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Governance Within the NGO

Introduction[(1)]

Definition of the objective of governance

The definition of the **objective** of governance adopted by *Synergie Qualité* is:

'to ensure, in the long term, the social mission of the NGO'.

Each word has repercussions on the approach adopted: it involves fulfilling the mission the NGO has set itself and therefore of satisfying the final beneficiary. But this must be done on a long-term basis, as all of the actors are concerned. The word 'ensure' also takes us back to one of the elements of the quality approach upheld by *Synergie Qualité:* quality assurance.

The model of governance promoted by Synergie Qualité

The model of governance appropriate to the *Synergie Qualité* approach is that of what's called 'partnership value'[(2)]. This is the taking into account of the notion of social agents – the people or organisations that are the stakeholders – as opposed to the 'share value' model, which focuses on the shareholders.

Instead of limiting itself to seeking maximum satisfaction for just the shareholder (via financial profitability), the 'partnership value' model considers governance as a way to organise efficient social cooperation, especially by arbitrating conflicts of interest between stakeholders. It also highlights the dimension of the social relation to be maintained or rebuilt. This is one of the 'added values' of non-profit organisations.

This model is moreover tending to spread to all sectors, because *'an effective organisation cannot exist [especially in the long term] without taking into account all the stakeholders and satisfying them as best as possible'*[(3)].

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1. This section was written by Nicole Leclère, who for this purpose joined the Coordination SUD team for 1 month. It is based on recommendations from the steering committee, on two working meetings with NGO leaders, and on her previous work on the theme of NGO governance along with UNIOPSS (national interfederal union of private health and social charities and organisations).
2. cf. guiding principles of sustainable development defined in the context of the United nations – GRI – (analysis letter from Man-Com Consulting, June 2002).
3. R.E. Freeman, D.L. Reed, 'Stockholders and Stakeholders: a new perspective on corporate gouvernance', quoted by Stéphane Trébucq in his contribution to the 9th accounting and management history seminar, CREFIGE, March 2003; it's also the definition of 'excellence' and the final outcome of 'total quality' approaches.

The principles adopted

These principles seek to satisfy criteria of 'good governance'[4], which value the abilities to:

- define the major orientations of the NGO (political, operational, strategic) and stay on course (for the public concerned, for the terms of intervention, etc.);

- adapt quickly to changes in the environment;

- anticipate and overcome crises.

The intention is not to add rules to an already abundant corpus, but to propose an overall way of thinking: the five general principles combine classic quality-approach themes with the search for coherency. They encourage a process of continuous improvement of quality.

The principles are naturally interdependent: supervising well, for example, implies being well-informed and knowing the orientations and responsibilities…

Applying them involves finding balance between the procedural aspect and the need for adaptability. Rather than constrain, they should build a climate that encourages action along the lines of the NGO's values and mission. This shared culture helps to maintain the spirit of good governance *'when there is emergency pressure or when one is faced in the field with all this violence and emergency'*[5].

1 - The orientations are defined, updated and widely communicated.

2 - Their responsibilities are defined, updated and communicated.

3 - Information is sincere, reliable and available.

4 - The internal functioning and the external relations respect and promote the NGO's values.

5 - The risks are identified, evaluated and dealt with in order to reduce the probability that they occur and to limit their consequences.

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4. CERISE, 'La gouvernance en microfinance : comment piloter ? comment surmonter les crises ?', September 2002.
5. Bioforce, 'La gouvernance des organisations européennes de solidarité internationale. L'exemple du processus décisionnel d'ouverture et de fermeture de mission', 2003.

These principles:

- insist on the **coherency between the actions and the values**, especially Principal 4;

- emphasise **information** (another essential aspect!) and **communication** (Principles 1, 2 and 3).

How to use the principles

- *'There is no single model of good corporate governance'*[6], and the models are not always exportable as is. The principles listed here are guides to help an NGO to define and improve practices that themselves depend on the history, the size and the contexts of intervention of the NGO concerned.

- The principles are listed in the form of assertions. Each assertion of course leads to questions: Have we reflected on the subject? Do we satisfy this requirement? How could we go about it? Must we improve ourselves? How could we do so?

- The stakeholders are the people and the organisations in contact with the NGO and that contribute to its social mission. They include: the beneficiaries, the members, the trustees, the volunteer help, the expatriate staff, the participants of the country of intervention, the salaried employees, the financial backers (including sponsors), the private donors (including patrons), the public authorities of the country of the NGO, the public authorities of the country of intervention, public opinion of the country of the NGO, public opinion of the country of intervention, the suppliers, the partners in the field, the other non-profit organisations and NGOs, and collectives of the latter.

