on-set disaster. The policy should also include reminders of the importance of the use of emergency relief standards, such as Sphere.</li> <li>– Furthermore, a practical guideline/handbook may be a very useful tool for the NA, especially when a rapid on-set disaster strikes.</li> <li>– The organisation should collaborate with a more experienced relief organisation to adapt existing handbooks/guidelines to its own specific needs – not attempt to produce such material internally, nor from scratch.</li> </ul> |
| <b>Observation # 3<br/>(SOS overall)</b> | <p><i>Vertical communication problems</i></p> <ul style="list-style-type: none"> <li>– It is our understanding the only legal basis for the Sida support at Malawi has been SOS Malawi's membership in SOS-KDI. In future it would be better if a more direct formal agreement were established between the parties involved. Furthermore, the agreement between SOS Barnbyar and Sida (including requirements for reporting, external audits etc) was not translated from Swedish to English and forwarded to SOS Malawi, whereas the external audit of the project has not yet been initiated.</li> <li>– For SOS Malawi it has been noted that the National Director receives a high number of direct reports from facility managers, which will increase as another village is about to open. The establishment of the continental offices indicates that the global network is encountering similar challenges.</li> </ul>   |
| <b>Risk/consequence</b>                  | <ul style="list-style-type: none"> <li>– Non-/Incorrectly working vertical communication may result in misunderstandings as well as incorrect/late reporting and/or follow-up.</li> <li>– Incorrect decision-making due to improper and/or incorrect basis for decisions, e.g. information overflow.</li> </ul>   |
| <b>Recommendation</b>                    | <ul style="list-style-type: none"> <li>– The vertical communication should be revisited and improved, both at a national and at an international level. As communication between the PSAs and the NAs normally goes via the regional office, it is important to ensure that the information reaches the end recipient and that it is interpreted in the same way by both parties.</li> <li>– The organisation may consider shortening the communication lines, especially in cases of ERPs.</li> <li>– For future relief interventions the organisation should consider a larger field role for the NA in order to ensure that donor requirements are addressed at an earlier stage, including international standards for controls and cross-checking.</li> </ul>  |

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**Observation # 4** *Homogenous staff composition and limited geographical spread*  
**(SOS Malawi)**

- In the Malawi case, the staff composition is very homogenous and doesn't reflect the complexity of the Malawi society (e.g. language, tribe, religion, ethnics etc).
- International HR manuals do not clearly state that the organisation strives for equality (cultural, political, ethnical etc) among its staff. Meanwhile, there is such a provision for board membership.
- The organisation's activities are highly geographically focussed. In the Malawi case this focus implies a lack of complexity in terms of target group composition, when compared with the complexity of Malawi society as a whole.

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**Risk/consequence**

- The national level adherence to the Code of Conduct may be questioned (e.g. the impartiality in selection of target groups). If a situation should occur where a national emergency involving society tensions arises, there is a risk that the organisation may be perceived as biased to a particular segment of the society. The organisation's contributions may, under such circumstances, contribute to societal tensions, even conflict.
- This may lead to difficulties in implementing programmes, in maintaining a good public image and in raising public funds.

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**Recommendation**

- KDI and SOS Malawi should expand their regular dialogue at governance level to include a discussion on whether all Malawi constituencies are adequately represented in the association's structures, systems, policies and activities.

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**Observation # 5** *Lack of networking on a macro-level*  
**(SOS Malawi)**

- At national level, the organisation remains essentially isolated, both in relation to relief coordinating structures and in relation to entities in its own technical field (e.g. UNICEF and Plan International in Malawi).

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**Risk/consequence**

- Child-focussed needs in Malawi are not addressed as effectively as would be the case if SOS actively shared its experience with relevant national stakeholders.
- SOS is seen as an isolated organisation with certain 'membership requirements' which may potentially leave out sub-sections of society.
- SOS own organisational effectiveness is decreased due to its lack of interaction with, and hence learning from, other relevant stakeholders.

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**Recommendation**

- We recommend the organisation to share and learn more systematically than which is the current practice. This should include developing relationships with the community on macro-level, meaning governmental agencies, coordination bodies, other NGOs and other relevant stakeholders.
- Limit future emergency relief operations to the area where it is already present.

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| <b>Observation # 6</b><br><b>(SOS Malawi/overall)</b> | <i>Outcome oriented impact measures</i><br>– Programmes are continuously followed up on and measured in terms of effectiveness. Despite an overall impact focus, field reporting indicators tend to be outcome oriented.  |
| <b>Risk/consequence</b>                               | – Ineffective relief interventions.<br>– Incorrect evaluations of the effectiveness of ERPs.<br>– Difficulties in raising public funds.   |
| <b>Recommendation</b>                                 | – The organisation should consider using quantitative impact measures, e.g. morbidity figures, weigh-for-height measurements, educational attainment in the target group etc. An organisation's ability to document and use impact quantitatively is a key determinant for access to public relief funding.   |
| <b>Observation # 7</b><br><b>(SOS Malawi)</b>         | <i>Lack of resources for training</i><br>– At NA level, we noted that development of staff is hampered by the lack of resources for training. Furthermore, as the need for training is partly based on self-evaluation (during the annual appraisal process) it may result in a limited effectiveness in identifying competency gaps.   |
| <b>Risk/consequence</b>                               | – Insufficiently qualified and/or motivated staff.<br>– Inability to identify needs of training for the individual staff member.  |
| <b>Recommendation</b>                                 | – Training should be approached more creatively. There are multiple opportunities for on-the-job training especially in the context of investing more in national level networking. Better use of available training resources, not least peer exchange possibilities with colleagues in other organisations, has proved effective in similar contexts.<br>– The budget for training should be re-evaluated and modified if deemed necessary.<br>– While maintaining the annual appraisal system where the employee is encouraged to identify individual competency gaps or development areas, the organisation may establish a training plan. This should include training activities matching the competency requirements for the position over time. |
| <b>Observation # 8</b><br><b>(SOS Malawi)</b>         | <i>Potential opportunity to make purchasing procedures more efficient</i><br>– The purchasing procedure in place in Malawi is very rigid with three quotations for each, single procurement. We believe that it is important to ensure that the purchasing procedure is properly controlled, yet efficient for the organisation.  |
| <b>Risk/consequence</b>                               | – Large administrative burden.<br>– Slow purchasing procedure.<br>– Potentially deteriorated supplier relations.  |
| <b>Recommendation</b>                                 | – To avoid administration in excess and to speed up the procedure we strongly advise the NA to explore the possibilities of establishing long term agreements (whenever suitable) with vendors.<br>– The establishment of a list of preferred suppliers (which are continuously re-evaluated) may be a way to maintain control of suppliers, keep good relationships with the suppliers as well as to process purchases more efficiently.   |