- Each of the five principles is explained and detailed in several sub-principles.

- The examples that illustrate the concrete application of the aforementioned principles are real. They are drawn from organisations that have built up internal means of functioning that make it possible to come close to a type of NGO governance as described in this chapter.

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6. OECD, 'Draft Principles of Corporate Governance', 2003.

Five general principles of good governance

PRINCIPLE 1
The orientations are defined, updated and widely communicated

Like other non-profit organisations, NGOs cannot escape from the need and requirement to explain and make known their major orientations and the strategic framework of their action regularly. This *'communicational activity'*[7] is found in all the principles. It implies the defining and appropriateness of what is going to be communicated. Good governance verifies that this is true at each level of the NGO's aims and projects.

The NGO's social mission and the underlying values are explained and coherent; they are communicated, regularly examined and modified if need be.

According to the French law governing associations, the social mission of a non-profit organisation is written in Article 2 of its statutes. The NGO's 'social mission' is its reason for being and that which has justified its creation. It is deeply tied to the 'values' that inspire it and that need to be reminded to the actors and stakeholders of the NGO. They form the policy argument on which the overall (strategic) or operational (field intervention) projects of the NGO are based.

The Board of Trustees guarantees that the strategic and operational projects match the NGO's social mission. It guides in defining the terms and periodicity of revising the social mission. At the same time, it must ensure that, at each level, the projects are carried out according to the same methods and that overall coherence is verified. This way, the process of governance chosen by the NGO is passed on to the field.

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7. Bernard Enjolras, 'Associations et isomorphisme institutionnel', RECMA n°261 3rd quarter 1996.

While the social mission may be implicitly understood when the NGO is created, writing down the social mission becomes necessary as new members join (and old ones leave). This makes it possible, at each stage of the NGO's history, or in the event of a crisis, to come back to the foundations of the action, in order to reinforce, update or enlarge them. This is why writing down the social mission goes beyond simply drafting the 'Article 2' of the NGO's statutes.

Within an NGO, there must be a reference document that details the social mission into many principles of action: the NGO's aims. These latter must be the reference document for each actor or stakeholder of the NGO with regards to the objectives pursued and to its values.

After more than 10 years of existence, one NGO noted the need to clarify the values and principles of action that had been implicitly shared by its founder members. A questionnaire was sent to all the members. Their responses made it possible to draft the NGO's aims, which were ratified during a meeting of the General Assembly. The NGO thereby has a reference document (20 pages) explaining its aims. The whole process lasted two years.

In 2000-2003, one NGO felt the need to reframe its mission and its fields of action. A one-year process was established in order to carry out this work in several stages:

- **a seminar to look at future prospects, with an examination from all angles of the NGO's values and principles, along with a poll of the staff about these values;**

- **consultations about the NGO's fields of action with the actors from the headquarters involved in the programmes, teams in the field, directors of the international sections and the specialised services of the headquarters;**

- **the forming of a working group (including one Board of Trustees member, one management committee member, one strategic positioning sector member, one communication sector member and two persons in charge of the technical department), coordinated by two facilitators;**

- **the drawing up of an initial version presented to and discussed with members of the General Assembly as well as of the Board of Trustees and/or General Assemblies of the sections of the NGO;**

- **impact analysis of the programmes for reframing the fields of action;**

- **validation of the fields of action reframed by the Board of Trustees.**

All along the process of discussing the fields of action, the NGO's staff was regularly informed of the progress carried out, via internal communication tools. These fields of action were accompanied by a provisional statute that enabled a verification phase in light of application and that authorised revision.

One NGO worked out a long-term (2005-2010) strategy according to a several-stage process:

- an examination from all angles of all the existing strategy elements, in consultation with the international sections;
- initial work to develop strategy by department. Each director carried out a preliminary study (analysis of the context, strengths and weaknesses, risks and opportunities) and subsequently drew up strategy elements for his or her sector;
- the drawing up of a common vision;
- a process of consultation and consolidation with the programme directors as well as project and section heads, and of validation by the Board of Trustees;
- internal communication on the long-term strategy finalised during a seminar bringing together all of the NGO's headquarters personnel.