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| <b>Observation # 9</b><br><b>(SOS Malawi/overall)</b> | <p><i>Rigid incentive structures limit managerial flexibility in staff development</i></p> <ul style="list-style-type: none"> <li>– The rigid incentive structures in place may limit the managerial flexibility in staff development. Salary levels are currently promoting experience rather than excellent performance.</li> <li>– Cultural aspects, both organisational and national, also make it difficult for managers to use salary increases or benefits as tools to reward excellent performance.</li> </ul>  |
| <b>Risk/consequence</b>                               | <ul style="list-style-type: none"> <li>– Inefficient staff development, which may result in loss of key staff members, loss of staff initiative etc.</li> </ul>   |
| <b>Recommendation</b>                                 | <ul style="list-style-type: none"> <li>– As the effectiveness of different incentives varies greatly between countries, regions and cultures, the NA management should have a flexible incentive structure in order to obtain optimal staff development. KDI is advised to revisit global organisational policies and procedures, in particular incentive structures.</li> <li>– NA management must investigate in effective incentive structures in the specific country or region.</li> </ul>   |
| <b>Observation # 10</b><br><b>(SOS overall)</b>       | <p><i>Policy development – areas of improvements</i></p> <ul style="list-style-type: none"> <li>– All policies are not yet established and/or implemented due to rapid growth that the organisation experiences (Malawi and SOS-KDI).</li> <li>– At the national level (in this case at the Swedish office), it has been noted that the policies in place are very different in terms of levels of quality, detail and design.</li> </ul>   |
| <b>Risk/consequence</b>                               | <ul style="list-style-type: none"> <li>– The structures are not established, maintained and implemented in the same rate as the organisation grows, which may have implications on the output and quality of the programmes.</li> </ul>   |
| <b>Recommendation</b>                                 | <ul style="list-style-type: none"> <li>– Internationally, a large number of overall policies are set, stating principles, standards and how to put standards into practice. The NAs or the promoting and supporting associations should modify the policies useful and necessary for them to suit their business and local, legal requirements.</li> <li>– We recommend the NAs and PSAs to use a structured and uniform way of writing local policies and procedures. The documents should preferably be collected and stored in a well-known place available for the users (e.g. on the network or in a binder/quality manual). Furthermore, a document owner should be assigned to each document and be responsible for continuously reviewing and updating the document.</li> </ul> |



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|                         |   |
|-------------------------|---|
| <b>Observation # 11</b> | <i>Dependency on key personnel</i>  |
| <b>(SOS Sweden)</b>     | – The Swedish organisation is relatively small in terms of the number of employees which makes it quick and flexible. On the other hand, the small size of SOS Barnbyar results in the potential risk of dependency on key personnel. Measures should be taken to mitigate the impact of this risk. |
| <b>Risk/consequence</b> | – Dependency on key personnel makes the organisation vulnerable if a key employee leaves or in any other way is incapable of fulfilling his/her duties.   |
| <b>Recommendation</b>   | – The organisation may mitigate this risk by establishing job descriptions for all positions, document the key procedures, establish guidelines etc, which will make a transition of duties smoother. Furthermore, job rotation or training is a way to create back-ups for all key duties.         |

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# Annex 1

## List of Contacts

| <b>Name</b>   | <b>Position</b>   |
|---|---|
| <i>SOS Barnbyar, Sweden</i>                         |   |
| Gudrun Hubendick                                    | Senior Adviser Development Assistance   |
| Peter Langley                                       | Administrative Manager  |
| Elisabet Andersson                                  | General Manager   |
| Johan Ohlin   | Financial Manager   |
| Carola Bengtsson                                    | Information Manager   |
| <i>SOS-Kinderdorf International, Innsbruck (HQ)</i> |   |
| Richard Pichler                                     | Secretary General   |
| Peter Völker  | Deputy Secretary General and Continental Director for Europe  |
| Reinhard Schramm                                    | Director Finance Department   |
| Paul Fasser   | Finance, Evaluation & Monitoring team   |
| Patricia Reider                                     | Project Coordination Department – Malawi desk   |
| Klaus Weissbacher                                   | Deputy Director and Team Manager Financial Monitoring & Clearing for Asian and Latin-American countries |
| Monika Psenner                                      | Public Funding Coordinator  |
| <i>SOS Children's Villages, Lilongwe (Malawi)</i>   |   |
| Jeremy Sandbrook                                    | National Director   |
| Franciwell Phiri                                    | Head of the Social Centre (project director for food relief intervention)                               |
| Maggie Mchawi                                       | Finance Manager   |
| Clement Silungwe                                    | Community Development officer/agriculture – Lilongwe Social Centre                                      |
| Alexander Ngulo                                     | Community Development officer/social mobilization – Lilongwe Social Centre                              |
| Lone Kalimba  | Nurse, Home-based care program – Lilongwe Social Centre   |
| Juliet Bwayala                                      | Community Development officer – Lilongwe Social Centre  |
| Rose Chandiyamba                                    | Accounts Clerk – Lilongwe Social Centre   |

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*External organisations*

|                    |  |
|--------------------|--|
| Simplex Chisale    | Agriculture Extension Development Officer, Ministry of Agriculture   |
| Kester E. Kaphaizi | Coordinator for Disaster Preparedness, Relief & Rehabilitation, Department of Poverty & Disaster Management Affairs        |
| James Chiusiwa     | Deputy Coordinator for Disaster Preparedness, Relief & Rehabilitation, Department of Poverty & Disaster Management Affairs |
| Andikuza Makhunda  | Staff assistant, WFP Malawi  |
| Frances Hagan      | Programme Support Manager, Plan Malawi   |

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# Annex 2

## Documents Reviewed

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**Document name**

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SOS-Kinderdorf International Annual Report 2004/2005

SOS-Kinderdorf International Annual Report 2005/2006

SOS-Barnbyar Sverige – Årsredovisning 2005 (Annual report)

SOS Children's Village Malawi – Annual Report 2005

Barnbyar, no 4 – 2005 & no 1 – 2006 (newsletter from SOS Barnbyar)

Facts & figures 2006 (folder by SOS-KDI)

A child's right to a family. Family based child care – The experience, learning and vision of SOS Children's Villages (Position paper by SOS-KDI)

SOS Children's Village of Malawi Trust – Village Handbook

SOS Children's Village of Malawi Trust – SOS Mother's handbook

SOS Children's Village of Malawi Trust – Youth Handbook

SOS Children's Village of Malawi Trust – Sponsor gifts Savings Policy

Family Strengthening & Community Development – Manual for SOS Social Programmes (Discussion paper, 3rd draft)

Planning – Manual for the SOS Children's Village Organisation (discussion paper)

Finance Manual – Version 1.2, part I (procedures) and II (forms), by SOS-KDI

Finance Manual – updated version, June 2006 (draft), by SOS-KDI

Facilities & Statistics – General Secretariat Guidelines for the SOS Children's Village Organisation

SOS Children's Village – Manual for the SOS Children's Village Organisation (by SOS-KDI)

Human Resources – Manual for the SOS Children's Village Organisation (by SOS-KDI)

Conditions of Service (by SOS Malawi)

Fundraising – Manual for the SOS Children's Village Organisation (by SOS-KDI)

Roles & Responsibilities (for proposals to EU for the budget line PVD 23-02-03, co-financing with European Development NGOs/Actions in Developing countries)

Who we are – Roots, vision, mission and values (of the SOS Children's Village Organisation)

Core policy info guide, by SOS-KDI

SOS Children's Village Malawi – Description of operations (by the national director)

Check routines for regional offices (draft version)

Guideline for IO and ROs in regard to SOS-Emergency Relief Programmes

Application of the ERP in Malawi

Reports for the ERP in Malawi: Mid-term and final report by the facility; draft report by Sweden/SOS-KDI

Agreement between SOS Barnbyar and Sida

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Taking action for children – strategic plan 2003–2008

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Baking our strategy for 2009–2012 (and other document regarding the strategic initiatives)

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Trends survey of national association 2006 plans (also, the survey for 2005)

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Information from the organisation's international and national Internet and Intranet pages

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Supporting documentation for the transfer of the funds relating to the ERP (e.g. journal vouchers)

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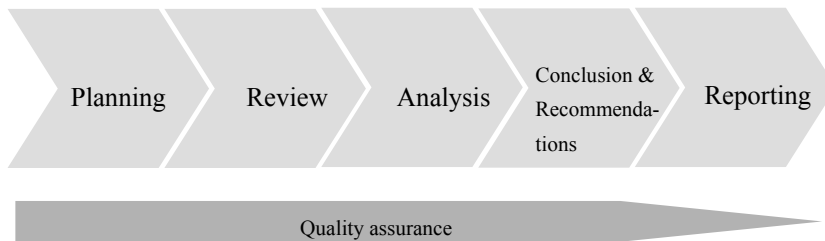
Policies, procedures, guidelines or manuals for the different organisations

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# Annex 3

## Method

Diagram 1, illustrates the different steps of our method. Each step is described briefly below.



### Planning

Initial contact will be held with representatives from the organisation in order to collect information from the various stakeholders and to outline the final scope of the project. Included in this step is the identification of relevant documentation to be collected during field studies (e.g. Code of Conduct, Sphere Standards and other relevant guidelines). Key individuals are identified and meetings are scheduled. An important part of the planning phase is Deloitte's cooperation with the humanitarian aid expert Björn Ternström, who provides our team with expertise in the area of humanitarian assistance. Deloitte will work closely together with a humanitarian aid expert when developing the work plan and the questionnaire. Questionnaires to be used during the on-site interviews with representatives of the organisation (as well as other relevant organisations and stakeholders) will be established, based on the request and scope presented in the ToR, information available in Deloitte's knowledge database regarding best practice, as well as complementary information from humanitarian aid experts and Sida.

### Review

The objective of the review is to gather relevant documentation identified in the planning step. Obtained information will be used during the analysis phase, which is further detailed below. In order to get a comprehensive understanding of the current organisational and financial structures of the organisation, meetings will be held with key personnel in

Sweden, Malawi and Austria. Primary focus areas are the organisations' respective capacity with regards to their internal structure and their respective ability to implement humanitarian programmes in accordance with Swedish policy.

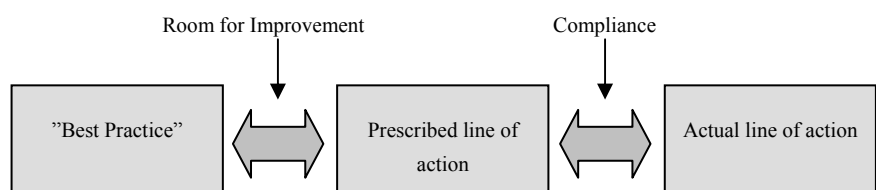
As described in the ToR, the study includes following focus areas:

- *Organisational structure*  
A comprehensive review of material and data withholding information as to the organisation's current structure and development will be performed. Further, an extensive mapping of the organisation's involvement and participation with other national/international organisations will be performed and analysed.
- *Management of activities*  
By reviewing and collecting documentation from previous and current activities, conclusions will be made as to their effectiveness, degree of fulfilment, method of work, and alignment with best practice.
- *Administrative systems and routines & Personnel and administration*  
These areas will be reviewed based on the Deloitte Internal Audit Method, which contains a structured method on how to assess the control structure within administrative and finance related processes. Naturally, the approach will be adapted to the delimitations and focal points presented in the ToR.
- *Financial control*  
A comprehensive review will be made, focusing on the existence of formal documentation, collecting information regarding cash management, audit trails, and the financial control environment.