Evaluations are carried out

The NGO's aims, like all the projects implemented, must be regularly evaluated by making all the stakeholders partners in the evaluation.

Seeking help from each stakeholder appropriately makes it possible to enrich the visions of reality and to adjust the responses provided by the NGO. This advisory mechanism makes it possible to work out an idea of the future based on facts. It also makes it possible to verify that the NGO's aims have been understood well and supported by the stakeholders, or to correct the differences in perception.

These evaluations must be provided for in the very definition of the NGO's aims; they take into consideration the notions of appropriateness and cost efficiency; the methods and frequency of consultation vary according to the stakeholder considered (beneficiary, member, private donor, salaried employee, partner, etc.). They suppose that each person at his or her level can know, understand and talk about the values, policy and actions of the NGO. And therefore that the NGO has reflected on the means to implement for this to be possible.

The NGO does not always have the initiative in the evaluation, especially when it has signed an agreement with a financial backer or partner. It can nevertheless seek to negotiate their criteria and to incorporate them in its own procedures.

One NGO set up a 'private donor committee' that enables the donors to follow and 'monitor' its actions. To do so, the NGO proposes that representatives of that committee travel to the field in order to evaluate as best they can the conditions for carrying out the

projects they support. The members of the donor committee can, for example, be elected during a General Assembly meeting of donors. Finally, they can be allowed time to talk at the General Assembly meeting of members.

The Strategic Positioning service of one NGO can, if asked, give an opinion on the coherency between the action (the project) and the organisation's fields of action. It can also clarify or interpret, if need be, the definition of the fields of action.

At one NGO, the 'annual forward-looking plan of activities' starts with an assessment of the activity of the previous year and of the progress of the objectives associated with it.

The human resource and financial management policies are defined, updated and communicated

Exercising the social mission and carrying out projects implies the implementation of resources. The human resource and financial management determines the framework for this. These policies concern human resources, funding, communication, security and material means, etc. Just like the projects, these management policies must be formalised, understandable and circulated. The allocation of resources is consistent with the NGO's values and is updated according to clear and coherent priorities.

In October of each year, one NGO starts drawing up a forward-looking plan of activities and of budget guidelines for the following year. This process unfolds in several stages:

- drawing up an assessment of the current year by department, and identifying new projects to develop over the following year (team meetings);
- drawing up an ongoing budget for the following year, by the people in charge of the department;
- pre-guideline plenary meeting with all the people in charge of the departments, in order to give priority to the projects;
- arbitration by the Management Committee and selection of projects to be adopted;
- voting on the budget guidelines by the Board of Trustees;
- adjustments to budgets by the people in charge of the department, according to the guidelines set by the Board of Trustees;
- validation of the estimated budget by the Board of Trustees;
- presentation and communication of the forward-looking activities planned, to all the actors working on carrying out the annual objectives.

Summary of Principal 1:
The orientations are defined, updated and widely communicated.

The NGO's social mission and the underlying values are clarified and coherent; they are communicated, regularly examined and modified if need be.

The evaluations are regular, and the stakeholders participate in them with regards to:

• the appropriateness and coherency of the NGO's aims;

• the evolution of the stakeholders' situation, needs and expectations;

• the degree to which the objectives are reached.

The results of the evaluations are taken into account to define and update the NGO's aims.

The policies of human and financial management are defined, updated and communicated. The priorities of action are defined, updated and communicated.

PRINCIPLE 2
The responsibilities are defined, updated and communicated.

Here we will touch on the definition of relationships with the stakeholders: it's of great importance to an NGO to list the various people it deals with, to pinpoint the needs and mutual expectations and to clarify the framework of relations with them.

• The **internal stakeholders** are: the members, trustees, volunteer help, expatriate staff, employees, local non-profit organisation partners and national staff (in the country of intervention).

• The **external stakeholders** are: the beneficiaries, financial backers, private donors (including sponsors), public sector of the country of the NGO, public sector of the country of intervention, public opinion in the country of the NGO, public opinion in the country of intervention, suppliers, partners in the field, other non-profit organisations and NGOs, and non-profit organisation collectives, etc.

Good governance devotes itself to federating the internal stakeholders and to managing the interfaces with the external stakeholders. This is how it builds its legitimacy, its image and its representativeness. Good governance also strengthens the support that its stakeholders give it.

The internal stakeholders: their statutes, roles, mandates and fields of intervention are clearly defined and widely communicated.

For all the internal stakeholders to be able to work together effectively in the implementation of the project, it's important that their responsibilities and ways of working together be defined. The duties to accomplish must be set forth and allocated. This involves making the roles and fields of intervention of the salaried employees and of the volunteer help and expatriate staff explicit, as well as clarifying, in flexible reference frameworks that can be modified, how the management bodies operate. For the salaried employees, reflection can deal with their designated role and on the type of desired adherence to the values and social mission of the NGO.

In particular, when an NGO defines its expectations in terms of representativeness and involvement by its members, it's led to establish criteria and terms of membership and of loss of membership. It thereby reflects on the position it wishes to have in civil society. Likewise for the trustees, volunteer help and expatriate staff: What are the terms of access to these duties?

Documents (statutes, operating rules, mandates, contracts, etc.) indicate who defines the strategy, who supervises the organisation, what duties are entrusted, what mandates are given, and to whom and how actions are accounted for[8]. The right to speak out in the NGO's name is also clearly stated. Likewise, if working committees or commissions are created, their mandate, their duration, their means (for example, turning to outside specialists) and their ways of giving accounts are established.

Very special attention is given to clarifying the roles of the president, the Board of Trustees, the managing director and the salaried management team. *'The optimal relationship between the Board of Trustees and the general management is that of two strong functions that mutually support one another (…). The Board of Trustees and the general management can consider themselves as the members of the administration team whose contributions are different but complementary.'*[9] But it must not be forgotten that the general manager is recruited by the Board of Trustees and gives accounts to it.

8. This aspect is developed in Principle 5. (See p. 42)
9. International Federation of Red Cross and Red Crescent Societies, 'La gouvernance, Guide d'application,' 2000.

It's important that the trustees do not replace professionals and that the professionals have the leeway of action that they need. For example, it's important to clearly establish who approves the new operational projects or the special projects. It can also be useful to give reminders that attributions depend on the role: if a trustee contributes to a project without being paid, he or she becomes hierarchically subject to the person in charge of the project.

One NGO has defined a policy of validating membership requests and of communicating it to all its stakeholders: all who demonstrate their commitment to the life of the NGO are members:

• **by being involved as volunteer help or as expatriate staff in one of the NGO's (national or international) missions;**

• **by being validated by another member.**

Final validation of membership is up to the NGO's Board of Trustees.

It's possible for each operational mission of the NGO to be co-managed by a salaried employee and a member of the NGO who is volunteer. They then divide up the responsibilities according to their skills, their preferences and their availability.

Besides the questions of a legal and financial nature, one NGO's Board of Trustees makes decisions on projects of an ethical, deontological and political nature according to a pre-established working plan. Furthermore, as a decision-making organ, the Board of Trustees can be led to settle controversial issues within the management committee.

External cooperation is organised and formalised.

An NGO is part of a network of partners with which it implements its aims. This network system makes it possible to mutualise resources, avoid duplications and therefore optimise the overall results for the beneficiaries.

A distinction is made between partnerships in the field (or North/South partnerships), the financial partnerships and the network partnerships. Each of these types of partnership is subject to specific formalisation by contract.

The formalisation of the partnership between the NGO and its partner(s) in the field is essential for initially defining the roles and responsibilities of each and therefore for being able to subject them to regular follow-up throughout the implementation of the intervention. The question of the terms of cooperation with the beneficiaries, which can go so far as their participation in the decision-making bodies, is very related to the values, the social mission and the

contexts of intervention. This formalisation (or partnership agreement) is moreover systematically required by the intervention's financial partner.

Formalisation is necessary and often automatic within the framework of a financial relationship. The financial backers, the State and public sector generally follow this approach, by use of agreements (for example, funding agreement or framework agreement for partnership).

Formalisation is less systematic for network partnerships, and especially when this network is made up of NGOs. Nevertheless, the contribution by the external stakeholders is all the more effective when it takes place within an explicit framework developed together. It can thus be beneficial to enlarge formalisation of this external cooperation to partnerships with businesses, other NGOs, or NGO collectives, etc., in order to verify the relationship's balance, the sharing of objectives and the terms of action and evaluation.

One NGO has set up an ethical guide on partnership. This guide includes criteria for selecting partners and sponsors from the private sector. It moreover has a guide on the formalisation of contracts with non-profit partners in the field, which determines the roles and responsibilities of the parties.

A steering group on institutional relations was set up within one NGO to produce roadmaps seeking to coordinate and structure the relationships with local, national, and international institutions.