We believe that numerous interviews will be necessary to perform in order to reach valuable conclusions and formulate areas of improvement for the organisation. We intend to conduct as many interviews as possible in person. However, if some of the relevant individuals would be located in other regions we may also conduct interviews via telephone. We believe that the key employees are situated in Sweden, Malawi and Austria. Apart from employees within the organisation we believe that it is necessary to interview key individuals in other relevant organisations and stakeholders (such as Sida, the UN and local authorities) in order to assess whether the organisation's objectives have been met, and if not, why.

### Analysis

Information obtained from the field studies will be analysed based upon prior experience, "best practice", and applicable analysing methods such as the SWOT-analysis. These tools will enable us to present our findings and recommendations in a practical, clear, and useful manner. Our general approach is described in diagram 2:



The analysis will emphasise, not only the strengths and weaknesses of the focus areas mentioned in the review-chapter but also on current and future capacity of the partner organisations to successfully implement humanitarian programmes as well as how to enhance current performance.

Our methods include a comparison between on site observations and information gathered during the review phase. This comparison will primarily serve as input when evaluating the validity of the organisational structure (both in Sweden, Malawi and Austria) and while analysing the administrative systems and routines.

Information gathered with regard to the current network status of the organisations will be used in order to determine and evaluate their positions as to size and interdependence. The analyses of their current networks will determine whether or not these networks need to be further elaborated and/or needs to be redesigned.

Furthermore, the analysis will focus on current cost effectiveness and adherence to applicable policies. This will be done in order to determine management proficiency, result of work, and the suitability of current administration systems.

### **Conclusions and Recommendations**

Observations and recommendations will be concluded in a draft report which is to be discussed with representatives from Sida as well as the reviewed organisation before the final report is completed. A humanitarian aid expert will take part in this phase to further validate our conclusions and recommendations. If requested, a concluding meeting will be held in Sweden. Based on our experience from similar engagements, we recommend that regular communication is held between our team and Sida representatives to continuously discuss project status.

### **Reporting**

Once we have validated and quality assured preliminary findings with senior management and relevant stakeholders, a draft report will be sent to Sida and the reviewed organisation. A final report will be presented to Sida no later than two weeks after received comments.

### **Quality Assurance**

Quality assurance is an integrated part of the review. Our quality assurance covers our whole approach from planning to reporting. Responsible for this work is Michael Bernhardt. Deloitte also puts great emphasis on communication. We will during the whole project communicate preliminary conclusions and planned action with Sida and the reviewed organisation to avoid expectation gaps between expected and actual outcome.



# Annex 4

## Terms of Reference

Terms of reference – Capacity study of SOS Children’s Villages 2006  
*(Please note that minor changes was made to the ToR, e.g. change of the reporting deadline)*

### **Sida**

The Swedish International Development Cooperation Agency, Sida, is responsible for Swedish bilateral development and humanitarian assistance. Sida also handles most of the cooperation with countries in Africa, Asia, Latin America and Central and Eastern Europe. Sida has approximately 650 employees – including expertise (of whom approx. 100 in the field) in economics, technology, agriculture, healthcare, education and environmental protection. The general goals for Swedish aid are to contribute to a reduction of poverty, to increased democracy and sustainable development in the countries that Sida co-operates with.

For more information, please see Sida’s homepage: [www.Sida.se](http://www.Sida.se)

The objectives of the Division for Humanitarian Assistance are to protect human lives and give assistance in accordance with international humanitarian law and assist in mitigating the consequences of humanitarian emergencies in connection with armed conflicts and natural disasters. Humanitarian action in situations of conflict or natural disasters is guided by the humanitarian imperative and the principles of impartiality and neutrality. It must be strictly needs-based and serves to protect civilians and non-combatants and to prevent and alleviate human suffering.

Sida can fund programmes for humanitarian assistance through UN agencies, the Red Cross Movement or through Swedish or international NGOs. In 2005, Swedish humanitarian assistance amounted to 3.2 billion Swedish krona, and the allocation for 2006 is approximately the same.

### **Background**

Sida is constantly reviewing its humanitarian partner organisations in order to find the most effective and efficient channels for the Swedish humanitarian assistance. Sida’s Division for Humanitarian Assistance performs capacity studies with a view to clarify needs of change or strengthening of the competence and capacity of the organisation to perform humanitarian assistance. The main focus of the study is the implementation capacity of the organisation.

In connection to the drought in Southern Africa during the last years, the Division for Humanitarian Assistance decided to fund a project through SOS Children Villages.

### **Purpose and Objective**

Sida wishes to carry out a capacity study with regard to both the internal structures of the organisation and its capacity to implement humanitarian programmes in accordance with the Swedish policy on humanitarian assistance.

The capacity study of SOS Children Villages shall facilitate the possibilities for Sida to assess the organisation in view of possible future funding for humanitarian projects.

### **Assignment**

The assignment shall comprise the whole of SOS's organisational setup in Sweden – the board and the secretariat – as well as selected activities in the field with a particular focus on the recent humanitarian emergency programmes in Malawi. In the assignment is therefore included a field trip to Malawi.

The assignment comprises mapping and documentation, analysis, and recommendations mainly according to the points below.