Summary of Principal 2:
The responsibilities are defined,
updated and communicated.

The NGO identifies its external and internal stakeholders and defines its relationships with each of them.

The stakeholders' statutes, roles, mandates and fields of action are clearly defined and widely communicated.

External cooperation is organised and formalised.

PRINCIPLE 3
Information is sincere, reliable and available

Here, the term 'information' includes all types of information communicated, especially information passed on to journalists and financial data, not to mention the information required legally or according to regulations or contracts.

Making reliable and appropriate information available is one of the major keys of good governance; it can also be called 'transparency that has been clearly understood'. *'Transparency is of course essential, but secrecy also has usefulness in social and economic life. If it exists, as I hope it does, total information is not intended for everyone'*[10].

Good circulation of information has a cost in terms of human and financial means.

Each party receives all the information appropriate for its position, in an appropriate form; the quality of information is checked; its circulation is adapted to the use that must be made of it.

Each stakeholder has the right to information that enables it to fulfil his or her role judiciously, be it information on a daily basis or documents that have to be examined during meetings or proceedings.

This assumes that the information exists in an accessible form for the person to whom it is intended, that the volume is appropriate, and that it reaches the person within the time necessary to process it. It also implies that its presentation does not distort the content of the initial information and that the documents are dated and regularly updated. It's thus important that the NGO define and update, in relation with each party, the needs and priorities in terms of information: type, level of synthesis, frequency, terms.

This implies that each person must constantly be made to feel responsible for information. Not everyone is justified in receiving no matter what kind of information: it's important to say no to certain requests. And each person must show good judgment when establishing his or her mailing list: the easiness of 'real-time' communication leads to counterproductive over-information. This is not only because crucial information is not spotted by the recipient, but

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10. Daniel Bruneau, 'Associations : les exigences de la transparence', Juris Associations, issues 153 and 154, 1997.

also because the fact of 'having informed' can prompt the sender to believe that he or she has been freed from a subject. On the other hand, the NGO has the right to expect that the stakeholder has read the information in good time and has asked for extra information to understand it well if needed.

But because we are in a field in which we favour exchange, we must see that we designate and legitimise the key decision-making organs and formal sources of information. This is because informal information can take up a lot of space but is not always justified; it's a question of creating references to judge the reliability of information.

 Information for the trustee starts with the existence of the NGO's 'presentation brochure' when he or she is a candidate, and by a 'welcome booklet' (or similar document) when he or she has been elected. It continues with making available accurate and precise documents to prepare the Board of Trustees meetings. These documents are distributed well enough in advance so that they can be studied beforehand, and they indicate whether an element is communicated for reference, for discussion, for decision or for action. This ongoing information also includes quickly passing on reports stating the decisions taken.

 One NGO has set up a strategic committee on internal communication that determines the different levels and degrees of circulating information and that coordinates information management. Furthermore, information is carried out via a specific mailing list drawn up according to the degree of importance of the topic, an Intranet service intended for all the headquarters and field personnel, a monthly letter sent to all these personnel, a quarterly letter from management, a bimonthly newspaper for private donors, and a quarterly newspaper for the NGO's sponsors, not to mention the annual activities report from which an excerpt of the accounts book is distributed to the private donors.

Summary of Principle 3:
Information is sincere, reliable and available.

Each person receives all the information appropriate for his or her position, in an appropriate form. The quality of the information is checked, and its circulation is adapted to the use that must be made of it.

PRINCIPLE 4
The internal functioning and the external relations respect and promote the NGO's values

Consistency between the stated values and the practices is a basic principle of quality approaches; it strengthens cohesiveness and participates in the action's effectiveness. It's even more called for at NGOs, given the expectations that their humanistic commitment entails. The human resource and financial management policies must naturally respect this consistency, which is guaranteed by the Board of Trustees.

It can result in 'codes of conduct' intended to establish commitments of behaviour or modes of action that match the values (intervention deontology, donor charter, etc.). In some cases, it can involve reciprocal commitments (volunteer charter, partnership charter, etc.).

To fill out this general principle, each NGO will produce sub-principles related to the specific values that guide it.

Respecting each person on a daily basis, whatever his or her position

The indications that follow are mainly concerned with the consequences of respecting individuals and with the adoption of the French 'loi 1901' statute for non-profit associations. Each stakeholder is represented by one person. It's advisable to consider this person as such and to respect him or her, as well as his or her duties, in the relations the NGO has with the stakeholder.