### **Mapping and documentation**

#### *A. Organisational structure*

- Background and objective of founding the organisation;
- Organisational structure and growth;
- Number of employees, number of members (if any) and basis of the organisation in Sweden;
- Status of the Swedish branch with regard to the international network;
- Participation/involvement in international NGO networks, the humanitarian reform agenda and quality initiatives (HAP, Alnap, Sphere).

#### *B. Management of activities*

- Planning of humanitarian activities, with special regard to needs analysis, priority setting, selection of target groups, impartiality;
- Quality assurance – how do the organisations relate to the humanitarian principles, the Code of Conduct, Sphere standards? Do they follow generally accepted humanitarian principles?
- Measurability and goal attainment. Have the programmes been designed in such a way that they are measurable? Have the programmes achieved what they set out to do? Why/why not?
- Beneficiary involvement. How are beneficiaries involved in programme design?
- Humanitarian co-ordination. How do the organisations co-ordinate with other humanitarian actors in the field? UN system? Do they participate in the CHAPs? Why/why not? How do they ensure that their work is complementary to that of other organisations, including but not limited to local NGOs, UN bodies and local authorities?
- Efficiency and effectiveness of the programmes? Do they humanitarian programmes include a sustainability aspect? Are programmes carried out in a cost effective way?

- Policy and method? Are there specific policy documents regarding e.g. gender, HIV/AIDS, environment, conflict sensitivity, corruption? Are these specifically targeted to humanitarian situations?
- Risk assessments? How are they conducted? Do they result in a plan?
- Security issues? Is there a security plan (in conflict areas)? How is it developed?

#### *C. Administrative systems and routines*

- Visions, goals, activity plans and policies;
- Mandate/role of governing board;
- Planning process and the use of the activity plan as a guiding instrument;
- System of accounting;
- Decision making and order of delegation;
- System for internal control and communication;
- System of project management;
- Archives and registering;
- Purchasing rules and procedures.

#### *D. Personnel administration*

- Overall staff policy;
- Recruitment and selection;
- Staff turn-over;
- Forms and rules of employment, salary system;
- Development of competence of staff at HQ and in the field;
- To what extent do the Swedish branches have their own seconded personnel in the field?

#### *E. Financial control*

- Agreements and monitoring of obligations according to agreements;
- Transfer of funds and cash management;
- Budget follow up;
- Main sources of funding;
- Auditing on all levels – how do the Swedish branches ascertain that the chain of audit is maintained?
- Promotion of good administration, transparency in the financing picture and handling of means, and anti-corruption measures.

### **Analysis**

Against the background of its findings the study shall analyse and describe the strengths and weaknesses of the above mentioned points, with special focus on humanitarian emergency programmes.

The study should in particular analyse:

- the organisational structure of SOS in relation to its present activities, future plans of activities and to the policy and strategy documents of the organisation;
- the capacity of SOS to reach goals set up;
- the division of responsibilities and forms of cooperation in the organisation at planning, implementation and follow-up of projects and integration of experience won;

- how well the project cycle within SOS is developed and functions;
- how well the strategic planning functions;
- possible future sources of financing;
- forms of cooperation with local partners and follow-up;
- learning: mechanisms and ability.

### **Recommendations**

The study shall give proposals for possible changes and recommendations in connection to the above points.

### **Method**

The assignment shall be performed through studies of available documentation at the SOS office in Stockholm, at its headquarters and in the field (primarily Malawi) and through interviews with Sida officers in Stockholm and with relevant Sida representatives abroad.

The consultant can create a team to work on the assignment. For the work in the field, the consultants may preferably use local consultants.

Further defining of the methods for performing the study is left to the consultant to decide.

### **Reporting**

A preliminary report shall be given to Sida, Division for Humanitarian Assistance, and SOS respectively, in accordance with the specifications below, for possible comments to the consultant on factual errors or misunderstandings, before the final report is handed over.

The report shall be written in English and not exceed 15 pages<sup>2</sup>. The structure of the report shall as far as possible follow the Sida Standardised format for Evaluation reports. The report shall be written in Word and submitted in one paper and one electronic copy.

Sida reserves the right to ask for an oral presentation in Stockholm, for Sida and the concerned agencies jointly.

### **Timetable**

The aim is that the assignment shall be started on 1 September 2006 and that the final report shall be handed over to Sida on 25 November 2006 at the latest.

A preliminary report shall be handed over to Sida and SOS respectively no later than 1 November 2006, whereupon Sida and SOS respectively shall submit their comments (if any) to the consultant within two weeks. The final report shall be handed over to Sida within two weeks after comments have been received.

### **Specification of Requirements and Requests:**

#### *A. Requirements*

- The consultant shall possess the compulsory requirements below.
- The consultant shall state how the assignment is to be organised;
- The consultant shall state availability in respect of the offered Assignment;

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<sup>2</sup> Please note that it was decided to ease this restriction, as the parties required additional information in the report (discussed at the debriefing session with Sida, Deloitte and the organisations 13 November 2006).

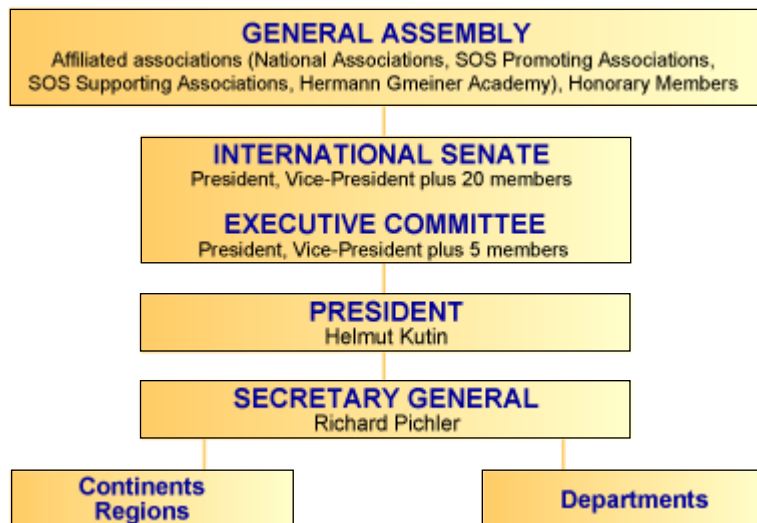
- The consultant shall state the total extent of the Assignment, including number of hours required and the number of consultants, specified as fee per hour for each category of personnel; any reimbursable costs, any other costs and any discounts (all types of costs in SEK and exclusive of VAT);
- The consultant shall submit a proposal for time and working schedules for the assignment;

*B. Requests*

- It should be possible to conclude a contract to be effective as from 1 September 2006
- It should be possible to commence the Assignment on or before 1 September 2006

# Annex 5

## Organisational Structure of SOS-KDI



The General Assembly, which is convened every four years, is the supreme decision-making body. Each member association has the right to participate at the General Assembly of SOS-Kinderdorf International. The Assembly elects the President and Vice-President for a five-year term of office as well as the members of other executive bodies.

The International Senate consists of a maximum of 20 members plus the President and the Vice President, serving a five-year term of office. Some of the main tasks of the International Senate are:

- Discussing fundamental questions relating to the policy of the organisation
- Submitting proposals to the General Assembly setting out aims and priorities of the association's future activities
- Approval of annual budget and of the closing balance sheet of SOS-Kinderdorf International
- Election and appointment of members of other committees and boards (Executive Committee, Secretary General, honorary members, etc.)
- Acceptance and exclusion of member associations

The Member Associations of SOS-Kinderdorf International are grouped into geographical “regions” each supported by Regional Offices.

The International Secretary General is head of all nine departments within SOS-KDI.

The SOS member associations are divided into continental offices, 20 regional offices and national associations.

# Annex 6

## Sida's Management Response



- Director General  
 Department  
 Division

**DECISION**

|  |  |                                 |                             |
|--|--|---------------------------------|-----------------------------|
| Department<br>Seka                         | Division<br>Hum                          | Decision date<br>2007-05-03     | Decision No.<br>2007-002503 |
| Reporting<br>Elizabeth Narrowe             | <i>Elizabeth Narrowe</i>                 | Case no.<br>2006-2371           | <i>[Signature]</i>          |
| Approved by<br>Magnus Lindell              | <i>[Signature]</i>                       | Signature<br><i>[Signature]</i> | <i>[Signature]</i>          |
| Present<br>Per Byman<br>Kerstin Nordvaller | <i>[Signature]</i><br><i>[Signature]</i> | Consultation with               |                             |

|  |                  |                                       |
|--|------------------|---------------------------------------|
| Copy to<br>Department/Division (orig)<br>Seka/hum: KL, AFG, EN, BW<br>Seka/EO: JN<br>SEKA/stab KN, AL<br>Director General's Office | Chief Controller | Distr. (date/sign)<br>15/5-07<br>T.S. |
|--|------------------|---------------------------------------|

Subject and decision

**Management Response with Regard to Evaluations and Audits with regard to Seka/hum's Capacity Studies of Islamic Relief, SOS Children Villages and Plan**

|                               |  |
|-------------------------------|--|
| Name of the Evaluation/Audit: | 1) Capacity Study of Islamic Relief, Focus on Humanitarian Assistance, Using the Pakistan Earthquake Relief Programme as a Case study<br>2) Capacity Study of Plan, Focus on Humanitarian Assistance, Using the Pakistan Earthquake Relief Programme as a Case study<br>3) Capacity Study of SOS Children Villages, Focus on Humanitarian Assistance, Using the Malawi Emergency Relief Programme as a Case study<br>Pakistan and Malawi |
| Sector                        | Humanitarian Division  |

**DECISION**

In 2006, Sida commissioned Deloitte to conduct capacity studies of Islamic Relief, SOS Children Villages and Plan, with a particular focus on their humanitarian work. During that year, each of these organisations had received grants from Seka/hum for projects in Pakistan after the earthquake (Plan and Islamic Relief) and in Malawi to assist drought affected households (SOS Children Villages).

The purpose of the studies was as follows:

- to map the organisations in terms of organisational structure, management capacity, administration structures and routines etc.,
- to assess the organisations capacity to carry our humanitarian projects,
- to recommend to Sida how to view its future partnership with the organisations.

In general, the consultant argues that the projects have been successfully implemented by the organisations and that the organisations managed the projects well.



Seka/hum has formulated a management response to these studies, see enclosed. In the management response, Sida comments on the suggestions of the consultant and suggests the following plan of action:

#### Plan of Action

| <i>Activity</i>  | <i>Person in charge for follow up</i>                               | <i>Time Frame</i>                              |
|--|---|--|
| <p><b>Guidelines for Seka/hum</b><br/>Sida's views and suggestions in this management response should be regarded as Sida's guidelines with regard to cooperation on humanitarian action with IR, Plan and SoS Children villages</p>   | Head of Unit  | Until dec 2008 or until guidelines are revised |
| <p><b>Plan</b><br/>As part of Sida's regular consultations with Swedish humanitarian organisations, Sida shall follow Plan International's and Plan Sweden's policy development and operational experience regarding humanitarian action.</p> <p>Sida should also make use of Plan's knowledge of children's needs and rights in humanitarian crises.</p>  | Kerstin Lundgren  | During 2007-2008                               |
| <p><b>Islamic Relief</b><br/>Sida highly recommends that IR-Sweden follows the recommendation of the consultant and approaches high level persons in Sweden to help build the organisation's capacity.</p> <p>Sida suggests that IR – Sweden looks in to other ways to increase its management capacity in Sweden, mainly by using the extensive knowledge of Islamic Relief International.</p>                    | Anna Furubom Guittet  | During 2007-08                                 |
| <p><b>SOS Children Villages</b><br/>Sida suggests that SOS sign the Red Cross and Red Crescent's Code of Conduct as a basis for possible future humanitarian work.</p> <p>Sida finds the suggestion of making use of SOS villages' infrastructure interesting. Sida should inform the Swedish Rescue Service Agency of this recommendation and mention it to other humanitarian actors, such as UNHCR and WFP.</p> | Barbro Wiberg (SOS)<br>Doris Attve (SRSA)<br>Elizabeth Narowe (WFP) | During 2007-08                                 |

SPECIFY

to approve the action plan as suggested above.