This frame of mind shows up in daily behaviour, with regards to the salaried employees. Because the NGO's aims always imply strong personal and emotional involvement, the person-to-person relationships can be full of emotions. But whatever the opinion about a project, this opinion must be expressed with courtesy. Distrust, humiliation and verbal violence are at times too present in this environment in which the principles of tolerance and solidarity take precedence. In particular, it means acknowledging the beneficiary as a whole and acknowledging his or her rights and participation – as far as he or she is able – within the system set up to respond to his or her needs and expectations.

Finally, this frame of mind must also apply to the partners of the countries of intervention. Depending on the contexts, the history of the partnership and the type of partners, the rela-

tions are not the same. In this respect, a partnership cannot meet all the criteria; the idea is rather one of 'aiming towards' this set of criteria.

As a non-profit organisation, the NGO operates democratically.

The sovereignty of the General Assembly

A sufficient number of members, statutes that set out the terms and criteria of membership, and internal rules that guarantee the sovereignty of the General Assembly are the initial expression of this principle.

It can also be seen in how the General Assembly is organised and carried out:

• frequency (annually, in principle), time limit and terms of notification to attend;

• preparation, facilitating, conviviality, clarification of the roles of the president and of the facilitator;

• discussion time that respects what each person has to say and that presents all the points of view before any decision making;

• distribution of the minutes.

The number of proxy votes is limited.

An account is given on the execution of decisions made during the previous General Assembly. The policy report and financial report are explained, discussed, clarified in response to questions from members, and passed.

This organisation can also be seen in the various democratic bodies of the organisation.

The trustees

An application that includes motivations and intentions is requested from each trustee candidate. A check is made on the regularity of the candidacies of individual persons and of persons representing a legal entity. A system of partial renewal of the Board of Trustees is often adopted, in order to avoid sudden and drastic changes in the organisation's orientations.

The NGO's financial management is impartial.

The notion of the NGO's impartial management must be subject to internal discussion, because it can be interpreted in different ways. *Synergie Qualité* defines it as follows: 'The people who manage and administer the NGO, by themselves or by people who intervene for them, have no direct or indirect advantage from the financial results of the operations'.

The balance between administrative and organisational costs and the resources allocated to the operational projects is to be examined regularly, out of concern for efficiency. Good governance, for example, has a cost, but it contributes to improving the interventions to the beneficiary's advantage.

The building up of reserves, investments, loans, guarantees and deposits is governed by the required rules of exactness and carefulness.

⤵ **The representative bodies of the internal stakeholders can be consulted before a significant expenditure is made (purchase of buildings, for example).**

⤵ **The Board of Trustees members of one NGO must be volunteers.**

⤵ **One NGO has developed tools for observing the ratio of 'headquarters expenditures/ total expenditures', seeking to ensure that a balanced ratio is respected.**

⤵ **An investment committee exists within one NGO. This joint body is made up of trustees and of salaried financial managers. It manages the long-term investment portfolio and studies the various forms of financing/investment.**

Summary of Principle 4:
The internal functioning and the external cooperation respect and promote the NGO's values

Respecting each person on a daily basis, whatever his or her position, is crucial.

The organisation operates democratically.

The NGO's management is impartial.

The use of financial resources is optimised in order to ensure that the NGO's social mission has priority.

External cooperation is created.

PRINCIPLE 5
The risks are identified, evaluated and dealt with in order to reduce the probability that they occur and to limit their consequences.

Analysing points of risk is the key element of quality assurance and has been taken up in the *Synergie Qualité* approach. An NGO is faced with two types of risks: those inherent to international solidarity actions and those linked to the operating of any organisation. It must take on the former without underestimating them, and keep watch over the latter. The NGO can ask itself about what could prevent proper application of the four preceding principles, by paying very special attention to the increase in number of complex structures (associations of federations, group of entities having different legal statutes, etc.).

Occasions for exchanges and of reflection between the stakeholders are regularly created.

Providing the occasion for mutually getting information, for discussing and for building together the responses to needs and expectations limits the risks of lack of understanding, facilitates the appropriation of experiences and increases the appropriateness of solutions as well as watchfulness over risks. Such places for exchange also make it possible to bring to light ethical conflicts (between institution and professionals, for example) and to analyse failures. But this is, of course, provided that the risk of getting bogged down in discussions be avoided, that the proposals made by the various stakeholders be examined and that the follow-up that will have been carried out on them be communicated. It's also provided that the places of decision that have been defined be respected.