# Management Response of Capacity Studies of Islamic Relief, SOS Children Villages and Plan

## 1. Background

In 2006, Sida commissioned Deloitte to conduct capacity studies of Islamic Relief, SOS Children Villages and Plan, with a particular focus on their humanitarian work. During that year, each of these organisations had received grants from Seka/hum for projects in Pakistan after the earthquake (Plan and Islamic Relief) and in Malawi to assist drought affected households (SOS Children Villages).

The purpose of the studies was as follows:

- to map the organisations in terms of organisational structure, management capacity, administration structures and routines etc.,
- to assess the organisations capacity to carry our humanitarian projects,
- to recommend to Sida how to view its future partnership with the organisations.

The reports from the studies were well written and clearly structured. A SWOT (Strengths, Weaknesses, Observations and Threats) analysis was used to present the organisations' capacity and to assess their suitability as future humanitarian partners. Observation and suggestions for improvements were linked to recommendation for action. Each study included a review of the Swedish organisation, the international body and the local organisation in the developing country, which was responsible for implementation.

For the assignment, Deloitte sub-contracted a humanitarian expert to be included in the team, which also included persons from Deloitte from Sweden and its local branches in Pakistan and Malawi. In the report, the consultant clearly emphasizes that the conclusions are based on one case study alone for each organisation and might therefore not be fully applicable to other operations of the organisations.

In general, the consultant concludes in the report that the projects have been successfully implemented by the organisations and that the organisations managed the projects well. Below are listed the main conclusions and recommendations in the reports, followed by comments from Seka/Hum.

## 2. The Study on Plan

### 2.1 *The Consultant's Conclusions*

In the report, the consultant makes the following conclusions and recommendations:

- Plan is primarily a development organisation (present in many areas suffering from disasters) which is clear regarding its roles and ambitions in emergency relief activities.
- Plan has very strong relations with the community, the local government and NGOs in its field. The consultants argue that with excellent networking and coordination skills, a solid child focussed competency, a clear commitment to the UN Convention on the Rights of the Child and a rapidly developing structure for emergency relief activities, the interventions which Plan engages in will most likely be effective.

- Plan's coordination and networking skills at times reflect 'the other side of the coin'; a lack of operational relief capacity. This is particularly true of activities beyond the geographical area within which the organisation runs its normal programmes.
- Plan Sweden is considered to keep a high profile within the international organisation and is seen as an active member of different NGO-networks and the public debate. The organisation participates actively in the debate regarding the development assistance policy, with a primary focus on children's rights.
- The consultant recommends Sida to consider Plan International as a capable potential partner for future humanitarian interventions.
- The consultant recommends an expansion of support in a manner that is gradual and focussed on Plan's core competencies i.e. children's needs and rights.
- In the short- to medium- term, the consultant recommends that Sida primarily supports interventions in geographical areas where Plan is operational prior to the disaster event.

## 2.2 *Sida's comments*

Sida notes that Plan Sweden seems to play an important role within Plan International in advocating children rights. Plan is becoming an established humanitarian actor, particularly with regard to children's needs in times of emergencies.

In general, Sida agrees with the recommendations of the consultant. Regarding the last recommendation, that Sida should only fund Plan where it has a project office, Sida should view this as its general policy. However, there might be reasons for Sida to support projects in other geographic regions as well. Sida will, in such cases, need to make a more thorough assessment of Plan's management and relief capacity.

In the coming years, Sida and Plan will probably develop more experience of working together. In a short-term perspective, both parties need to accept that the transaction costs for the projects might be somewhat higher than usual, as Sida's assessments might take longer time, and requests and project reports from Plan might need to be revised according to Sida's formats.

It is here suggested that Sida shall assess future project proposals on a case by case manner. As part of Sida's regular consultations with Swedish humanitarian organisations, Sida shall follow Plan International's and Plan Sweden's policy development and operational experience regarding humanitarian action. Sida should also make use of Plan's knowledge of children's needs and rights in humanitarian crises. In a few years time, Sida and Plan shall discuss whether an agreement on a frame for smaller humanitarian projects should be formulated.

## 3. **Recommendations regarding Islamic Relief (IR)**

### 3.1 *The Consultant's Conclusions*

In the report, the consultant draws the following conclusions and recommendations:

- Islamic Relief Worldwide is a rapidly expanding, well qualified humanitarian relief implementer which is well qualified to manage expanding funding flows.
- Islamic Relief is an organisation in the process of rapid expansion which would benefit from "Good donorship" in the form of organisational backstopping, support in developing core functions and, not

least a trusting relationship with a realistic, experienced partner on the funding side. Sida is also recommended to explore what possibilities exist for it to offer Islamic Relief such a relationship. IR could also benefit from the mentorship of an ex-chairperson of one of the major Swedish NGOs, an ex-deputy secretary general to the UN or some other such person high profile humanitarian person.

- IR Sweden and IR HQ are recommended to maintain and further develop the existing mentoring relationship within which IR HQ would accept to actively supporting the development of IR Sweden in the medium term.
- IR Sweden and IR HQ are recommended to approach Sida jointly as IR Sweden does not yet have the stability and maturity to manage the deepening of the Sida-IR HQ relationship that would be most effective.
- Sida is recommended to consider IR Sweden for a gradual expansion of humanitarian funding. Such expanded funding should be implemented in parallel with expanded cooperation in activities directed at IR Sweden constituency in Sweden. Sida should also explore IR Sweden constituency to assess IR Sweden as a potential resource base for other Sida activities.