It's in this spirit that joint advisory councils (ethical, scientific, financial, evaluation, etc.) in charge of supporting the Board of Trustees in preparing its decisions can be formed. These **joint committees** are made up of salaried employees of the NGO and of elected officials.

 The Board of Trustees of one NGO is helped in its mission by three joint committees that have a role of political and technical validation. Only the trustees have voting rights within them; the decisions are generally made by consensus:

• **for everyday and operational administrative and legal management (trustees and salaried directors),**

• **for financial management (treasurer, financial director, management accountant)**

• for human resources management (3 trustees, the managing director, the director of human resources and the director of operations).

Setting up joint committees within the Board of Trustees. They are made up of trustees and salaried employees and deal with the big events of the non-profit organisation's life and with the advocacy activity. These commissions have a role of orientation and promotion.

In one NGO, the Management Committee is helped by seven strategic committees (corresponding to cross-cutting issues) that give opinions and represent centres of decision-making aid. They are made up of salaried employees of the NGO.

• Financial Steering Committee
• Committee for Strategy and Organisation System Development Processes
• Human Resources Policy Committee
• Funding Strategy Committee
• Donor Relations Committee
• Solidarity Development Committee
• Internal Communication Committee

Furthermore, the Strategic Positioning service can, when asked, write up opinions for the Management Committee and Board of Trustees.

A list is made of all the risks that are part of any humanitarian intervention; the courses of action to take are anticipated.

Making a list of the dangers of the action being considered and preparing for them according to acquired experience is the basis of humanitarian action, its 'principle of precaution' that leads it to decide on its intervention with full knowledge of the facts. This includes crisis situations in which the emergency requires a predefined and smoothly running 'alert framework'.

The office of special operations of one NGO has developed a system of 'field' crises management that determines the forming and composition of emergency committees and the roles and responsibilities of each. This system especially applies to the management of tragic events such as accidents in the field requiring repatriation or securing the safety of staff in the event of deterioration of the intervention context, etc.

One NGO has formed a 'Risks Committee' that manages the organisation's overall risks in a crosscutting way. It takes into account the analysis and follow-up of three

major risk categories: non-respect of contractual commitments, non-respect of the legal framework as well as insufficient protection and preservation of the NGO's interests.

Independence is sought after

External and internal factors can weaken the NGO's independence. Diversification in sources of funding contributes to a first level of independence from the outside. But it's also a question of preserving independence of reflections and actions. In a context in which financial backers, for example, are increasingly interested in the obligation for results all the while maintaining an obligation for means, the NGO must maintain its sense of humanitarian action. Faced in particular with the difficulties of access to populations and with insecurity, a less independent NGO might tend to limit its action to what it's sure to succeed in.

The impartial nature of the financial management can be put into question through poorly controlled relations with suppliers.

Internally, dependence can come from the composition of the Board of Trustees or from insufficient renewal rules (length and number of mandates), but also from a distorted relationship between the Board of Trustees and the salaried management team.

One NGO has decided that its trustees may not hold public office.

In one NGO, there is someone in charge of financial strategy as well as a 'Financing Strategies' Committee that sees to the diversity of funding and to independence from financial backers.

The definition of the NGO's aims includes the means to carry them out.

This involves determining what must be implemented so that each person has the means to take on the responsibilities given to him or her to succeed in the aims. The main fields concerned, which are included in the budgets, are human resources, financial resources, infrastructures, logistics and communication. There is a great risk of the salaried employees and the internal stakeholders in general losing motivation if there is a strong impression of having to meet too many objectives without giving oneself the means to do so.

Each person has the skills required for his or her duties and receives the means to develop and update them.

This principle concerns the volunteers and salaried employees of the NGO; it includes the trustees.

It may be wise to reflect on the minimal qualities and skills expected from the trustees so that they can fully exercise, within the NGO's own context, the role of guarantor of proper functioning. Providing them with initial and continued training also contributes to this.

The volunteers of one NGO are trained in: project cycle management, human resources management and respect for the values championed by the NGO.
The training programme for expatriate staff before departure includes the ethical principles, the functioning as a non-profit organisation, and the context of the intervention.
In one NGO, the initial training includes core training and training by type of function.

This principle also implies that the duties are entrusted to the people best qualified to carry them out.

The laws and regulations are known.

The NGO is subject to many laws and regulations, established as much by the home country and Europe as by the country of intervention, or even by the countries of the financial backers.

It's thus essential to keep an eye on these subjects. The knowledge acquired and updated this way is passed on to the individuals who need them for their job. From among the problem themes are the exercise of the responsibility of members and of trustees, the exercise of activities of a commercial nature, labour laws of the countries of intervention, etc.

The work procedures are established, circulated and regularly updated.

These procedures are intended to facilitate the work done together and to ensure the continuity of interventions. They must be clear and shared. As few as possible and without pretending to be exhaustive, they take care of both minimising the risks of error and of leaving the required leeway of action. They evolve according to the context… and to the lessons learned from experience.

Valid for the entire organisation, this principle also concerns the working methods of the Board of Trustees. This latter can establish internal rules that deal among other things with the frequency of meetings, regularity and the quorum required, the agenda, and the reports… as well as provide for regular evaluation of its functioning.

The bookkeeping is subject to strict procedures (systematic invoicing, traceability of expenses, etc.).

One NGO regularly brings up to date and re-edits its reference manual every 3-4 years. This manual lists all the rules and procedures of the NGO in terms of programme management, human resources management, financial resources management, and administrative and logistical management. There is a paper version and a CD-ROM version in French and in English (about 600 pages).

Control measures are set up.

In France, there coexist several levels of control for the application of the aforementioned principles:

First level of internal control: that of the General Assembly over the Board of Trustees

Control by the members over the Board of Trustees is mainly done during the meetings of the General Assembly. This latter is the *'sovereign organ of the association'* and a place for:

• ratification of strategies and policies,

• approval of the accounts and annual reports and of allocation of income,

• election of members of the Board of Trustees.

Second level of internal control: that of the Board of Trustees over the executive personnel

It supervises the application of the policies it has defined, especially with regards to human resources and financial management. It chooses the frequency and terms of this control and contributes to determining the criteria of evaluation. In order to help the Board of Trustees in this task, it can be useful to have the trustees be specialised in a particular follow-up according to their abilities. However, this does not dispense the trustees as a whole from the obligation of examining all the subjects.

External control

The first level of external control is that which is required by the laws and regulations. For

example, in France the naming of an independent auditor is mandatory from a certain amount of grants from the State or its institutions[11]. The auditor certifies the NGO's annual accounts (closed by the Board of Trustees) and conducts specific checks provided for by law. Furthermore, though not systematic, auditing by the Audit Office is frequent for organisations that receive public donations. The Audit Office is in charge of checking whether the income has been collected and the expenses paid according to the accounting rules in force. It analyses the accounts and supporting documents as well as examines the balance of the accounts.

At the same time, the NGO can make use of internal controls. These include internal audits[12], which can deal with non-financial aspects – making sure, for example, that the responsibilities, policies and procedures are known. This setting up of management control is also a tool for checking and advice.

In France, the *Comité de la Charte de Déontologie*[13] represents a supplementary and voluntary external control. This committee has worked out a deontology summed up in a charter setting rules of good practice for collecting and managing donations.

For each approved member organisation, this committee names an independent *'censeur'* who constantly sees to it that the commitments made by the organisation (charter, explanatory texts, etc.) are respected. Each year, the *censeur* produces a report examined by a monitoring commission, in order for approval to be renewed.

One NGO has set up an internal audit guide that can be used for each mission once a year when there are transfers of power, or during support/control missions carried out by the headquarters.

The Board of Trustees is also responsible for verifying that the principles of governance are being implemented…

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11. Legal provision N°93-122 of 29/01/93, Art. 81. In 2005, the amount was 153,000 euros.
12. Independent and impartial service within the organisation, generally answerable to general management and at the service of all the members of the organisation.
13. Comité de la charte de déontologie, *'Texte d'application 1.1 - Contrôle interne et gestion désintéressée'*, Edition 2003-2.

Summary of Principle 5:
The risks are identified, evaluated and dealt with in order to reduce the probability that they occur and to limit their consequences.

Independence is sought after.

The laws and regulations are known.

The working procedures are established, circulated and regularly updated.

Each person has the skills required for his or her duties and receives the means to develop and update them.

The definition of the NGO's aims includes the means to carry them out.

A list is made of all the risks that are part of any humanitarian intervention; the courses of action to take are anticipated.

Occasions for exchanges and reflection between the stakeholders are regularly created.

Control measures are set up.