### 3.2 *Sida's Comments*

Sida notes that Islamic Relief has a unique role to play in humanitarian action, particularly in Muslim countries. Also, Islamic Relief has better possibilities than most other organisations to reach Swedish Muslim groups and involving them in humanitarian issues.

However, it is not the mandate of the Sida's Humanitarian Division to try to reach certain groups in Sweden or build the capacity of Swedish humanitarian organisations. Sida highly recommends that IR-Sweden follows the recommendation of the consultant and approaches high level persons in Sweden to help build the organisation's capacity. Also, Sida suggests that IR – Sweden looks in to other ways to increase its management capacity in Sweden, mainly by using the extensive knowledge of Islamic Relief International.

In the short term, Sida recommends that IR-Sweden implements projects in cooperation with other, more established branches of the organisation or together with other, more established Swedish NGOs. In exceptional cases and for specific reasons, Sida can fund projects that IR-Sweden implements alone, though its management and relief capacity to carry out the project needs to particularly reviewed.

## **4. Recommendations Regarding SOS Children Villages**

### 4.1 *The Consultant's Conclusions*

In the report, the consultant lists the following conclusions:

- The focus of SOS Children's Villages is development rather than relief. Within its areas of operation, SOS Children's Villages may, however, perform limited interventions if a disaster strikes.
- The organisation is well placed to complement ordinary activities with limited relief activities but would have difficulty in effectively partnering in a major relief operation.

- SOS Children's Villages should be considered as an emergency relief provider for Sida, if the disaster strikes within SOS Children's Village's area of operations.
- Sida should consider SOS existing systems and physical infrastructure, which is mainly linked to the physical Children Villages, as a significant resource to use in possible future large-scale national emergencies, especially in view of SOS Children's Village's urban or semi-urban presence. These could be used for storage, temporary camps for civilians or personnel etc. This should take place under the oversight/supervision of a more experienced relief organisation.
- SOS is recommended to invest in better national level networking. Such networking would enable the organisation to avail itself of the experience gained by others, improve the national resource base by improving coordination and allow other organisations to learn from the significant experience developed by SOS in their particular field.

#### 4.2 *Sida's Comments*

Sida agrees with the consultant regarding SOS Children Villages' humanitarian ambitions. SOS could become a channel for support if, again, humanitarian needs are apparent in the strict geographic area in which SOS works. Sida also suggests that SOS sign the Red Cross and Red Crescent's Code of Conduct as a basis for possible future humanitarian work.

Sida finds the suggestion of making use of SOS villages' infrastructure interesting. Sida should inform the Swedish Rescue Service Agency of this recommendation and mention it to other humanitarian actors, such as UNHCR and WFP.

## 5. Conclusions

In general, the consultant found the work of the three organisations well managed and relevant. According to the consultant, these organisations were relevant channels for Sida's humanitarian work in Pakistan and Malawi during the emergencies in 2006.

From these studies, Sida has learnt more about these organisations and has a clearer view on when and where these organisations can be relevant humanitarian partners. However, it is important to keep in mind that the studies only cover one operation by each organisation and that the conclusions might thus not be fully relevant for humanitarian action in other places.

From the capacity studies, Seka/hum learnt more about these organisations, which were new emergency partners for Sida. It gave Sida an opportunity to compare different organisations and their strengths and weakness.

However, the study focused to a large extent on the general organisational and administrative capacity of the organisations. In order to draw more specific conclusions of the operational capacity of the organisations, it would have been interesting to cover more project sites and to more thoroughly focus on issues such as coordination with OCHA and other cluster lead agencies and humanitarian principles and what they mean for the organisations in terms of project implementation (for example how they interpret the Code of Conduct). More operational issues should also have been covered, such as the selection of target groups, structures of distribution mechanism, participatory processes, means to increase the accountability to the target group etc.

## 6. Action Plan

On the basis of the capacity studies, Seka/hum should implement the following Action Plan:

### *Plan of Action*

| <b>Activity</b>   | <b>Person in charge for follow up</b>                                | <b>Time Frame</b>                              |
|---|--|--|
| <p><b>Guidelines for Seka/hum</b> Sida's views and suggestions in this management response should be regarded as Sida's guidelines with regard to cooperation on humanitarian action with IR, Plan and SoS Children villages</p>  | Head of Unit   | Until dec 2008 or until guidelines are revised |
| <p><b>Plan</b></p> <p>As part of Sida's regular consultations with Swedish humanitarian organisations, Sida shall follow Plan International's and Plan Sweden's policy development and operational experience regarding humanitarian action.</p> <p>Sida should also make use of Plan's knowledge of children's needs and rights in humanitarian crises.</p>  | Kerstin Lundgren   | During 2007–2008                               |
| <p><b>Islamic Relief</b></p> <p>Sida highly recommends that IR-Sweden follows the recommendation of the consultant and approaches high level persons in Sweden to help build the organisation's capacity.</p> <p>Sida suggests that IR – Sweden looks in to other ways to increase its management capacity in Sweden, mainly by using the extensive knowledge of Islamic Relief International.</p>                    | Anna Furubom Guittet   | During 2007–2008                               |
| <p><b>SOS Children Villages</b></p> <p>Sida suggests that SOS sign the Red Cross and Red Crescent's Code of Conduct as a basis for possible future humanitarian work.</p> <p>Sida finds the suggestion of making use of SOS villages' infrastructure interesting. Sida should inform the Swedish Rescue Service Agency of this recommendation and mention it to other humanitarian actors, such as UNHCR and WFP.</p> | Barbro Wiberg (SOS)<br>Doris Attve (SRSA)<br>Elizabeth Narrowe (WFP) | During 2007–2008                               |







*Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.*



SWEDISH INTERNATIONAL  
DEVELOPMENT COOPERATION AGENCY

SE-105 25 Stockholm Sweden  
Phone: +46 (0)8 698 50 00  
Fax: +46 (0)8 20 88 64  
sida@sida.se, www.sida.se